Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Chin-Poon Industrial Co., Ltd. as of and for the year ended December 31, 2018 under the Criteria Governing the 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 International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chin-Poon Industrial Co., Ltd. does not prepare a separate set of combined financial statements.

Company name: Chin-Poon Industrial Co., Ltd.

Chairman: HUANG , WEI-JIN

Date: March 20, 2019

Independent Auditors' Report

To the Board of Directors
Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Chin-Poon Industrial Co., Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Consolidated Company"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Company as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

As disclosed in note 10 of the consolidated financial statements, a fire occurred in some of the Company's plants on April 28, 2018, which destroyed parts of the building, equipment and inventory, resulting in recovery and indemnity expenses. The estimated loss from the incident amounted to $902,744 thousand and the insurance claim received was $350,000 thousand. The aforementioned amounts were recognized under other gains and losses for the fiscal year ended December 31, 2018. Though the related properties mentioned above were insured, its claim is still under negotiation with the insurance companies. As of the reporting date, the insurance compensation has yet to be determined for the reason that the amount is highly subject to investigation. The Company will recognize the insurance income in the subsequent periods when the amount can be reasonably estimated. We, therefore, did not modify our audit opinion for that matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Subsequent measurements of inventories

   Please refer to note 4(h), note 5(a) and 6(g) for the related disclosures on subsequent measurements of inventories of the consolidated financial statements.

   Description of key audit matter:

   The inventories of the Consolidated Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories has to be based on the managements' assessment using internal and extemal evidences. Therefore, the subsequent measurements of inventories was identified as one of our key audit matters.

   How the matter was addressed in our audit:

   The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents of inventory subsequent measurements and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

   Please refer to note 4(m), note 5(b) and note 6(r) for the related disclosures on the refund liabilities for sales returns and discounts of the consolidated financial statements.

   Description of key audit matter:

   The Consolidated Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

   How the matter was addressed in our audit:

   The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability for sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Other Matter

The Company prepared its parent company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we issued an unmodified opinion on the above paragraph concerning the emphasis of matter and an unmodified opinion, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Consolidated Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Consolidated Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Consolidated Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 relevant ethical requirements 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2018 and 2017

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 4,077,954	18	4,382,371	17
1110	Financial assets measured at fair value through profit and loss—current (note 6(b))	1,046,338	5	-	-
1125	Available-for-sale financial assets—current (note 6(c))	-	-	1,516,642	6
1150	Notes receivable, net (notes 6(e) and 6(r))	5,573	-	12,288	-
1170	Accounts receivable, net (notes 6(e) and 6(r))	3,660,346	16	4,479,061	18
1200	Other receivables (note 6(f))	71,818	-	61,375	-
1220	Current income tax assets	116,124	-	-	-
130x	Inventories (notes 6(g), 9 and 10)	3,648,971	16	4,079,820	16
1410	Prepayments	111,883	-	162,925	1
1476	Other financial assets—current (note 6(d))	1,361,669	6	365,419	1
1479	Other current assets	206,248	1	165,850	1
	Total current assets	14,306,924	62	15,225,751	60
15xx	Non-current assets:				
1523	Available-for-sale financial assets—non-current (note 6(c))	-	-	12,641	-
1600	Property, plant and equipment (notes 6(i), 7, 8, 9 and 10)	7,117,745	31	7,766,272	31
1840	Deferred tax assets (note 6(o))	179,996	1	144,621	1
1915	Prepayments for equipment (note 9)	1,250,926	5	561,441	2
1975	Net defined benefit asset—non-current (note 6(n))	65,307	-	8,008	-
1980	Other financial assets—non-current (note 6(d))	180,313	1	1,452,773	6
1985	Long-term prepaid rental	54,623	-	57,879	-
	Total non-current assets	8,848,910	38	10,003,635	40
1xxx	**Total assets**	$ 23,155,834	100	25,229,386	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(j), 8 and 9)	$ 1,406,223	6	1,790,514	7
2322	Current portion of long-term loans (notes 6(j), 8 and 9)	8,334	-	42,270	-
2150	Notes payable	840,259	4	965,686	4
2170	Accounts payable	2,352,837	10	2,729,313	11
2219	Other payables (notes 6(n) and 6(t))	1,575,008	7	1,757,075	7
2230	Current tax liabilities	-	-	355,842	1
2250	Provisions—current (note 6(k))	-	-	537,073	2
2321	Bond payables (note 6(l))	149,396	-	-	-
2399	Other current liabilities (note 6(n))	715,185	3	195,034	1
	Total current liabilities	7,047,242	30	8,372,807	33
25xx	**Non-Current liabilities:**				
2530	Bond payables (note 6(l))	-	-	140,677	1
2540	Long-term loans (notes 6(j), 8 and 9)	-	-	8,001	-
2570	Deferred tax liabilities (note 6(o))	628,071	3	506,759	2
2640	Net defined benefit liability—non-current (note 6(n))	19,049	-	15,246	-
	Total non-current liabilities	647,120	3	670,683	3
2xxx	**Total liabilities**	7,694,362	33	9,043,490	36
	Equity attributable to shareholders of the parent (notes 6(h), 6(l), 6(n), 6(o), 6(p) and 6(v)):				
3110	Common stock	3,974,954	17	3,974,954	16
3200	Capital surplus	1,568,318	7	1,568,318	6
3300	Retained earnings:				
3310	Legal reserve	2,319,521	10	2,169,441	9
3320	Special reserve	129,404	-	-	-
3350	Unappropriated earnings	7,598,024	33	8,588,296	34
		10,046,949	43	10,757,737	43
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(142,180)	-	(147,251)	(1)
3425	Unrealized gain (loss) on valuation of available-for-sale financial assets	-	-	17,847	-
		(142,180)	-	(129,404)	(1)
	Total equity attributable to shareholders of the company	15,448,041	67	16,171,605	64
36xx	**Non-controlling interests (note 6(h))**	13,431	-	14,291	-
3xxx	**Total equity**	15,461,472	67	16,185,896	64
2-3xxx	**Total liabilities and equity**	$ 23,155,834	100	25,229,386	100

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(All amounts expressed in thousands of New Taiwan dollars)

		2018 Amount	%	2017 Amount	%
4000	**Operating revenue (notes 6(k), 6(r) and 6(s))**	$ 20,173,888	100	23,645,611	100
5000	**Operating costs (notes 6(g), 6(m), 6(n) and 7)**	18,098,029	90	20,355,047	86
5900	**Gross profit**	2,075,859	10	3,290,564	14
6000	**Operating expenses (notes 6(e), 6(m), 6(n), 6(t) and 7):**				
6100	Selling expenses	533,096	3	598,047	3
6200	Administrative expenses	507,043	2	524,865	2
6300	Research and development expenses	129,845	1	132,510	1
6450	Expected credit loss	10,822	-	-	-
	Total operating expenses	1,180,806	6	1,255,422	6
6900	**Operating income**	895,053	4	2,035,142	8
7000	**Non-operating income and expenses (notes 6(g), 6(i), 6(l), 6(n), 6(u), 10 and 12):**				
7010	Other income	358,055	2	385,661	2
7020	Other gains and losses	(819,382)	(4)	(131,363)	(1)
7050	Finance costs	(58,657)	-	(48,538)	-
	Total non-operating income and expenses	(519,984)	(2)	205,760	1
7900	**Income before income tax**	375,069	2	2,240,902	9
7950	**Less: income tax expenses (note 6(o))**	212,844	1	744,693	3
	Net income	162,225	1	1,496,209	6
8300	**Other comprehensive income (notes 6(n), 6(o), 6(p) and 6(v)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	3,034	-	11,310	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	(621)	-	(1,923)	-
	Total items that will not be reclassified subsequently to profit or loss	2,413	-	9,387	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	5,303	-	(185,160)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(16,999)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total Items that may be reclassified subsequently to profit or loss	5,303	-	(202,159)	(1)
8300	**Other comprehensive income, net of tax**	7,716	-	(192,772)	(1)
8500	**Total comprehensive income**	$ 169,941	1	1,303,437	5
	Net income attributable to:				
8610	Shareholders of the Company	$ 163,311	1	1,500,804	6
8620	Non-controlling interests	(1,086)	-	(4,595)	-
		$ 162,225	1	1,496,209	6
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 170,801	1	1,308,419	5
8720	Non-controlling interests	(860)	-	(4,982)	-
		$ 169,941	1	1,303,437	5
9750	**Basic earnings per share (expressed in New Taiwan dollars) (note 6(q))**	$	0.41		3.78
9850	**Diluted earnings per share (expressed in New Taiwan dollars) (note 6(q))**	$	0.41		3.76

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the Company											
			Retained earnings				Total other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences for foreign operations	Unrealized gains (losses) on available-for-sale financial assets	Subtotal	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 3,974,954	1,568,318	1,920,537	-	8,600,073	10,520,610	37,522	34,846	72,368	16,136,250	71,827	16,208,077
Appropriation and distribution:												
Legal reserve	-	-	248,904	-	(248,904)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,271,985)	(1,271,985)	-	-	-	(1,271,985)	-	(1,271,985)
Net income (loss) for the year	-	-	-	-	1,500,804	1,500,804	-	-	-	1,500,804	(4,595)	1,496,209
Other comprehensive income for the year	-	-	-	-	9,387	9,387	(184,773)	(16,999)	(201,772)	(192,385)	(387)	(192,772)
Total comprehensive income for the year	-	-	-	-	1,510,191	1,510,191	(184,773)	(16,999)	(201,772)	1,308,419	(4,982)	1,303,437
Conversion of convertible bonds	-	-	-	-	-	-	-	-	-	-	(16,899)	(16,899)
Changes in the ownership interests in subsidiaries	-	-	-	-	(1,079)	(1,079)	-	-	-	(1,079)	(35,655)	(36,734)
Balance at December 31, 2017	3,974,954	1,568,318	2,169,441	-	8,588,296	10,757,737	(147,251)	17,847	(129,404)	16,171,605	14,291	16,185,896
Effects of retrospective application	-	-	-	-	17,847	17,847	-	(17,847)	(17,847)	-	-	-
Equity at beginning of period after adjustments	3,974,954	1,568,318	2,169,441	-	8,606,143	10,775,584	(147,251)	-	(147,251)	16,171,605	14,291	16,185,896
Appropriation and distribution:												
Legal reserve	-	-	150,080	-	(150,080)	-	-	-	-	-	-	-
Special reserve	-	-	-	129,404	(129,404)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(894,365)	(894,365)	-	-	-	(894,365)	-	(894,365)
Net income (loss) for the year	-	-	-	-	163,311	163,311	-	-	-	163,311	(1,086)	162,225
Other comprehensive income for the year	-	-	-	-	2,419	2,419	5,071	-	5,071	7,490	226	7,716
Total comprehensive income for the year	-	-	-	-	165,730	165,730	5,071	-	5,071	170,801	(860)	169,941
Balance at December 31, 2018	$ 3,974,954	1,568,318	2,319,521	129,404	7,598,024	10,046,949	(142,180)	-	(142,180)	15,448,041	13,431	15,461,472

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(All amounts expressed in thousands of New Taiwan dollars)

		2018	2017
Cash flows from operating activities:			
Income before tax	$	375,069	2,240,902
Adjustments:			
Adjustments to reconcile profit and loss			
Depreciation		1,071,339	1,133,025
Expected credit loss / Provision for bad debt expense		10,822	3,916
Net gain on financial assets measured at fair value through profit or loss		(50,461)	-
Interest expense		58,657	48,538
Interest income		(91,657)	(91,093)
Dividend income		(759)	(759)
Loss on disposal of property, plant and equipment		10,179	17,591
Gain on disposal of investments		-	(57,399)
Unrealized loss on foreign exchange		26,077	-
Amortization expense for long-term prepaid rental		1,887	1,523
Loss on incident		902,744	-
Total adjustments to reconcile profit and loss		1,938,828	1,055,342
Changes in operating assets and liabilities relating:			
Net changes in operating assets:			
Notes receivable		6,715	(552)
Accounts receivable		804,144	462,995
Other receivables		(7,335)	30,563
Inventories		65,261	(154,982)
Prepayments		52,224	(47,982)
Other current assets		(41,171)	(19,962)
Total net changes in operating assets		879,838	270,080
Net changes in operating liabilities:			
Notes payable		(125,427)	52,812
Accounts payable		(380,915)	(6,067)
Other payable		(271,369)	(231,558)
Provisions－current		-	59,035
Other current liabilities		(36)	32,104
Net defined benefit liability		(51,147)	(11,339)
Total net changes in operating liabilities		(828,894)	(105,013)
Total net changes in operating assets and liabilities		50,944	165,067
Total adjustments		1,989,772	1,220,409
Cash inflow generated from operations		2,364,841	3,461,311
Interest income received		122,961	60,809
Interest paid		(46,706)	(35,756)
Income tax paid		(599,665)	(914,123)
Net cash flows from operating activities		1,841,431	2,572,241
Cash flows from investing activities:			
Acquisition of financial assets measured at fair value through profit or loss		(1,530,436)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss		2,040,191	-
Acquisition of available-for-sale financial assets		-	(2,967,779)
Proceeds from disposal of available-for-sale financial assets		-	2,592,411
Acquisition of property, plant and equipment		(489,636)	(450,087)
Proceeds from disposal of property, plant and equipment		16,374	10,144
Decrease (increase) in other financial assets－current and non-current		210,581	(270,087)
Decrease in other non-current assets		-	5
Increase in prepayments for equipment		(1,122,518)	(556,917)
Dividend received		759	759
Net cash flows used in investing activities		(874,685)	(1,641,551)
Cash flows from financing activities::			
Increase in short-term loans		4,303,746	5,567,681
Decrease in short-term loans		(4,655,812)	(5,417,331)
Repayments of long-term loans		(43,338)	(41,160)
Cash dividends paid		(894,365)	(1,271,985)
Change in non-controlling interests		-	(41,670)
Net cash flows used in financing activities		(1,289,769)	(1,204,465)
Effect of exchange rate changes on cash and cash equivalents		18,606	(171,048)
Net decrease in cash and cash equivalents		(304,417)	(444,823)
Cash and cash equivalents at beginning of period		4,382,371	4,827,194
Cash and cash equivalents at end of period	$	**4,077,954**	**4,382,371**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Organization

CHIN-POON INDUSTRIAL CO., LTD. ("the Company") was incorporated in the Republic of China (ROC) on September 26, 1979, as a corporation limited by shares in accordance with the ROC Company Act. The consolidated entities in the consolidated financial statements include the Company and its subsidiaries (collectively referred to as "the Consolidated Company"). The Consolidated Company's major business includes:

(a) Manufacturing, producing and selling electronic printed circuit boards and electronic materials;

(b) Manufacturing, producing and selling models used in the punching process of electronic printed circuit boards and in steel production;

(c) Manufacturing, producing and selling insulation board; and

(d) Importing and exporting the above-mentioned products.

(2) Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the board of directors on March 20, 2019.

(3) Application of new standards, amendments and interpretations:

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC ("FSC")

In preparing the accompanying consolidated financial statements, the Consolidated Company has adopted the following International Financial Reporting Standards (" IFRS"), International Accounting Standards (" IAS"), and Interpretations that have been issued by the International Accounting Standards Board (" IASB") (collectively, " IFRSs") and endorsed by the FSC with effective date from January 1, 2018. The differences between the current version and the previous version are as follows:

New, Revised or Amended Standards and Interpretations	Effective date issued by IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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New, Revised or Amended Standards and Interpretations	Effective date issued by IASB
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the items discussed below, the adoption of abovementioned standards and interpretations has not had a material impact on the consolidated financial statements.

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 “Revenue from Contracts with customers” (“IFRS 15”) replaces the existing revenue recognition guidance, including IAS 18, “Revenue”, IAS 11, “Construction Contracts”, and their related interpretations. It establishes a comprehensive framework using a five-step analysis model to determine whether how much and when revenue is recognized.

The extend and impact of changes on its accounting policies for the Consolidated Company adopting the IFRS 15 are as follows:

1) Sales of goods

For the sale of goods, revenue is currently recognized when the goods are delivered to the customers’ premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable, and there is no continuing management involvement with the goods. Otherwise, the Consolidated Company estimates its future returns and discounts for different types of goods by using historical trend and other known factors in the same period when related revenue is recorded. However, under IFRS 15, revenue for the sale of goods is recognized when a customer obtains control of the goods. A refund liability for estimated future returns and discount that may be paid to the customers is recorded under other current liabilities.

2) Impacts on the consolidated financial statements

The following tables summarize the impacts of adopting IFRS 15 on the Consolidated Company's consolidated financial statements for the year ended December 31, 2018:

	December 31, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	Balances prior to the adoption of IFRS 15	Impact of changes in accounting policies	Balance upon adoption of IFRS 15	Balances prior to the adoption of IFRS 15	Impact of changes in accounting policies	Balance upon adoption of IFRS 15
Provisions－current	$ 550,267	(550,267)	-	537,073	(537,073)	-
Other current liabilities	-	550,267	550,267	-	537,073	537,073
Impact on liabilities		$ -			-	

(Continued)

(ii) IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" ("IFRS 9") replaces IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Consolidated Company adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Consolidated Company's approach was to include the impairment of accounts receivable in administrative expenses. Additionally, the Consolidated Company adopted the consequential amendments to IFRS 7 "Financial Instruments: Disclosures" that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The changes on its accounting policies for the Consolidated Company adopting the IFRS 9 are detailed below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Consolidated Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(g).

The adoption of IFRS 9 did not have any significant impact on the Consolidated Company's accounting policies related to financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39, please see note 4(g).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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3) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below:

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as of January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, and therefore, is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Consolidated Company's financial assets as of January 1, 2018 (There are no change in measurement categories and carrying amounts for financial liabilities):

	IAS 39		IFRS 9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Beneficiary certificates	Available-for-sale (note 1)	1,516,642	FVTPL	1,516,642
OTC Stocks on domestic markets	Available-for-sale (note 2)	12,641	FVTPL	12,641
Trade and other receivables	Loans and receivables (note 3)	4,552,724	Amortized cost	4,552,724
Other financial assets－current and non-current	Loans and receivables	1,818,192	Amortized cost	1,818,192

Note 1: Upon initial adopting IFRS9, the Consolidated Company elected to classify the beneficiary certificates as measured at FVTPL, which were previously classified as available-for-sale financial assets under IAS39, since the instrument are not equity instruments and its cash flow is not solely generated from the payment of outstanding principle and the related interest. As a result, a decrease of $5,206 thousand in other equity-unrealized gains (losses) on available for sale financial assets and an increase of $5,206 thousand in retained earnings as well were recognized on January 1, 2018 .

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Note 2: OTC Stocks on domestic markets were previously classified as available-for-sale financial assets under IAS 39. Under IFRS 39, the Consolidated Company elected to classify them at the date of initial application as measured at FVTPL, resulting in a decrease of $12,641 thousand in other equity－unrealized gains (losses) on available-for-sale financial assets, and an increase of $12,641 thousand in retained earnings on January 1, 2018.

Note 3: Notes receivable, accounts receivable and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost with assessment of the expected credit loss under IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	Carrying amount as of December 31, 2017 under IAS 39	Reclassifications	Remeasurements	Carrying amount as of January 1, 2018 under IFRS 9	Adjustments to retained earnings on January 1, 2018	Adjustments to other equity on January 1, 2018
Financial assets at FVTPL						
Beginning balance of FVTPL (IAS 39)	$ -	-	-		-	-
Reclassification from available-for-sale financial assets (IAS 39)	-	1,529,283	-		17,847	(17,847)
Total	$ -	1,529,283	-	1,529,283	17,847	(17,847)
Amortized cost						
Beginning balance of notes and accounts receivable, other receivables and other financial assets (IAS 39)	$ 6,370,916	-	-	6,370,916	-	-

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

The Consolidated Company has disclosed a reconciliation between the opening and closing balances for liabilities with changes from financial activities in note 6(z) to meet the requirement as stated above.

(b) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

According to Ruling No. 1070324857 issued by the FSC on July 17, 2018, commencing from 2019, the Consolidated Company is required to adopt IFRSs that have been endorsed by the FSC with effective date from January 1, 2019. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except IFRS 16 "Leases" , the Consolidated Company believes that the adoption of abovementioned standards or interpretations would not have a material impact on its consolidated financial statements.

IFRS 16 replaces the existing leases guidance, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

(i) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Consolidated Company can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- A practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Consolidated Company plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified them as leases in accordance with IAS 17 and IFRIC 4.

(ii) Transition

As a lessee, the Consolidated Company can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Consolidated Company plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

(Continued)

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Consolidated Company plans to apply the following practical expedients after assessment:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with a lease term that ends within 12 months at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(iii) So far, the most significant impact identified is that the Consolidated Company will have to recognize the new assets and liabilities for the operating leases of its offices, factory facilities warehouses, and land use right. The Consolidated Company estimated that its right-of-use assets and lease liabilities to increase by $453,915 thousand and $397,621 thousand respectively, as well as its long-term prepaid rental to decrease by $56,294 thousand as at January 1, 2019 as a result of the above changes. Besides, the Consolidated Company does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

(c) The IFRS issued by the IASB but not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a 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"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Consolidated Company continues in assessing the potential impact on its financial position and operations as a result of the application of abovementioned standards and interpretations. The potential impact will be disclosed when the assessment is complete.

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below. The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The assets and liabilities of foreign operations are translated to the Company's functional currency using the exchange rates on reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Company.

(Continued)

Changes in the Consolidated Company's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 and attributed to shareholders of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements were as follows:

Name of investor	Name of subsidiary	Business activities	Percentage of ownership December 31, 2018	Percentage of ownership December 31, 2017	Remarks
The Company	VEGA International Enterprise Co., Ltd. (VEGA)	Investment	100.00 %	100.00 %	
The Company	Chin-Poon Japan Co., Ltd. (CPCJ)	Trading of PCB	100.00 %	100.00 %	
The Company	Draco PCB Public Co., Ltd. (Draco)	Production and trading of PCB	99.58 %	99.58 %	(Note)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited (CPCH)	Trading of PCB	100.00 %	100.00 %	
Chin-Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd (CPCS)	Production and trading of PCB	100.00 %	100.00 %	

Note: In July 2016, the Company acquired the interest of 9,327 thousand shares in Draco PCB Public Co., Ltd. for \$41,712 thousand, recognizing a reduction of \$6,015 thousand in retained earnings. The Company held 2,667,944 convertible bonds issued by Draco and converted them into 47,761 common shares (THB5.4 per share) in July 2017. In August 2017, Draco increased its capital by issuing 123,579 thousand shares, raising \$547,562 thousand (approximately THB600,595 thousand). The Company contributed \$547,520 thousand in Draco's equity offering. For the year ended December 31, 2017, the Company increased its ownership of Draco from 95.53% to 99.58% and recognized a reduction of \$1,079 thousand in retained earnings, resulting from its transaction.

There is no subsidiaries excluded from the consolidated financial statements.

(d) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

(Continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising from retranslated are recognized in profit or loss, except for the financial assets measured at fair value through other comprehensive income (available-for-sale equity investment) differences, which are recognized in other comprehensive income arising on the retranslated.

(e) Assets and liabilities classified as current and non-current

Cash or cash equivalents, assets held for trading purposes or short-term and expected to be converted to cash within twelve months after the reporting period or for intention of sales or consumption within its normal operating cycle are classified as current assets; all other assets are classified as noncurrent assets.

Liabilities that must be fully liquidated within twelve months after the reporting period are classified as current liabilities; all other liabilities are classified as noncureent liabilities.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they satisfy the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Financial instruments

(i) Financial assets (policy applicable from January 1, 2018)

The Consolidated Company classifies financial assets into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss (FVTPL). Trade-date accounting is used when purchasing or selling of these financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Consolidated Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Consolidated Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable, refundable deposits and other financial assets, etc.) and other contract assets.

Loss allowance for notes and accounts receivable, and other contract assets are measured at an amount equal to lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information that are relevant and available, without undue cost or effort. This includes both quantitative and qualitative information, as well as analysis, based on the Company' s historical experience, informed credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost are measured by using the 12-month ECL, in which the credit risk did not increase significantly since initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Consolidated Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Consolidated Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Consolidated Company's procedures for recovery of amounts due.

(Continued)

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Consolidated Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial assets (applicable from January 1, 2018)

Financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instruments. Trade-date accounting is used when purchasing or selling of these financial assets and the Consolidated Company classifies financial assets into the following categories:

1) Available-for-sale financial assets

Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in non-operating income and expenses.

Dividend income is recognized in profit or loss on the date that the Consolidated Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in non-operating income and expenses.

Interest income from investments in debt instruments is recorded under non-operating income and expenses.

2) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Interest income is recognized in profit or loss and it is recorded in non-operating income and expenses.

3) Impairment of financial assets

A financial assets is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably. An impairment test ought to be performed on each reporting date.

(Continued)

Objective evidence that financial assets are impaired includes default or delinquency by a debtor (such as delay in payment of interest or principal or default on payments), restructuring of an amount due to the Consolidated Company on terms that the Consolidated Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Consolidated Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual loss are likely to be greater or lesser than those suggested by historical trends.

For financial assets measured at amortized cost, 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 was loss recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in operating expenses, and impairment losses and recoveries of other financial assets are recognized and included in other gains and losses under non-operating income and expenses.

(Continued)

4) Derecognition of financial assets

The Consolidated Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated or when the Consolidated Company transfers substantially all the risks and rewards of ownership of the financial assets.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contract and the definition of financial liabilities and equity instruments.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

Compound financial instruments issued by the Consolidated Company comprise convertible notes that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, gains, or losses related to financial liabilities are recognized in profit or loss, and recorded under non-operating income and expenses.

Upon conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

When the company holds the convertible bonds issued by its subsidiary, the bonds held shall be viewed as redeemed bonds of the issuer in the consolidated financial statements.

(Continued)

2) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is recorded under non-operating income and expenses.

3) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses under non-operating income or expenses.

4) Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments and hedge accounting

The Consolidated Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

(Continued)

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

	December 31, 2018	December 31, 2017
Buildings	8~60 years	2~60 years
Machinery equipment	2~10 years	2~10 years
Other equipment	2~20 years	2~20 years
Leasehold equipment	15~30 years	15~30 years

(Continued)

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(j) Leases

(i) Lessee

Leases are operating leases and are not recognized in the Consolidated Company's statement of financial position. Payments made under an operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.

(ii) Long-term prepaid rental

Long-term prepaid rental is the land use right of Chin-Poon (Changshu) Electronic Co., Ltd., which is recorded by acquisition costs, is amortize within useful term (50 years) by straight-line method, and is reclassify in to prepaid expenses and long-term prepaid for lease.

(k) Impairment—non-derivative financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred, and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Consolidated Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

(l) Provisions

A provision is recognized if, as a result of a past event, the Consolidated Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, except if the accrued interest on a short-term provision isn't material.

(Continued)

The Consolidated Company's provision for sales returns and discounts is recognized at the time of sale and estimated on the basis of previous experience and relevant factors, which are recorded under provisions. However, the adoption of IFRS 15 commencing January 1, 2018 requires the abovementioned provision to be recognized as refund liabilities under other current liabilities.

(m) Revenue from contracts with customers

(i) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer. The Consolidated Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Consolidated Company's main types of revenue are explained below:

1) Sale of goods

The Consolidated Company is mainly engaged in the manufacture and sale of electronic printed circuit boards and electronic materials. The Consolidated Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

The Consolidated Company's estimated future sales returns and discounts for various goods are generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. A reduction of revenue and refund liabilities (recorded under other current liabilities) are only recognized to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognized when the goods are delivered as this is the point in time that the Consolidated Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Consolidated Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Consolidated Company does not adjust any of the transaction prices for the time value of money.

(Continued)

(ii) Revenue (applicable before January 1, 2018)

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

(Continued)

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Consolidated Company recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(o) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit will be available against which the unused tax loses, unused tax credits, and deductible temporary differences can be utilized.

(p) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(q) Segment information

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Subsequent measurements of inventories

As inventories are stated at the lower of cost or net realizable value, the Consolidated Company assesses the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The subsequent measurements of inventories are mainly determined based on the current market price. Therefore, there may be significant changes in the net realizable value of inventories due to the rapid change of industrial environment.

(b) Refund liability of sales returns and discounts

The Consolidated Company records a refund liability for its estimated future sales returns and discounts in the same period when related revenues are recorded. Refund liability for estimated sales returns and discounts is generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. The adequacy of estimations is reviewed periodically. Any changes in these estimates might significantly affect the refund liability for sales returns and discounts.

(6) Description of significant accounts

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 4,200	2,303
Demand deposits	3,626,893	3,882,525
Time deposits	387,129	463,589
Checking deposits	59,732	33,954
Cash and cash equivalents per consolidated statement of cash flows	$ 4,077,954	4,382,371

Please refer to note 6(w) for the disclosure of the Consolidated Company's interest rate risk and sensitivity analysis related to financial assets and liabilities.

Please refer to note 6(d) for the disclosure of the Consolidated Company's time deposits with a maturity of three months and above one year were recorded under other financial assets — current and other financial assets — non-current.

(b) Financial assets measured at fair value through profit or loss

	December 31, 2018
Mandatorily measured at fair value through profit or loss:	
Non-derivative financial assets	
Current:	
Beneficiary certificates	$ 1,046,338

Please refer to note 6(u) for net gains or losses from financial assets measured at fair value through profit or loss. As of December 31, 2017, non-derivative financial assets were presented under available-for-sale financial assets — current and non-current, please refer to 6(c).

As of December 31, 2018, the Consolidated Company did not pledge its financial assets measured at fair value through profit or loss as collateral.

The Consolidated Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2017, the Consolidated Company reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting.

	Fair value liabilities	Contract amount (in thousands)	Expiry date
December 31, 2017			
Forward contracts	$ -	USD 418	2018.5

As of December 31, 2018, the Consolidated Company did not have outstanding forward contracts.

(c) Available-for-sale financial assets

	December 31, 2017
Current:	
Beneficiary certificates	$ 1,516,642
Non-current:	
OTC Stocks on domestic markets	12,641
Total	$ 1,529,283

(Continued)

Please refer to note 6(u) for net gains or losses on disposal of investments and dividend income. Please refer to note 6(v) for unrealized gains and losses on valuation of available-for sale investments.

The Consolidated Company's exposure to credit, currency and interest rate risks and the sensitivity analysis on the financial instruments held by the Consolidated Company are disclosed in note 6(w).

(i) Sensitivity analysis—market price risk

If the market price of the available-for-sale financial assets fluctuates, the impact on other comprehensive income will be as follows:

	2017	
Fluctuation in market price at reporting date	**Other comprehensive income (after tax)**	**Net income**
Increase 1%	$ 126	-
Decrease 1%	$ (126)	-

(ii) As of December 31, 2017, the Consolidated Company did not pledge its available-for-sale financial assets as collateral.

(d) Other financial assets

	December 31, 2018	December 31, 2017
Current:		
Bank's time deposit	$ 1,361,669	365,419
Non-current:		
Bank's time deposit	160,857	1,441,120
Refundable deposits	19,456	11,653
Total	$ 1,541,982	1,818,192

As of December 31, 2018 and 2017, the Consolidated Company did not pledge its other financial assets as collateral.

(e) Notes receivable and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 6,267	12,982
Accounts receivable	3,755,074	4,562,951
Less: loss allowance	95,422	84,584
	$ 3,665,919	4,491,349

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The Consolidated Company applies the simplified approach of IFRS 9 to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable on December 31, 2018. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of Taiwan as of December 31, 2018 was as follows:

	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 2,283,754	0.1103%	2,520
Past due 1~30 days	81,804	3.7578%	3,074
Past due 31~60 days	41,114	15.5130%	6,378
Past due 61~90 days	1,897	66.8951%	1,269
Past due 91~120 days	75,980	100%	75,980
	$ 2,484,549		89,221

The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of China as of December 31, 2018 was as follows:

	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 652,639	0.0022%	15
Past due 1~30 days	40,077	0.1326%	53
Past due 31~60 days	6,283	1.5141%	95
Past due 61~90 days	3,940	10.2601%	404
Past due 91~120 days	6,603	24.3758%	1,610
	$ 709,542		2,177

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The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of other as of December 31, 2018 was as follows:

	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 488,259	0.0780%	198
Past due 1~30 days	57,463	0.7687%	356
Past due 31~60 days	4,209	2.5418%	98
Past due 61~90 days	11,783	17.3651%	2,038
Past due 91~120 days	217	52.9450%	115
Past due 121~180 days	603	66.1859%	399
Over past due 181 days	4,716	100%	4,716
	$ 567,250		7,920

As of December 31, 2017, the Consolidated Company reserves its allowance for doubtful accounts on notes and accounts receivable based on the credit loss it already incurred. As of December 31, 2017, the aging analysis of the Consolidated Company's notes and accounts receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Past due 1~30 days	$ 87,262
Past due 31~180 days	22,017
	$ 109,279

The movement in the loss allowance for impairment with respect to notes and accounts receivable was as follows:

		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance at January 1, 2018 and 2017 per IAS 39	$ 84,584	80,611	-
Adjustment of initial application of IFRS 9	-		
Balance at January 1, 2018 per IFRS 9	84,584		
Impairment loss recognized	10,822	3,916	-
Translation effect	16	57	-
Balance at December 31, 2018 and 2017	$ 95,422	84,584	-

(Continued)

As of December 31, 2017, specific impairment loss recognized for individually significant receivables was calculated as the difference between their carrying amount and the present value of the estimated future cash flows from the delinquency discounted at the current market rate of return for a similar financial asset. The Consolidated Company considered the credibility of clients on the reporting date when assessing the collectability of accounts receivable and notes receivable. Except for receivables for related parties, based on historical default records, accounts receivable and other receivables aging over 180 days may have difficulties in collection. The Consolidated Company provided a 100% allowance for accounts receivable and other receivables which were past due over 180 days. For those accounts receivable and other receivables aging 1 to 180 days, the Consolidated Company estimated the amounts that might not be collected by taking into consideration the default records and financial status analysis of the counterparties.

The Consolidated Company had not provided the notes and accounts receivable as collateral or factored them for cash.

(f) Other receivables

		December 31, 2018	December 31, 2017
Other receivables	$	72,876	62,433
Less: loss allowance		(1,058)	(1,058)
	$	71,818	61,375

As of December 31, 2018 and 2017, the Consolidated Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management' s assessment. For other credit risk information, please refers to note 6(w).

(g) Inventories

		December 31, 2018	December 31, 2017
Finished goods	$	1,809,428	2,043,626
Work in progress		1,275,254	1,368,988
Raw materials		564,289	667,206
	$	3,648,971	4,079,820

For the years ended December 31, 2018 and 2017, the Consolidated Company recognized the amounts of $505,830 thousand and $627,171 thousand, respectively, as reductions of operating cost due to the disposal of scrap materials. For the years ended December 31, 2018 and 2017, the Consolidated Company recognized the losses on inventory valuation of $102,858 thousand and $35,826 thousand, respectively, by writing down the value of their inventories to net realizable value.

On April 28, 2018, a fire occurred in some of the Consolidated Company's Pingzhen plants, wherein the Consolidated Company recognized an impairment loss on its inventory of $379,105 thousand, which was recorded under other gains and losses. For related information, please refer to note 10.

(Continued)

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As of December 31, 2018 and 2017, the Consolidated Company did not pledge its inventories as collateral.

(h) Acquisitions of NCI

In June 2017, the Company acquired the interests of 9,327 thousand shares in Draco, spending $41,712 thousand, and increasing its ownership from 95.53% to 99.30%. For the year ended December 31, 2017, the Company recognized the amount of $6,015 thousand as a reduction of its retained earnings.

The changes in the subsidiary's equity attributed to the Consolidated Company were as follows:

	December 31, 2018
Carrying amount of non-controlling interest on acquisition	$ 35,697
Consideration paid to non-controlling interests	(41,712)
Differences between consideration and carrying amounts of subsidiaries acquired	$ (6,015)

For the year ended December 31, 2018, the Company did not acquire the interests of Draco's shares.

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended December 31, 2018 and 2017 were as follows:

	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress	Total
Cost:							
Balance at January 1, 2018	$ 838,860	3,450,257	10,931,188	2,899,654	15,280	1,939	18,137,178
Additions	-	11,739	300,341	71,461	1,844	94,527	479,912
Disposals	-	-	(317,508)	(13,052)	-	-	(330,560)
Reclassification	-	-	452,116	19,370	-	(63,958)	407,528
Translation effect	3,128	(6,664)	(11,393)	(10,277)	-	559	(24,647)
Balance at December 31, 2018	$ 841,988	3,455,332	11,354,744	2,967,156	17,124	33,067	18,669,411
Balance at January 1, 2017	$ 837,960	3,442,223	10,779,304	2,768,743	15,280	46,453	17,889,963
Additions	-	12,605	287,553	85,853	-	90,483	476,494
Disposals	-	-	(259,798)	(14,015)	-	-	(273,813)
Reclassification	-	10,480	160,873	73,686	-	(135,532)	109,507
Translation effect	900	(15,051)	(36,744)	(14,613)	-	535	(64,973)
Balance at December 31, 2017	$ 838,860	3,450,257	10,931,188	2,899,654	15,280	1,939	18,137,178

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	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress	Total
Accumulated depreciation and impairment loss:							
Balance at January 1, 2018	$ -	1,206,420	7,260,461	1,900,462	3,563	-	10,370,906
Depreciation	-	96,665	732,107	241,919	648	-	1,071,339
Impairment loss	-	213,190	209,308	20,736	-	-	443,234
Disposal	-	-	(292,429)	(11,578)	-	-	(304,007)
Reclassification	-	-	(2,815)	2,815	-	-	-
Translation effect	-	(2,986)	(16,589)	(10,231)	-	-	(29,806)
Balance at December 31, 2018	$ -	1,513,289	7,890,043	2,144,123	4,211	-	11,551,666
Balance at January 1, 2017	$ -	1,106,888	6,785,035	1,623,000	2,952	-	9,517,875
Depreciation	-	103,043	760,877	268,494	611	-	1,133,025
Disposals	-	-	(233,431)	(12,647)	-	-	(246,078)
Reclassification	-	-	(31,868)	31,868	-	-	-
Translation effect	-	(3,511)	(20,152)	(10,253)	-	-	(33,916)
Balance at December 31, 2017	$ -	1,206,420	7,260,461	1,900,462	3,563	-	10,370,906
Carrying amount:							
Balance at December 31, 2018	$ 841,988	1,942,043	3,464,701	823,033	12,913	33,067	7,117,745
Balance at December 31, 2017	$ 837,960	2,335,335	3,994,269	1,145,743	12,328	46,453	8,372,088
Balance at January 1, 2017	$ 838,860	2,243,837	3,670,727	999,192	11,717	1,939	7,766,272

(i) Loss and gain on disposal

For the years ended December 31, 2018 and 2017, the Consolidated Company recognized loss and gain on disposal of property, plant and equipment, please refer to note 6(u).

(ii) Impairment loss

The movements in accumulated impairment loss of the Consolidated Company's property, plant and equipment were as follows:

	2018	2017
Beginning balance	$ 14,675	14,512
Disposals during the year	(40)	-
Impairment loss recognized during the year	443,234	-
Translation effect	609	163
Ending balance	$ 458,478	14,675

On April 28, 2018, a fire occurred in some of the Consolidated Company's Pingzhen plants, wherein the Consolidated Company recognized an impairment loss on its property, plant and equipment of $443,234 thousand, which was recorded under other gains and losses. For related information, please refer to note 10.

(iii) Collateral

As of December 31, 2018 and 2017, the Consolidated Company pledged its property, plant and equipment as collateral for long-term and short-term loans, pleas refer to note 8.

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(j) Short-term and long-term loans

The details, terms and clauses of the Consolidated Company's short-term and long-term loans were as follows:

(i) Short-term loans

	December 31, 2018			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	THB	2.25~4.9521	2019	$ 301,402
Unsecured loans	USD	1.93~3.89113	2019	999,328
Unsecured loans	EUR	0.54	2019	105,493
Total				$ 1,406,223

	December 31, 2017			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	THB	2.98~3.60	2018	$ 109,560
Unsecured loans	USD	1.20~2.29	2018	1,574,365
Unsecured loans	EUR	0.44~1.62	2018	106,589
Total				$ 1,790,514

As of December 31, 2018 and 2017, the unused credit facilities of the Consolidated Company's short-term loans amounted to $4,175,238 thousand, and $3,864,268 thousand, respectively.

(ii) Long-term loans

	December 31, 2018			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	THB	4.50~4.75	2019	$ 8,334
Current				$ 8,334
Non-current				-
Total				$ 8,334

	December 31, 2017			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	THB	4.50	2019	$ 50,271
Current				$ 42,270
Non-current				8,001
Total				$ 50,271

(Continued)

Please refer to note 6(w) for related information of risk exposure to interest risk, currency risk and liquidity risk.

(iii) Collateral of loans

As of December 31, 2018 and 2017, the Consolidated Company has mortgaged its assets as collateral of loans, please refer to note 8.

(k) Provisions

	Allowance for sales returns and discounts
Balance at at January 1, 2017	$ 478,514
Provisions made during the year	96,972
Provisions reversed during the year	(37,937)
Translation effect	(476)
Balance at December 31, 2017	$ 537,073

The provision of customer returns and discounts was based on historical experience, management's judgments and other known factors estimated product returns and discounts may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

Since the Consolidated Company adopted IFRS 15 commencing January 1, 2018, the abovementioned sales returns and discounts were recognized as refund liabilities under other current liabilities. Please refer to note 6(r).

(l) Bonds payable

The informations of the bonds payable for the Consolidated Company were as follows:

	December 31, 2018	December 31, 2017
Unsecured convertible bonds	$ 151,155	148,389
Translation effect	(1,759)	(7,712)
Bonds payable of ending balance	$ 149,396	140,677
Equity component − conversion options (non-controlling interests)	$ 10,519	10,519

	2018	2017
Interest Expenses (financial costs)	$ 10,478	11,922

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Due to the issued date of abovementioned bonds payable was on August 18, 2019, the Consolidated Company reclassified convertible bonds of $149,396 thousand to current liabilities－bonds payable on August 18, 2018.

(i) On August 20, 2014, Draco issued 6,000,000 unsecured convertible bonds, with a par value of THB100, raising $564,540 thousand (approximately THB600,000 thousand) in cash. The Company purchased 4,417,944 units of shares on August 20, 2017, which amounted to $415,905 thousand (approximately THB441,794 thousand). In July 2017, the Company made an additional payment of $7,963 thousand to convert its 2,667,944 bonds in hand into 47,761 thousand Draco' s common shares, with a conversion price of THB100 per bond. As of December 31, 2017, the Company has fully converted its convertibles bonds issued by Draco.

When a company holds the convertible bonds issued by its subsidiary, the bonds held shall be viewed as redeemed bonds of the issuer.

(ii) The information of the outstanding bonds were as follows:

		December 31, 2018	December 31, 2017
Total amount of convertible bonds	$	564,540	564,540
Accumulated amount of converted bonds		(407,495)	(407,495)
Translation effect		(7,050)	(13,046)
Bonds payable	$	**149,995**	**143,999**

(iii) When the convertible bonds were issued, the call options and put options embedded in bonds payable were separated and recognized as equity and liability as follows:

		Issuance (August 20, 2014)
Present value under compound interest of convertible bonds	$	524,646
Equity component－conversion option		39,894
	$	**564,540**

(iv) The underwriting processing fee was $4,215 thousand for the issuance. Terms of the bonds are as follows:

1) Coupon rate: 5.19%

2) Effective rate: 7.20%, interest is paid on June 30, and December 31, yearly.

3) Period: 5 years (August 20, 2014 to August 19, 2019)

4) Conversion period: From December 31, 2014, the bondholders have the right to ask for conversion of the bonds on June 30, December 31 and the expiry date.

(Continued)

5) Conversion price: The price has been set as THB$5.4 per share at initial issuance. During the convertible period, the price for conversion of the bonds is THB$5.40 (face value THB$100 per bond) into 17.901852 shares and paid the supplementary cash THB$3.33 per share. The total amount of the shares to the conversion shall not be over 107,411 thousand shares.

6) Draco PCB Co., Ltd. has no right to repurchase the bonds in advance and the bondholders have no right to redeem the bonds.

(m) Operating leases

Non-cancellable rental payables of operating leases for the Consolidated Company were as follows:

		December 31, 2018	December 31, 2017
Less than one year	$	48,582	29,666
Between one and five years		98,388	50,930
Over five years		-	492
	$	**146,970**	**81,088**

The Consolidated Company leases factory facilities and parking space under operating leases. The leases typically run for a period of 1 to 5 years, with an option to renew the lease. The lease payment will be adjusted to reflect market price when renewing the contract.

For the years ended December 31, 2018 and 2017, lease costs and expenses were $56,536 thousand and $49,285 thousand, respectively.

(n) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Consolidated Company were as follows:

		December 31, 2018	December 31, 2017
Present value of the defined benefit obligations	$	407,830	462,867
Fair value of plan assets		(454,088)	(455,629)
Net defined benefit liability (asset)	$	**(46,258)**	**7,238**

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The Consolidated Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and Chunghwa Post Co., Ltd. that provides pensions for employees and managers upon retirement. The plans (covered by the Labor Standard) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Consolidated Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Consolidated Company's Bank of Taiwan and Chunghwa Post Co., Ltd labor pension reserve account balance amounted to $404,542 thousand and $49,546 thousand, respectively, as of December 31, 2018. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Consolidated Company's defined benefit obligations for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Defined benefit obligation at January 1	$ 462,867	481,378
Current service costs and interest	12,130	12,403
Remeasurements of the net defined benefit liability (asset)		
－Actuarial gains and losses arising from changes in financial assumptions	6,891	(13,398)
Past service cost and settlement gains	(40,401)	-
Benefits paid	(33,657)	(17,516)
Defined benefit obligation at December 31	$ 407,830	462,867

3) Movements in fair value of plan assets

The movements in the fair value of the Consolidated Company's plan assets for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Fair value of plan assets at January 1	$	455,629	451,491
Remeasurements of the net defined benefit liability (asset)			
—The return on plan assets (excluding amounts included in the interest during this period)		7,133	6,622
—Actuarial gains and losses arising from changes in financial assumptions		9,925	(2,088)
Contributions made		15,058	17,120
Benefits paid		(33,657)	(17,516)
Fair value of plan assets at December 31	$	454,088	455,629

4) Expenses recognized in profit or loss

The Consolidated Company's expenses recognized on profit or loss for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Current service costs	$	4,800	5,255
Net interest on the defined benefit liability		197	526
Past service cost and settlement gains		(40,401)	-
	$	(35,404)	5,781

		2018	2017
Operating costs	$	3,215	4,328
Selling expenses		410	344
Administration expenses		1,232	1,005
Research and development expenses		140	104
	$	4,997	5,781

Due to a number of employees agreeing to a curtailment for the year ended December 31, 2018, the Company has reduced the defined benefit retirement obligations of $40,401 thousand and recognized the reduction in benefits which was recorded a reduction of operating cost.

(Continued)

5) Remeasurement of the net defined benefit liability and asset recognized in other comprehensive income

The Consolidated Company's remeasurements of the net defined benefit liability and asset recognized in other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Cumulative amount at January 1	$	2,232	13,542
Recognized during the period		(3,034)	(11,310)
Cumulative amount at December 31	$	(802)	2,232

6) Actuarial assumptions

The Consolidated Company's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	2018.12.31	2017.12.31
Discount rate	1.00%~2.47%	1.00%~2.57%
Future salary increases rate	1.00%~5.00%	1.00%~5.00%

The expected contribution to be made by the Consolidated Company to the defined benefit plans for the next annual reporting period is $13,591 thousand.

The weighted average duration of the defined benefit obligation of employee and manager is 19.24 years and 8.43 years, respectively.

7) Sensitivity analysis for actuarial assumption

As of December 31, 2018 and 2017, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations was as follows:

		The impact of defined benefit obligation	
		Increase	Decrease
At December 31, 2018			
Discount rate (changes 0.25%)	$	(13,936)	14,773
Future salary increase rate (changes 0.25%)		14,515	(13,764)
At December 31, 2017			
Discount rate (changes 0.25%)		(17,039)	17,875
Future salary increase rate (changes 0.25%)		17,728	(16,986)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability (asset) is the same.

(Continued)

The method used for sensitivity analysis for this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Consolidated Company contributes an amount equal to 6% of the employee's monthly. The Consolidated Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Consolidated Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Consolidated Company's pension costs under the defined contribution method were $179,587 thousand and $195,338 thousand for the years ended December 31, 2018 and 2017, respectively.

(iii) Short-term employee benefit

	December 31, 2018	December 31, 2017
Annual leave benefit (recorded under other payables)	$ 42,042	56,649

(o) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the Company's corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing 2018.

(i) Income tax expense

The amounts of the Consolidated Company's income tax for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Current tax expense		
Current period	$ 236,860	779,456
10% surtax on unappropriated retained earnings	33,634	93,731
Adjustment for prior periods	(142,965)	16,375
	127,529	889,562
Deferred tax expense		
Origination and reversal of temporary differences	(128,181)	(144,869)
Adjustment for prior deferred tax	143,988	-
Adjustment in tax rate	69,508	-
Income tax expenses from continuing operations	$ 212,844	744,693

(Continued)

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The amounts of the Consolidated Company's income tax expense recognized under other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Items that may not be reclassified into profit and loss:			
Remeasurments of defined benefit asset	$	(621)	(1,923)

Reconciliations of the Consolidated Company's income tax expense (benefit) and income before tax for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Income before tax	$	375,069	2,240,902
Income tax using the Company's domestic tax rate	$	75,014	380,953
Effect of tax rates in foreign jurisdiction		(106,774)	254,698
Dividend income		152	129
Adjustment in tax rate		69,508	-
Under estimate of prior years' income tax		1,023	16,375
Tax-exempt income		(12,399)	(12,669)
10% surtax on unappropriated retained earnings		33,634	93,731
Current-year for which no deferred tax asset was recognized		47,413	39,422
Adjustment according to tax low		114,682	-
Tax credits utilized		(16,821)	-
Others		7,412	(27,946)
Total	$	212,844	744,693

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax assets

The Consolidated Company's deferred tax assets have not been recognized in respect of the following items:

		December 31, 2018	December 31, 2017
The carryforward of unused tax losses	$	150,277	97,978

Deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available against which the Consolidated Company can utilize the benefits therefrom.

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As of December 31, 2018, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of loss	Unused amount	Year of expiry
2014	$ 50,150	2019
2015	107,690	2020
2016	131,106	2021
2017	197,104	2022
2018	237,065	2023
	$ 723,115	

2) Recognized deferred tax assets and liabilities

Changes in the amount of recognized deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 were as follows:

Deferred tax assets:

	Defined benefit plans	Allowance for inventory devaluation loss	Loss allowance (allowance for bad debts and sales discounts)	Refund liabilities (provisions)	Others	Total
Balance at January 1, 2018	$ 3,228	21,250	20,938	94,445	6,120	145,981
Recognized in profit or loss	222	17,056	744	18,687	(3,053)	33,656
Recognized in other comprehensive income	359	-	-	-	-	359
Balance at December 31, 2018	$ 3,809	38,306	21,682	113,132	3,067	179,996
Balance at January 1, 2017	$ 5,813	15,346	21,469	84,023	10,125	136,776
Recognized in profit or loss	(2,023)	5,904	(531)	10,423	(4,005)	9,768
Recognized in other comprehensive income	(1,923)	-	-	-	-	(1,923)
Balance at December 31, 2017	$ 1,867	21,250	20,938	94,446	6,120	144,621

Deferred tax liabilities:

	Gain from investment using equity method	Defined benefit plans	Others	Total
Balance at January 1, 2018	$ 506,667	1,361	92	508,120
Recognized in profit or loss	107,857	10,720	394	118,971
Recognized in other comprehensive income	-	980	-	980
Balance at December 31, 2018	$ 614,524	13,061	486	628,071
Balance at January 1, 2017	$ 641,476	-	384	641,860
Recognized in profit or loss	(134,809)	-	(292)	(135,101)
Balance at December 31, 2017	$ 506,667	-	92	506,759

(Continued)

(iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2015.

(p) Share capital and other equity

(i) Common stock

As of December 31, 2018 and 2017, the total value of authorized nominal ordinary shares amounted to $4,500,000 thousand, with par value of $10 per share, of which 397,495 thousand shares of common stocks were outstanding. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

	December 31, 2018	December 31, 2017
Paid-in capital in excess of par value	$ 630,382	630,382
Conversion of convertible bonds ordinary shares	937,936	937,936
	$ 1,568,318	1,568,318

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

In accordance with the ROC Company Act, 10 percent of net income after tax should be set aside as legal reserve, until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special earnings reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. The remainder, if necessary, is subject to special reserve. The distribution of remainder earning should be amounts directors' and supervisors' remuneration, employee bonuses and stockholders' dividends and bonuses in the percentage amounts of 0.5% to 5%, 2% to 10% and 20% to 80%. After the distribution, the remainder is unappropriated earnings.

According to the Company's Articles of Incorporation, the Company's dividend policy will consider its operating environment, steady profitability, sufficiency of its cash for future expansion, financial plan and the balance of dividends. The Board of Directors then proposes the appropriations and presents this proposal for approval at the shareholders' meeting. The Company stipulated a dividend policy that at least 20% of income after tax may be distributed as cash dividends, and if the Company has sufficient cash acquired from the outer, the ratio of distribution as cash dividends will be 50%. The actual appropriations are based on profit and the requirement of cash which are adjusted and approved by the stockholders' meeting.

The appropriations of 2017 and 2016 earnings have been approved by the Company's shareholders in its meetings held on June 29, 2018, and June 22, 2017, respectively. The appropriations and dividends per share were as follows:

	2017		2016	
	Amount per share (NT dollars)	**Total Amount**	**Amount per share (NT dollars)**	**Total Amount**
Dividends distributed to common stockholders:				
Cash	$ 2.25	894,365	3.20	1,271,985

(Continued)

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(iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign	Available-for-sale financial assets	Non-controlling interests	Total
Balance at January 1, 2018	$ (147,251)	17,847	(7,530)	(136,934)
Effects of retrospective application	-	(17,847)	-	(17,847)
Balance at January 1, 2018 after adjustments	(147,251)	-	(7,530)	(154,781)
Foreign exchange differences arising from foreign operation	5,071	-	232	5,303
Balance at December 31, 2018	$ (142,180)	-	(7,298)	(149,478)

	Foreign exchange differences arising from foreign	Available-for-sale financial assets	Non-controlling interests	Total
Balance at January 1, 2017	$ 37,522	34,846	(7,143)	65,225
Foreign exchange differences arising from foreign operation	(184,773)	-	(387)	(185,160)
Unrealized gains from available-for-sale financial assets	-	40,400	-	40,400
Cumulative losses reclassified to profit or loss upon disposal of available-for-sale financial assets	-	(57,399)	-	(57,399)
Balance at December 31, 2017	$ (147,251)	17,847	(7,530)	(136,934)

(q) Earnings per share

The calculation of the Company's basic and diluted earnings per share for years ended December 31, 2018 and 2017 were as follows:

(i) Basic EPS

	2018	2017
Net income attributable to common shareholders of the Company	$ 163,311	1,500,804
Weighted-average number of common shares outstanding (thousand shares)	397,495	397,495
Basic EPS (New Taiwan dollars)	$ 0.41	3.78

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(ii) Diluted EPS

	2018	2017
Net income attributable to common shareholders of the Company	$ 163,311	1,500,804
Weighted-average number of common shares outstanding (thousand shares)	397,495	397,495
Influence of potentially dilutive shares—		
Remueration to employees (thousand shares)	471	1,835
Weighted-average number of shares outstanding—diluted (thousand shares)	397,966	399,330
Diluted EPS (New Taiwan dollars)	$ 0.41	3.76

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

The Consolidated Company is engaged in one industry which manufactures and sells printed circuit boards. The disaggregation of revenue by primary geographical markets for the year ended December 31, 2018 was as follows:

	2018			
	Taiwan	China	Others	Total
Taiwan	$ 594,572	-	34,667	629,239
United states	3,168,277	29,550	224,272	3,422,099
Germany	2,200,371	156,458	163,713	2,520,542
Hungary	1,091,663	98,338	1,322	1,191,323
China	1,845,906	1,401,240	420,386	3,667,532
Others	5,833,011	678,370	2,231,772	8,743,153
	$ 14,733,800	2,363,956	3,076,132	20,173,888

For details on revenue for the year ended December 31, 2017, please refer to note 6(s).

(ii) Contract balances

	December 31, 2018	January 1, 2018
Notes receivable	$ 6,267	12,982
Account receivable	3,755,074	4,562,951
Less: loss allowance	95,422	84,584
Total	$ 3,665,919	4,491,349

For details on accounts receivable and allowance for impairment, please refer to note 6(e).

(iii) Refund liabilities (recorded under other current liabilities)

		December 31, 2018
Sales return and discounts	$	550,267

The refund liabilities are expected payment to customers contingent on sales returns and discounts in the future. The amount recognized for refund liabilities is based on historical experience and other known factors and is treated as reduction of operating revenue when products are sold.

(s) Revenue

The details of the Consolidated Company's revenue for the year ended December 31, 2017 were as follows:

		2017
Sale of goods	$	23,906,148
Income of processing		17,385
		23,923,533
Less: sales return and discount		(277,922)
	$	23,645,611

(t) Remuneration to employees, directors and supervisors

In accordance with the Company's articles of incorporation, the Company should contribute no less than 2%~10% of profit as employee remuneration and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2018 and 2017, the Company accrued and estimated the remuneration to employee amounting to $5,313 thousand and $71,807 thousand, respectively, and directors and supervisors amounting to $2,680 thousand and $11,340 thousand, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating costs or expenses during 2018 and 2017. The related information can be accessed from Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017.

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(u) Non-operating income and expenses

(i) Other income

The details of the Consolidated Company's other income for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Interest income	$	91,657	91,093
Rental income		840	794
Dividend income		759	759
Gains on write-off from accrued expense		4,975	-
Other income－other			
Compensation income		57,053	97,530
Other		202,771	195,485
Subtotal other income－other		259,824	293,015
Total other income	$	358,055	385,661

(ii) Other gains and losses

The details of the Consolidated Company's other gains and losses for the years ended December 31, 2018 and 2017 were as follows:

		2018	2017
Loss on disposal of property, plant and equipment	$	(10,179)	(17,591)
Gain on disposal of investments		-	57,399
Net on foreign exchange gain (loss)		75,200	(162,755)
Gains on financial assets measured at fair value through profit and loss		50,461	-
Miscellaneous disbursements		(454,844)	(8,416)
Other gains and losses		(480,020)	-
Other gains and losses, net	$	**(819,382)**	**(131,363)**

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Finance costs

The details of the Consolidated Company's finance costs for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Interest expense	$ 58,657	48,538

(v) Reclassification of components of other comprehensive income

The details of the Consolidated Company's reclassification of components of other comprehensive were as follows:

	2018	2017
Available-for-sale financial assets		
Net change in fair value for current year	$ -	40,400
Net change in fair value reclassified to profit or loss	-	(57,399)
Net changes in fair value recognized in other comprehensive income	$ -	(16,999)

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets represents the maximum risk exposure. The maximum risk exposure amounts were $9,357,673 thousand and $10,753,287 thousand as at December 31, 2018 and 2017, respectively.

2) Concentration of credit risk

In 2018 and 2017, the Consolidated Company's counterparties of account receivables transaction mainly locate in China, Germany, and the United States. As of December 31, 2018 and 2017, the balance of accounts receivable from those region accounted for 47% and 48%, respectively, of the total balance.

3) Credit risk of receivables and other financial assets at amortized cost

For the information of credit risk exposure for notes and accounts receivable, please refer to note 6(e).

Other financial assets measured at amortized cost include other receivables, refund deposits and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 moths expected losses. Regarding how the financial instruments are considered to have low credit risk by the Consolidated Company, please refer to note 6(g).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2018						
Non-derivative financial liabilities						
Secured loans	$ 301,402	312,256	312,256	-	-	-
Unsecured loans	1,104,821	1,129,299	1,129,299	-	-	-
Current portion of long-term loans	8,334	8,730	8,730	-	-	-
Notes payable	840,259	840,259	840,259	-	-	-
Accounts payable	2,352,837	2,352,837	2,352,837	-	-	-
Other payables	978,812	978,812	978,812	-	-	-
Bonds payable	149,396	149,995	149,995	-	-	-
	$ 5,735,861	5,772,188	5,772,188	-	-	-
December 31, 2017						
Non-derivative financial liabilities						
Secured loans	$ 109,560	112,847	112,847	-	-	-
Unsecured loans	1,680,954	1,716,086	1,716,086	-	-	-
Current portion of long-term loans	42,270	44,172	44,172	-	-	-
Notes payable	965,686	965,686	965,686	-	-	-
Accounts payable	2,729,313	2,729,313	2,729,313	-	-	-
Other payables	811,948	811,948	811,948	-	-	-
Bonds payable	140,677	143,999	-	143,999	-	-
Long-term loans	8,001	8,361	-	8,361	-	-
	$ 6,488,409	6,532,412	6,380,052	152,360	-	-

The Consolidated Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

The Consolidated Company's financial assets and liabilities exposured to significant foreign currency risk were as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
Financial assets:						
Monetary items:						
USD	$ 140,318	30.7340	4,312,533	206,952	29.7050	6,147,509
JPY	602,597	0.2772	167,040	1,004,243	0.2637	264,819
EUR	8,476	35.1644	298,053	11,434	35.5296	406,245
THB	406,064	0.9481	384,989	371,037	0.9102	337,718
CNY	87,646	4.4770	392,391	113,392	4.5588	516,931
Financial liabilities:						
Monetary items:						
USD	89,732	30.7340	2,757,823	95,252	29.7050	2,829,461
JPY	46,078	0.2772	12,773	84,074	0.2637	22,170
EUR	5,659	35.1644	198,995	5,338	35.5296	189,657
THB	59,148	0.9481	56,078	96,667	0.9102	87,986

2) Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, loans and borrowings, and accounts and other payables that are denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the TWD against the USD, JPY, EUR, THB and CNY as of December 31, 2018 and 2017, would have increased or decreased the net profit after tax by $20,235 thousand and $37,715 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous type of functional currency of the Consolidated Company, the Consolidated Company disclose its exchange gains and losses of monetary items aggregately. The Consolidated Company's exchange gain (loss), including realized and unrealized, were $75,200 thousand and $(162,755) thousand for the years ended December 31, 2018 and 2017, respectively.

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Consolidated Company's financial assets and liabilities.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Consolidated Company's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate increases or decreases by 1%, the Consolidated Company's net income will have increased or decreased by $3,961 thousand and $3,564 thousand, respectively, for the years ended December 31, 2018, and 2017. This were mainly due from the Consolidated Company's loans and time deposits on floating rates.

(v) Fair value information

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Consolidated Company's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

	December 31, 2018				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 1,046,338	1,046,338	-	-	1,046,338
Financial assets measured at amortized cost					
Cash and cash equivalents	4,077,954	-	-	-	-
Accounts and notes receivable	3,665,919	-	-	-	-
Other receivables	71,818	-	-	-	-
Other financial assets－current and non-current	1,541,982	-	-	-	-
Subtotal	9,357,673	-	-	-	-
Total	$ 10,404,011	1,046,338	-	-	1,046,338

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	December 31, 2018				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss					
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,406,223	-	-	-	-
Long-term loans	8,334	-	-	-	-
Notes and accounts payable	3,193,096	-	-	-	-
Other payables	978,812	-	-	-	-
Bonds payable	149,396	-	-	-	-
Subtotal	5,735,861	-	-	-	-
Total	$ 5,735,861	-	-	-	-

	December 31, 2017				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Domestic beneficiary certification－open ended fund	$ 1,516,642	1,516,642	-	-	1,516,642
Domestic OTC stocks	12,641	12,641	-	-	12,641
Subtotal	1,529,283	1,529,283	-	-	1,529,283
Loans and receivables					
Cash and cash equivalents	4,382,371	-	-	-	-
Notes and accounts receivable	4,491,349	-	-	-	-
Other receivables	61,375	-	-	-	-
Other financial assets	1,818,192	-	-	-	-
Subtotal	10,753,287	-	-	-	-
Total	$ 12,282,570	1,529,283	-	-	1,529,283

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	December 31, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,790,514	-	-	-	-
Long-term loans (including current portion)	50,271	-	-	-	-
Notes and accounts payable	3,694,999	-	-	-	-
Other payables	811,948	-	-	-	-
Bonds payable	140,677	-	-	-	-
Total	$ 6,488,409	-	-	-	-

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

If financial instrument have quoted price in an active market, using the quoted price as fair value.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (included OTC stocks and open-ended funds).

b) Derivative financial instrument

The forward exchange contract is usually priced by the forward exchange rate from financial institutions.is

3) Fair value hierarchy

The Consolidated Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There was no significant transfer from level 2 financial instrument to level 1 financial instrument for the years ended December 31, 2018 and 2017.

(x) Financial risk management

(i) Overview

The Consolidated Company has exposure to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Consolidated Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Consolidated Company's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Board of Directors of the Consolidated Company is full responsible for the establishment and management of the Consolidated Company's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the frameworks operations regularly.

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. The Consolidated Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Consolidated Company's Board of Directors oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. The supervisors are assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and supervisors.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company's receivables from customers and investment securities.

1) Trade and other receivables

The Consolidated Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances.

The Consolidated Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Consolidated Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Consolidated Company's benchmark creditworthiness may transact with the Consolidated Company only on a prepayment basis.

2) Investments

The credit risk exposure in the bank deposits, fix income investment and other financial instruments are measured and monitored by the Consolidated Company's finance department and reported to the management by authority. Since those who transact with the Consolidated Company are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues.

Hence, there is no significant credit risk.

3) Guarantees

The Consolidated Company's policy allows it to provide financial guarantees to directly and indirectly more them 50% owned subsidiaries. Financial guarantees provided by the Consolidated Company as of December 31, 2018 and 2017, are disclosed in note 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Consolidated Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Consolidated Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company has unused short term bank facilities of $4,175,238 thousand and $3,864,268 thousand, respectively, as of December 31, 2018 and 2017.

(v) Market risk

Market risk represents the potential loss arising from the decrease in the value of a financial instrument caused primarily by changes in interest rates, foreign exchange rates, or the price of financial produces. The Consolidated Company maintains its foreign currency positions within prescribed limits and signs the forward exchange contracts in order to manage market risk from changes in foreign exchange rates.

Financial assets measured at fair value through profit or loss (available-for-sale financial assets) are listed stocks and mutual funds, which may fluctuate with changes in equity price. In order to manage market risk, the Consolidated Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Consolidated Company' financial assets－bank balances and time deposits and financial liability－short-term and long-term loans are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(y) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Consolidated Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Consolidated Company's debt-to-capital ratio at the end of the reporting period was as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 7,694,362	9,043,490
Less: cash and cash equivalents	4,077,954	4,382,371
Net debt	$ 3,616,408	4,661,119
Total equity	$ 15,461,472	16,185,896
Debt-to-capital ratio	23 %	29 %

As of December 31, 2018, there were no changes in the Consolidated Company's approach of capital management.

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(z) Investing and financing activities not affecting current cash flow

The Consolidated Company did not have any non-cash flow transactions on investing and financing activities for the years ended December 31, 2018 and 2017.

Reconciliation of liabilities arising from financing activities for the year ended December 31, 2018 was as follows:

		Cash flows		Non-cash changes		
	January 1, 2018	Acquisition	Repayments	Foreign exchange movement	Fair value movement	December 31, 2018
Long-term borrowings (including current portion)	$ 50,271	-	(43,338)	1,401	-	8,334
Short-term borrowings	1,790,514	4,303,746	(4,655,812)	(32,225)	-	1,406,223
Total liabilities from financing activities	$ 1,840,785	4,303,746	(4,699,150)	(30,824)	-	1,414,557

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company.

(b) Management personnel compensation

Key management personnel compensation comprised:

	2018	2017
Short-term employee benefits	$ 51,458	70,457
Post-employment benefits	916	2,197
Termination benefits	445	-
Other long-term benefits	8	24
	$ 52,827	72,678

In both 2018 and 2017, the Consolidated Company provided six vehicles at cost of $3,778 thousand for key management personnel.

(8) Pledged assets

The Consolidated Company's carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017
Property, plant and equipment			
Land	Short-term and long-term bank loan	$ 31,372	30,118
Buildings	Short-term and long-term bank	161,262	188,066
		$ 192,634	218,184

(Continued)

(9) Significant commitments and contingencies

(a) As of December 31, 2018 and 2017, the Consolidated Company's had outstanding letters of credit for purchase of material and equipment amounting approximately to $3,305 thousand and $2,816 thousand, respectively, on which the Consolidated Company paid no deposits.

(b) As of December 31, 2018 and 2017, the Consolidated Company provided guarantee notes amounting to $1,376,400 thousand and $696,400 thousand, respectively, for usance letters of credits, domestic letters of credit and guarantees for the Consolidated Company's hiring of foreign labors. The customs duty guaranteed by the Consolidated Company for importing raw materials were $15,000 thousand and $31,260 thousand, respectively, as December 31, 2018 and 2017.

(c) For expanding the factory, the Consolidated Company entered contracts of construction and purchase of property, plant and equipment. The total contract amount was $1,575,882 thousand and $702,781 thousand as of December 31, 2018 and 2017, respectively, of which the Consolidated Company had paid $1,237,123 thousand and $543,261 thousand, respectively, included in the construction in progress and prepayments for equipment accounts.

(10) Significant losses from calamity

A fire occurred in some of the Company's plants on April 28, 2018, destroying parts of the building, equipment and inventory, which resulted in recovery and indemnity expenses. The estimated loss from the incident amounted to $902,744 thousand, and the insurance claim received was $350,000 thousand. The aforementioned amounts were recognized under other gains and losses for the fiscal year ended December 31, 2018. Though the related properties mentioned above were insured, its claim is still under negotiation with the insurance companies. As of the reporting date, the insurance compensation has not been determined for the reason that the amount is highly subject to investigation. The Company will recognize the insurance income in the subsequent periods when the amount can be reasonably estimated.

(11) Significant subsequent events

On February 25, 2019, the Company received an indictment, with case number 108-Zhen-829 and 108-Zhen-2491, from the Taoyuan district prosecutor's office. The chairman of the Company' s board of directors and 6 former and current employees of the Pingzhen third plant were accused of causing fire disaster, which led to an offense of negligent manslaughter resulting from the fire incident that occurred on April 28, 2018. The chairman and the said employees will fully cooperate with the Court in its investigation on this matter. So far the incident did not have any significant impact on the Company' s operating and financial activities.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function / By nature	Year ended December 31 2018			Year ended December 31 2017		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary	3,318,345	321,467	3,639,812	4,015,182	356,006	4,371,188
Labor and health insurance	293,160	25,161	318,321	334,532	23,310	357,842
Pension	163,088	21,496	184,584	181,285	19,834	201,119
Directors' remuneration	-	5,320	5,320	-	13,980	13,980
Others	274,263	26,140	300,403	287,478	29,893	317,371
Depreciation	1,045,363	25,976	1,071,339	1,105,936	27,089	1,133,025
Amortization	-	-	-	-	-	-

A fire occurred in some of the Company's plants on April 28, 2018, destroying parts of the building, equipment and inventory, leaving the production lines of the plant to cease their operation. The Company, therefore, recorded the related employee benefit expenses, including salary, pension, labor and health insurance, and severance payment amounting to $298,280 thousand, under other gains and losses.

For the year ended December 31, 2018, the Consolidated Company's pension costs excluded the curtailment gains of $40,401 thousand. Please refer to note 6(n).

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(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Consolidated Company in 2018:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn (Note 3)	Range of interest rates	Purposes of fund financing for the borrowers (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	Other receivables from related parties	Yes	933,030	922,020	922,020	2.94428~3.64838	2	-	Operating capital	-		-	3,572,428 (Note 1)	3,572,428 (Note 1)

Note 1: The total amount lending to the subsidiaries and each borrowing company shall not be over 50% of the net worth of Chin Poon Holdings Cayman Limited.

Note 2: Nature of financing activities as follows:

(1) if there are transactions between these two parties, the number is "1"

(2) if it is necessary to loan to other parities, the number is "2"

Note 3: The transaction has already been written off in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 2)	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements (Note 2)	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements (Note 2)	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company (Note 1)										
0	CHIN-POON INDUSTRIAL CO., LTD	Chin-Poon (Changshu) Electronic Co., Ltd	2	3,089,608	311,010	307,340	184,404	-	1.99 %	3,862,010	Y	N	Y

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of guarantee shall not exceed 25% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 20% of the Company's net worth.

(iii) Securities held as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2016	Remarks
				Number of shares	Book value	Holding percentage	Market value		
The Company	Beneficiary Certificate: Jih Sun Money Market	-	Available-for-sale financial assets current	7,549,184	111,679	- %	111,679	111,679	
The Company	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets current	9,549,204	98,556	- %	98,556	98,556	
The Company	Allianz Glbl Inv Global Bd A	-	Available-for-sale financial assets current	2,516,420	30,071	- %	30,071	31,379	
Draco PCB Public Co., Ltd.	TMB Money Fund	-	Available-for-sale financial assets current	180,000,000	806,032	- %	806,032	1,324,036	

Note 1: The transaction has already been written off in the consolidated financial statements.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Name of security	Account name	Counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Disposal gain	Shares	Amount
Chin-Poon (Changshu) Electronic Co., Ltd	CR Yuanta Cash Earning	Available-for-sale financial assets current	CR Yuanta Fund	-	280,000,000	1,276,634	302,000,000	1,352,047	402,000,000	1,845,041	1,799,745	(22,904)	18,000,000	806,032

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount (Note 2)	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance (Note 2)	Percentage of total accounts / notes receivable (payable)	
Chin Poon Holdings Cayman Limited	The Company	Parent company	Purchase	192,021	17.10 %	Note 1	Note 1	Note 1	(43,997)	(14.86) %	
The Company	Chin Poon Holdings Cayman Limited	Subsidiaries	(Sale)	(192,021)	(1.24) %	Note 1	Note 1	Note 1	43,997	1.58 %	
The Company	Chin-Poon (Changshu) Electronic Co., Ltd	Subsidiaries	Purchase	3,373,025	36.77 %	Note 1	Note 1	Note 1	(912,001)	(33.26) %	
Chin-Poon (Changshu) Electronic Co., Ltd	The Company	Ultimate parent company	(Sale)	(3,373,025)	(49.74) %	Note 1	Note 1	Note 1	912,001	47.44 %	
Chin-Poon (Changshu) Electronic Co., Ltd	The Company	Ultimate parent company	Purchase	307,308	7.43 %	Note 1	Note 1	Note 1	(268,565)	(0.02) %	
The Company	Chin-Poon (Changshu) Electronic Co., Ltd	Subsidiaries	(Sale)	(307,308)	(1.98) %	Note 1	Note 1	Note 1	268,565	9.66 %	
Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	Subsidiaries	Purchase	887,244	79.00 %	Note 1	Note 1	Note 1	(243,849)	(82.35) %	
Chin-Poon (Changshu) Electronic Co., Ltd	Chin Poon Holdings Cayman Limited	Parent-company	(Sale)	(887,244)	(13.08) %	Note 1	Note 1	Note 1	243,849	12.69 %	
Chin Poon Japan Co., Ltd.	The Company	Parent-company	Purchase	170,118	99.70 %	Note 1	Note 1	Note 1	(55,620)	(99.86) %	
The Company	Chin Poon Japan Co., Ltd.	Subsidiaries	(Sale)	(170,118)	(1.09) %	Note 1	Note 1	Note 1	55,620	2.00 %	
The Company	Draco PCB Public Co., Ltd.	Subsidiaries	Purchase	256,789	2.80 %	Note 1	Note 1	Note 1	(38,868)	(1.42) %	
Draco PCB Public Co., Ltd.	The Company	Parent-company	(Sale)	(256,789)	(13.00) %	Note 1	Note 1	Note 1	38,868	10.64 %	

Note 1: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

Note 2: The transaction has already been written off in the consolidated financial statement.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	Chin Poon Holdings Cayman Limited	Subsidiaries	912,001	4.36	-		912,001 (As at March 15, 2019)	-
The Company	Chin Poon Japan Co., Ltd.	Subsidiaries	243,849	3.74	-		243,849 (As at March 15, 2019)	-
Chin-Poon (Changshu) Electronic Co., Ltd	The Company	Ultimate parent company	268,565	2.22	-		163,620 (As at March 15, 2019)	-
Chin-Poon (Changshu) Electronic Co., Ltd	Draco PCB Public Co., Ltd.	Parent-subsidiaries	930,199 (note 2)	-	-		- (As at March 15, 2019)	-

Note 1: The transaction has already been written off in the consolidated financial statement.

Note 2: Included principle $922,020 thousand and other receivables of interest $8,179 thousand.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount (Note 5)	Trading terms	Percentage of the total consolidated revenue or total assets(Note4)
0	The Company	Chin-Poon (Changshu) Electronic Co., Ltd	1	Cost of goods sold	3,373,025	Note 3	16.72%
0	The Company	Chin Poon Japan Co., Ltd.	1	Sales revenue	912,001	Note 3	3.94 %
0	The Company	Chin-Poon (Changshu) Electronic Co., Ltd	1	Accounts payable-related parties	256,789	Note 3	1.27 %
1			3		887,244		4.40 %

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No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount (Note 5)	Trading terms	Percentage of the total consolidated revenue or total assets(Note4)
1	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	3	Cost of goods sold	930,199	Note 3	4.02 %
0	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	1	Other receivable-related parties	307,308	The rate of interests are determined in accordance with mutual agreement	1.52 %

Note 1: Company numbering is as follows:

(1) Parent company - 0.

(2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

(1) 1 represents downstream transactions.

(2) 2 represents upstream transactions.

(3) 3 represents sidestream transactions.

Note 3: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

Note 4: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue were selected for disclosure.

Note 5: The transactions have already been written off in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2018 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2016	Net income of investee (Note 1)	Investment income (losses) (Note 1)	Remarks
				December 31, 2018	December 31, 2017	Shares	Percentage of ownership	Book value (Note 1)				
The Company	VEGA International Enterprise Co., Ltd	British Virgin Islands	Investment	4,244,069	3,917,196	131,242,925	100.00 %	7,143,914	131,242,925	544,511	544,511	Subsidiary (Note 2)
The Company	Chin Poon Japan Co., Ltd	Japan	Trading of printed circuit board	3,229	3,229	180	100.00 %	6,526	180	(1,274)	(1,274)	Subsidiary (Note 2)
The Company	Draco PCB Public Co., Ltd	Thailand	Production and trading of printed circuit board	1,762,846	1,762,846	416,761,385	99.58 %	1,255,146	416,761,385	(258,700)	(257,613)	Subsidiary (Note 3)
VEGA International Enterprise Co., Ltd	Chin-Poon Holdings Cayman Limited	Cayman Islands	Investment	2,756,306	2,756,306	92,354,035	100.00 %	7,143,914	92,354,035	544,511	544,511	Subsidiary (Note 2)

Note 1: The transaction has already been written off in the consolidated financial statements.

Note 2: The investment income (loss) was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The financial statements was audited by on international accounting firm in cooperation with the R.O.C. accounting firm.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2018	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2018	Net income of investee (Notes 2 and 3)	Direct / indirect investment holding percentage	Maximum investment in 2018 (Notes 2 and 3)	Investment income (loss) (Notes 2 and 3)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Chin-Poon (Changshu) Electronic Co., Ltd	Production and trading of printed circuit board	3,688,080	(2)	2,612,390	-	-	2,612,390	480,569	100.00 %	2,612,390	480,569	5,685,272	1,347,795

Note 1: The method of investment is divided into the following three categories:

(1) Invest directly in a company in Mainland China.

(2) Through the establishment of third-region companies then investing in Mainland China. (The Company invests Chin-Poon (Changshu) Electronic Co., Ltd. through Chin Poon Holdings Cayman Limited.)

(3) Other methods.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The transaction has already been written off in the consolidated financial statements.

Note 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.734)

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(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of 2018	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
CHIN-POON INDUSTRIAL CO., LTD.	2,612,390	3,841,750	- (Note 1)

Note 1: The Company was certified as an operations center by the Industrial Development Bureau, Ministry of Economic Affairs, in approval letter No. 10720430500, and the certification is valid from October 29, 2018 to October 28, 2021. The Company has no limitation on investment in Mainland China during the abovementioned period.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD30.734).

(iii) Significant transactions:

Related refer to note 13(a) for the indirect and direct business transactions in China. All transactions were eliminated upon consolidation.

(14) Segment information:

(a) General information

There are three service departments which should be reported: Taiwan, China and Others. Each department manufactures and sells related products respectively. A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The measured amounts of the assets and liabilities of the reportable segments of the Consolidated Company are not provided to the chief operating decision maker. Because taxation is managed on a Consolidated Company basis, it is not able to be allocated to each reportable segment. In addition, all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

(Continued)

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Information on reportable segments and reconciliation for the Consolidated Company is as follows:

	2018				
	Taiwan	**China**	**Others**	**Adjustments or elimination**	**Total**
Revenue:					
Revenue from external customers	$ 14,733,800	2,363,956	3,076,132	-	20,173,888
Inter-segment revenues	692,120	4,362,160	304,318	(5,358,598)	-
Interest revenue	36,822	46,180	39,719	(31,064)	91,657
Total revenue	**$ 15,462,742**	**6,772,296**	**3,420,169**	**(5,389,662)**	**20,265,545**
Interest expenses	**$ 32,533**	**32,625**	**24,563**	**(31,064)**	**58,657**
Depreciation and amortization	**$ 532,654**	**381,170**	**157,515**	**-**	**1,071,339**
Reportable segment profit or loss	**$ (72,725)**	**677,803**	**(230,009)**	**-**	**375,069**

	2017				
	Taiwan	**China**	**Others**	**Adjustments or elimination**	**Total**
Revenue:					
Revenue from external customers	$ 17,725,692	2,525,839	3,394,080	-	23,645,611
Inter-segment revenues	738,037	3,612,046	356,133	(4,706,216)	-
Interest revenue	38,123	54,976	26,488	(28,494)	91,093
Total revenue	**$ 18,501,852**	**6,192,861**	**3,776,701**	**(4,734,710)**	**23,736,704**
Interest expenses	**$ 22,369**	**22,251**	**32,445**	**(28,527)**	**48,538**
Depreciation and amortization	**$ 594,002**	**400,382**	**138,641**	**-**	**1,133,025**
Reportable segment profit or loss	**$ 1,488,617**	**928,937**	**(176,652)**	**-**	**2,240,902**

The Consolidated Company's chief decision makers create strategies and measure performances based on operating income (losses) before taxation. As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities was not disclosed.

For the years ended December 31, 2018 and 2017, inter-segment revenues of $5,358,598 thousand and $4,706,216 thousand respectively, should be eliminated from total revenue.

(c) Information on products and services

The Consolidated Company is engaged in one industry which manufactures and sells printed circuit boards. The revenues from outer customers are disclosed on the information of operating segments.

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(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment non-current assets are based on the geographical location of the assets.

Geographical information		2018	2017
Revenue from external customers:			
Taiwan	$	629,239	765,686
Germany		2,520,542	2,868,226
China		3,667,532	4,622,366
United States		3,422,099	4,518,063
Hungary		1,191,323	1,778,089
Other counties		8,743,153	9,093,181
Total	$	**20,173,888**	**23,645,611**

Geographical information		December 31, 2018	December 31, 2017
Non-current assets:			
Taiwan	$	4,320,794	4,813,240
United States		3,030,950	2,488,408
Thailand		1,071,550	1,083,944
Total	$	**8,423,294**	**8,385,592**

Non-current assets include property, plant and equipment, and other assets, but do not include financial instruments, and deferred tax assets.

(e) Information about major customers

There was no major customer whose revenue was more than 10% of operating revenue of the Consolidated Company for the years ended December 31, 2018 and 2017.