

GIANTPLUS TECHNOLOGY CO., LTD.

2018 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. A Letter to Shareholders

Dear shareholders,

Looking back at 2018, the global economic recovery has shown signs of slowing down due to the uncertainties caused by trade protectionism, turmoil in emerging financial markets, and Brexit. In addition, given the rising new capacities and lackluster demand, the TFT-LCD industry witnessed again an imbalance between supply and demand. Faced with the externally severe industrial environment, Giantplus Technology continued to focus on diversification to achieve market differentiation and product customization. At the same time, it is also committed to strengthening technology and maximizing production quality, to continue to improve its core competitiveness.

2018 operations:

Since the overall market demand was less than satisfactory, the consolidated revenue for 2018 decreased by 20.66% compared with 2017. The gross profit of the consolidated business for the year amounted to NT\$1,149 million and the gross profit margin was 11.62%. The consolidated net profit for the year was NT\$1,059 thousand; following provisioning of asset impairment in the amount of NT\$175 million, the consolidated net loss for the year was NT\$133 million, and the loss per share was NT\$0.30.

With respect to business promotion and research development, the Company not only dedicates itself to developing niche and automotive market, but also established product platforms to improve cost structure and boost market penetration. Simultaneously, the cooperation with Toppan Printing Co. Ltd. enables the Company to refine its technology. The Company strives to meet the demand of customized panels, such as high reliability, high reflectance, low power consumption, and narrow border features, to reinforce customer loyalty and establish a win-win relationship.

With respect to the regulatory environment, the Company regards corporate sustainability as its ultimate goal. Apart from establishing environmental management related system and policy in accordance with the law, the Company also contributes itself to achieving corporate governance evaluation indicators, striking a balance between commercial interest, society, and environmental protection.

With respect to financial performance, the net cash inflow from operating activities in 2018 decreased by NT\$1,851 million compared with last year. In 2018, investment activities decreased by NT\$3,304 million from last year due to the acquisition of land for Bade plant in 2017. However, the inflow of financing activities in 2018 decreased by NT\$2,866 million compared with last year. Therefore, the cash balance in 2018 decreased by NT\$1,371 million compared with 2017. In conclusion, the financial position was good, considering the consolidated cash balance at the end of the year in the amount of NT\$2,402 million.

With respect to budget enforcement, the Company does not have to reveal its budget execution due to the fact that the 2018 financial forecast was not publicly disclosed.

2019 outlook:

1. The Company provides customized product design to enhance the market adaption and customer loyalty, cultivating the Company's position in high value-added market. By applying aforementioned strategy, the Company effectively develops its width and depth in niche market, and commits itself to optimizing the production value and quality.
2. Refine its technologies, manufacturing process, and quality to strengthen the Company's competence and value by means of Group collaboration.
3. Reinforce information security and establish knowledge management; meanwhile, improve the efficiency, quality, and accuracy of decision- making by lean management.

Looking forward to the future, the Company strives to reinforce the partnership with TOPPAN PRINTING Co., Ltd., to provide customized service, and establish long-term competitiveness to consolidate the position in small- and medium-sized panel niche market. The Company devotes itself to achieving better operation performance, as genuine appreciation for our shareholders and suppliers for the continuous support and trust.

II. Company Profile

2.1 Date of Incorporation: December 15, 1997

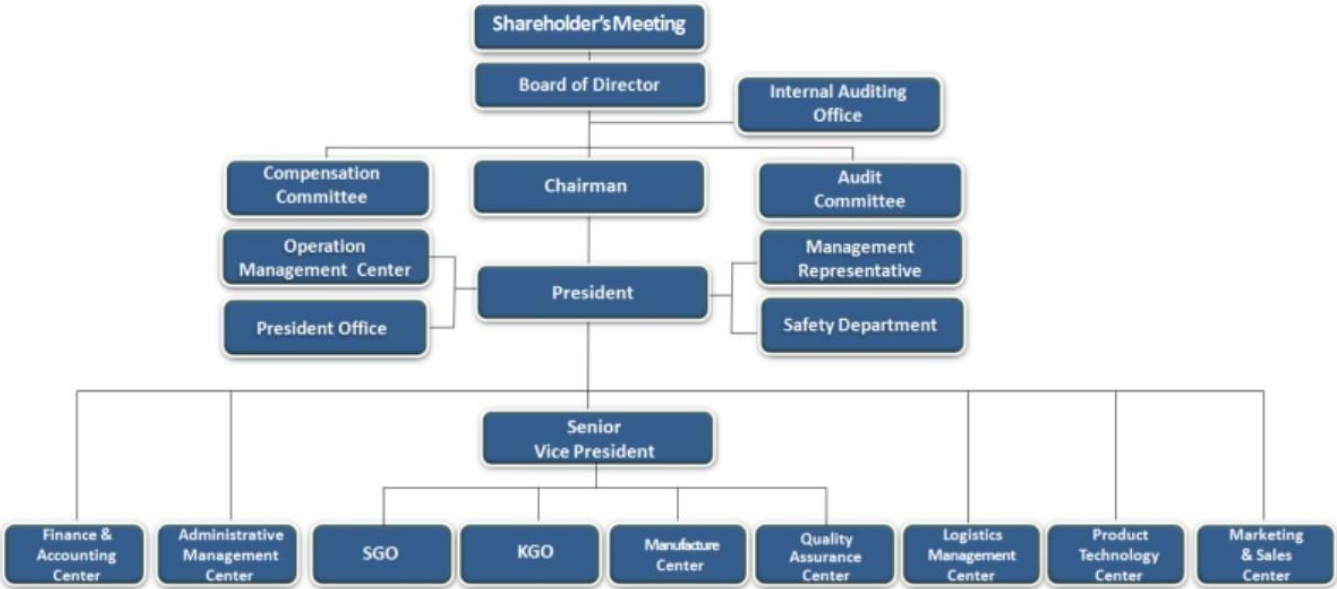
2.2 Company History

Year	Milestones
March 2017	Ortus Technology Co., Ltd. became Giantplus' largest shareholder with 53.10% or a total of 234,481,757 of Giantplus shares. (81,500,000 common shares and 152,981,757 shares via private placement)
March 2017	Chunghwa Picture Tubes, Ltd. was Giantplus' representative director. Due to transferring more than one half of Giantplus' shares held by the representative at the time being elected, three representative directors, Mr. Sheng-Chang Lin, Mr. Chi-Mo Huang, and Mr. Chu-Ping Yuan shall, ipso facto, be discharged from the office of directors according to the Company Act. At the same time, the Chairman, Mr. Sheng-Chang Lin, shall, ipso facto, be discharged.
May 2017	Convening a special shareholders meeting to elect four representatives of Ortus Technology Co., Ltd. and elected JIN ENDO, director of Giantplus, as the Chairman.
December 2018	The board resolves to sell 100% shareholdings of reinvestment in China, KGP, through the subsidiary, Giantplus Holding L.L.C.
April 2019	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019. The former was a dissolved company, and the latter was a surviving company. Pursuant to Article 27 of the Company Act, JIN ENDO, AKIMITSU MATOBA, TAKAYUKI TAMURA, NAOHIRO KONYA were designated as directors, and JIN ENDO was elected as the Chairman at the board meeting on April 1, 2019.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
President Office	Strategic planning, business planning authorization and supervision
Internal Auditing Office	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement
Operation Management Center	● Planning, execution, and coordination of mid- and long-term strategies ● Supervision and analysis of the operation plan goals/forecast/actual performance
Administrative Management Center	● Responsible for integrating the Company's human resources, planning and implementing educational training, communicating with staff and general affairs administration ● Manage and import information technology ● Contract review, patent maintenance, licensing negotiation and litigation settlement
Finance & Accounting Center	Responsible for the coordination of the financing system, providing financial and accounting information, implementing investment plans, risk aversion and financial, accounting and stock affair services
Logistics Management Center	Responsible for the Company's overall procurement strategy, key component strategy planning and layout, product introduction, kitting and cost standardization management
Production Technology Center	● Responsible for manufacturing samples and implementing mass-production transitioning tasks ● To improve engineering technology and increasing production yield
Manufacture Center	● To integrate technology and product development, and introduce new technologies and new products ● To produce products related to TFT-LCD panels and modules
Quality Assurance Center	● Planning and execution of quality control systems ● Planning of outsourcing manufacturer's quality control system and product quality audit.
Marketing & Sales Center	Responsible for market development and customer service

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Japan	TOPPAN PRINTING Co., Ltd.	04/01/2019	2	05/15/2017	234,481,757	53.11%	234,481,757	53.11%					Bachelor of Engineering, Tokyo University of Agriculture and Technology/ Ortus Technology Co., Ltd. President & CEO	Giantplus' Chairman Executive Officer and Head of Business Development Center, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision	NA	NA	NA
		JIN ENDO																
Director	Japan	TOPPAN PRINTING Co., Ltd.	04/01/2019	2	05/15/2017	234,481,757	53.11%	234,481,757	53.11%					Bachelor of Business Administration, Kobe University of Commerce/ Ortus Technology Co., Ltd. Senior Adviser	Giantplus' Director and President Adviser, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision	NA	NA	NA
		AKIMITSU MATOBA																

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Japan	TOPPAN PRINTING Co., Ltd.	04/01/2019	2	05/15/2017	234,481,757	53.11%	234,481,757	53.11%					Bachelor of Engineering, Kogakuin University/ Ortus Technology Co.,Ltd Manager of Business Strategy Department	Giantplus' Director General Manager of Business Strategy Department, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision	NA	NA	NA
		TAKAYUKI TAMURA																
Director	Japan	TOPPAN PRINTING Co., Ltd.	04/01/2019	2	04/01/2019	234,481,757	53.11%	234,481,757	53.11%					Bachelor of Engineering, University of Tsukuba/ Ortus Technology Co., Ltd. Director and Factory Manager of Kochi Plant	Giantplus' Director Director and Factory Manager of Kochi Plant, TOPPAN ELECTRONICS PRODUCTS CO., LTD.	NA	NA	NA
		NAOHIROK ONYA																

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Taiwan	JAU-SHIN HON	06/06/2016	3	06/24/2013									Ph.D. of Management Science, National Chiao Tung University/ Associate Professor, Engineering Economics and Financial Management, Tunghai University/ Executive Officer, School of Continuing Education, Tunghai University.	1. Giantplus' Independent Director 2. Director of Chiao Tai High School 3. Independent Director, World Known MFG (Cayman) Limited.	NA	NA	NA

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Taiwan	KUANG- MING WU	06/06/2016	3	05/29/2014									Ph.D. of Law, National Taiwan University/ Chairman, Research Association of Property and Economic Law	1. Giantplus' Independent Director 2. Adjunct Professor, Department of Law, National Taipei University 3. Lawyer 4. Chairman, Research Association of Property and Economic Law 5. Director, Asia Pacific Institute of Creativity.	NA	NA	NA

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Taiwan	PO-TSUN LIU	06/26/2018	1	06/26/2018									Ph.D. of Electronics Engineering, Institute of Electronics, National Chiao Tung University/ Department Chairman, Department of Photonics, National Chiao Tung University	1. Giantplus' Independent Director 2. Professor, Department of Photonics and Institute of EO Engineering, National Chiao Tung University 3. Director, Browave Corporation	NA	NA	NA

Major shareholders of the institutional shareholders

April 28, 2019

Name of Institutional Shareholders	Major Shareholders (Note)		
TOPPAN PRINTING CO., LTD.	1.	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.27%
	2.	Japan Trustee Services Bank, Ltd. (Trust Account)	5.47%
	3.	Nippon Life Insurance Company	4.63%
	4.	The Dai-ichi Life Insurance Company, Limited	2.83%
	5.	Toyo Ink SC Holdings Co., Ltd.	2.64%
	6.	Employees' Stock Club	2.09%
	7.	Kodansha Ltd.	2.06%
	8.	Sumitomo Mitsui Banking Corporation	1.93%
	9.	The Bank of Tokyo-Mitsubishi UFJ	1.93%
	10.	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.67%

Note: The name and shareholding of top ten shareholders of the institutional shareholders

Major shareholders of the Company's major institutional shareholders

April 28, 2019

Name of Institutional Shareholders	Major Shareholders (Note)		
The Master Trust Bank of Japan, Ltd.	1.	Mitsubishi UFJ Trust & Banking Corporation	46.5%
	2.	Nippon Life Insurance Company	33.5%
	3.	Meiji Yasuda Life Insurance Company	10.0%
	4.	The Norinchukin Trust & Banking Co., Ltd.	10.0%

Name of Institutional Shareholders	Major Shareholders (Note)		
Japan Trustee Services Bank, Ltd.	1.	JTC Holdings	100%
The Dai-ichi Life Insurance Company, Limited	1.	Dai-ichi Life Holdings	100%
Toyo Ink SC Holdings Co., Ltd.	1.	Toppan Printing Co., Ltd.	22.51%
	2.	Sakata Inx Corp.	3.85%
	3.	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.41%
	4.	Japan Trustee Services Bank, Ltd. (Trust Account)	3.11%
	5.	Nippon Shokubai Co., Ltd.	2.74%
	6.	National Mutual Insurance Federation of Agricultural Cooperatives	2.59%
	7.	Employee's Stock Club	2.21%
	8.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.77%
	9.	Mizuho Bank, Ltd.	1.77%
	10.	Toyo Ink Association	1.45%
Sumitomo Mitsui Banking Corporation	1.	Sumitomo Mitsui Financial Group	100%
The Bank of Tokyo-Mitsubishi UFJ	1.	Mitsubishi UFJ Financial Group	100%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.	JTC Holdings	100%

Note: The name and shareholding of the top ten shareholders of the institutional shareholders

Professional qualifications and independence analysis of directors and supervisors

April 30, 2019

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
JIN ENDO			√		√	√	√				√	√		0
AKIMITSU MATOBA			√		√	√	√				√	√		0
TAKAYUKI TAMURA			√		√	√	√				√	√		0
NAOHIRO KONYA			√			√	√				√	√		0
JAU-SHIN HON	√		√	√	√	√	√	√	√	√	√	√	√	1
KUANG-MING WU	√	√	√	√	√	√	√	√	√	√	√	√	√	0
PO-TSUN LIU	√		√	√	√	√	√	√	√	√	√	√	√	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEX."
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Act.
10. Not elected as a government agency, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.2 Management Team

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Japan	AKIMITSU MATOBA	11/01/2018	-	-	-	-	-	-	Bachelor of Business Administration, Kobe University of Commerce/ Ortus Technology Co., Ltd Senior Adviser	NA	NA	NA	NA
Senior Vice President	R.O.C	JIA-CHIUAN PU	11/01/2018	-	-	-	-	-	-	Master of Chemical Engineering, National Taiwan University of Science and Technology/ Senior Vice President of Giantplus Technology Co., Ltd.	Legal representative of SGO and KGO.	NA	NA	NA
Vice President	R.O.C	MU-SHENG LU	11/01/2006	42,012	0.01%	-	-	-	-	Master of Materials Engineering, Tatung University/ Vice President of Manufacture Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA
Vice President	R.O.C	ZHI-XUAN ZHENG	05/16/2011	292	0.00%	-	-	-	-	Master of Economics, Kurume University/ Vice President of Marketing & Sales Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President	R.O.C	QING-HUA WU	12/04/2012	22,831	0.01%	-	-	-	-	Bachelor of Industrial Engineering Management, National Chiao Tung University/ Vice President of Logistics Management Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA
Vice President	R.O.C	JIN-SONG ZENG	12/04/2012	-	-	-	-	-	-	Bachelor of Materials Engineering, Tamkang University/ President of SGO.	Legal representative and President of SGO.	NA	NA	NA
Vice President	R.O.C	ZHI-JIA MA	01/01/2016	-	-	-	-	-	-	Bachelor of Electronics Industrial Technology, National Taiwan University of Science and Technology/ President of KGO.	Legal representative and President of KGO.	NA	NA	NA
Vice President /Finance Supervisor	R.O.C	YI-CHENG CHEN	08/15/2017	-	-	-	-	-	-	Bachelor of Cooperative Economics and Social Entrepreneurship, Feng Chia University/ Vice President of Finance & Accounting Center, Giantplus Technology Co., Ltd.	Representative of the legal supervisor of KGO.	NA	NA	NA
Vice President	R.O.C	WEN-XIAN BAI	08/15/2017	-	-	-	-	-	-	Master of Labor Relations, National Chung Cheng University/ Vice President of Administrative Management Center, Giantplus Technology Co., Ltd.	Legal representative of SGO and KGO.	NA	NA	NA

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President	R.O.C	YIN-SHENG QIU	08/15/2017	-	-	-	-	-	-	Bachelor of Automation Engineering, National United University/ Vice President of Quality Assurance Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA
Vice President	Japan	KOZO YAMAMOTO	05/01/2018	-	-	-	-	-	-	Bachelor of Foreign Languages in Dokkyo University/ Vice President of Operation Management Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA
Assistant Vice President	R.O.C	YU-CHUNG HSIEH	04/15/2014	836	0.00%	-	-	-	-	Master of Mechanical Engineering, National Chung Cheng University/ Assistant Vice President of Marketing & Sales Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA
Assistant Vice President	R.O.C	JIA-XING CHEN	12/15/2014	3,000	0.00%	-	-	-	-	Master of Materials Engineering, National Tsing Hua University/ Assistant Vice President of Product Technology Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President	R.O.C	YI-YAN LIAO	05/01/2018	-	-	-	-	-	-	Bachelor of International Trade, Chinese Culture University/ - Assistant Vice President of Operation Management Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA
Accounting supervisor	R.O.C	DE-QI LIU	04/16/2013	-	-	-	-	-	-	Master of accounting, National Taiwan University/ Vice Director, Finance & Accounting Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA

3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

Remuneration of Directors

Unit: NT\$ thousands

Title	Name (NOTE 1)	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (NOTE 10)	Relevant Remuneration Received by Directors Who are Also Employees												Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (NOTE 7)	Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (NOTE 5)
		Base Compensation (A) (NOTE 2)		Severance Pay (B)		Bonus to Directors (C) (NOTE 3)		Allowances (D) (NOTE 4)			Salary, Bonuses, and Allowances (E) (NOTE 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (NOTE 6)		Exercisable Employee Stock Options (H)		New Restricted Employee Shares (I)					
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (NOTE 3)	The company	Companies in the consolidated financial statements (NOTE 3)	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the consolidate d financial statements	The company	Companies in the consolidated financial statements (NOTE 3)	
														Cash	Stock	Cash	Stock							
Chairman	JIN ENDO	1,485	1,485				1,817	1,817	(2.49%)	(2.49%)													(2.49%)	(2.49%)
Director	AKIMITSU MATOBA																							
Director	HIDEHIRO MORITA																							
Director	TAKAYUKI TAMURA																							
Independent director	JAU-SHIN HON																							
Independent director	KUANG-MING WU																							
Independent director	PO-TSUN LIU (NOTE 12)																							

Range of Director's Remuneration Scale

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (NOTE 8)	Companies in the consolidated financial statements (NOTE 9)	The company (NOTE 8)	Companies in the consolidated financial statements (NOTE 9)
Under NT\$ 2,000,000	JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA, TAKAYUKI TAMURA, JAU-SHIN HON, KUANG-MING WU, PO-TSUN LIU	JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA, TAKAYUKI TAMURA, JAU-SHIN HON, KUANG-MING WU, PO-TSUN LIU	JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA, TAKAYUKI TAMURA, JAU-SHIN HON, KUANG-MING WU, PO-TSUN LIU	JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA, TAKAYUKI TAMURA, JAU-SHIN HON, KUANG-MING WU, PO-TSUN LIU
NT\$2,000,001 ~ NT\$5,000,000				
NT\$5,000,001 ~ NT\$10,000,000				
NT\$10,000,001 ~ NT\$15,000,000				
NT\$15,000,001 ~ NT\$30,000,000				
NT\$30,000,001 ~ NT\$50,000,000				
NT\$50,000,001 ~ NT\$100,000,000				
Over NT\$100,000,000				
Total				

NOTE1: The names of directors should be listed separately, and the amount of each payment is disclosed in a summary.

NOTE2: Refers to remuneration of directors in the most recent year (including directors' salary, duty allowance, severance pay, various bonuses, incentives, etc.)

NOTE3: Refers to the amount of director's remuneration distributed by the board of directors in the most recent year.

NOTE4: Refers to director's related expenses from professional practice in the most recent year.

NOTE5: Refers to the collection includes salary, a duty allowance, severance pay, various bonuses, transportation allowance, special expenses, various allowances, dormitory, car, etc. for the person that are directors and also are employee.

NOTE6: Refers to employee compensation for persons who are concurrently directors and employees. The amount of compensation received as resolved by the board of directors in the most recent year should be disclosed. If it is not possible to estimate, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year.

NOTE7: The total amount of remuneration paid by the company to all directors of the company stated in the consolidated report should be disclosed.

NOTE8: The total remuneration the Company pays to each director should be disclosed along with the names of the directors in the designated bracket.

NOTE9: The total remuneration of each director of the company paid by all companies in the consolidated report should be disclosed, and disclose the name of the directors in the designated bracket.

NOTE10: After-tax net profit refers to the net profit after tax in the most recent year; if the international financial reporting standard has been adopted, the net profit after tax is the net profit after tax of standalone or individual financial report in the most recent year.

NOTE11: a. This column should clearly fill in the amount of remuneration paid to supervisors from non-consolidated affiliates.

b. If a director of a company receives remuneration from an invested entity other than a subsidiary, the director shall transfer the remuneration received from the invested entity other than a subsidiary to column I of the remuneration range table, and change the name of the column to "all investment business".

c. Remuneration refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to directors who are also their directors, supervisors, or managers.

NOTE 12: The Independent Director, PO-TSUN LIU, was elected on June 26, 2018.

- The remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

Supervisor's remuneration: Not applicable.

Remuneration of the President and Vice President

Title	Name	Salary(A) (NOTE2)		Severance Pay (B)		Bonuses and Allowances (C) (NOTE3)		Profit Sharing- Employee Bonus (D) (NOTE4)				Ratio of total compensation (A+B+C+D) to net income % (NOTE9)		Exercisable Employee Stock Options (NOTE5)		New Restricted Employee Shares (NOTE11)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (NOTE10)
		The company	Companies in the consolidated financial statements (NOTE6)	The company	Companies in the consolidated financial statements (NOTE6)	The company	Companies in the consolidated financial statements (NOTE6)	The company		Companies in the consolidated financial statements (NOTE6)		The company	Companies in the consolidated financial statements (NOTE6)	The company	Companies in the consolidated financial statements (NOTE6)			
								Cash	Stock	Cash	Stock							
General Manager	AKIMITSU MATOBA (NOTE 13)	-	21,544	918	918	18,074	18,074	-	-	-	-	(29.61%)	(30.58%)	-	-	-	-	
Senior Vice President	JIA-CHIUAN PU																	
Vice President	MU-SHENG LU																	
Vice President	ZHI-XUAN ZHENG (NOTE 14)																	
Vice President	QING-HUA WU																	
Vice President	JIN-SONG ZENG																	
Vice President	ZHI-JIA MA																	
Vice President	YI-CHENG CHEN																	
Vice President	WEN-XIAN BAI																	
Vice President	YIN-SHENG QIU																	
Vice President	KOZO YAMAMOTO (NOTE 15)																	

NOTE12: The 2018 earnings distribution proposal was resolved by the Board of Directors before the shareholders meeting.

NOTE 13: AKIMITSU MATOBA were promoted to Director and President, effective November 2018.

NOTE 14: ZHI-XUAN ZHENG resigned in June 2018, and was promoted to Vice President in December 2018.

NOTE 15: KOZO YAMAMOTO serves as Vice President, effective May 2018.

Range of Remuneration	Name of President and Vice President	
	The company (NOTE7)	Companies in the consolidated financial statements (NOTE8)
Under NT\$ 2,000,000	AKIMITSU MATOBA, KOZO YAMAMOTO	AKIMITSU MATOBA, KOZO YAMAMOTO
NT\$2,000,001 ~ NT\$5,000,000	MU-SHENG LU, ZHI-XUAN ZHENG, QING-HUA WU, JIN-SONG ZENG, ZHI-JIA MA, YI-CHENG CHEN, WEN-XIAN BAI, YIN-SHENG QIU	MU-SHENG LU, ZHI-XUAN ZHENG, QING-HUA WU, JIN-SONG ZENG, ZHI-JIA MA, YI-CHENG CHEN, WEN-XIAN BAI, YIN-SHENG QIU
NT\$5,000,001 ~ NT\$10,000,000	JIA-CHIUAN PU	JIA-CHIUAN PU
NT\$10,000,001 ~ NT\$15,000,000		
NT\$15,000,001 ~ NT\$30,000,000		
NT\$30,000,001 ~ NT\$50,000,000		
NT\$50,000,001 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total		

NOTE 1: The names of general manager and vice general manager should be listed separately and the payment amounts should be disclosed in total. If the director is also the President or Vice President, fill in information in this form and the above table.

NOTE 2: Fill in the salary, allowance, and severance pay of the President and Vice President in the most recent year

NOTE 3: Fill in the most recent year President's and Vice President's various bonuses, incentives, transportation allowance, special disbursement, various allowances, dormitory, car and other physical supplies and other remuneration.

NOTE 4: Refers to the amount of compensation (including stocks and cash) distributed by the board of directors to the President and Vice President in the most recent year. If the estimate is not possible, the proposed distribution amount will be calculated proportionately according to the actual distribution amount last year, and also complete Table 1-3. After-tax net profit refers to the net profit after tax in the most recent year; if the

international financial reporting standard has been adopted, the net profit after tax is the after-tax net profit of the standalone or individual financial report in the recent year.

NOTE 5: Refers to the number of shares (excluding the executed part) of the employee stock option certificate obtained by the President and Vice President as of the date of the annual report. In addition to the table, Table 15 must also be completed.

NOTE 6: The total amount of the remuneration of all the companies in the consolidated report paid to the President and Vice president of the company should be disclosed.

NOTE 7: The total remuneration the Company pays to each President and Vice President, and the names of President and Vice President should be disclosed in the designated bracket.

NOTE 8: It is necessary to disclose the total amount of remuneration paid by each company in the consolidated report to each President and Vice President of the Company, and disclose the names of President and Vice President in the designated bracket.

NOTE 9: After-tax net profit refers to the net profit after tax in the most recent year; if the international financial reporting standard has been adopted, the net profit after tax is the net profit after tax of standalone or individual financial report in the most recent year.

NOTE 10: a. This column should clearly fill in the amount of remuneration the Company's President and Vice President receive from the invested entities other than subsidiaries.

b. If the President and Vice President of the company receive remuneration from an invested entity other than a subsidiary, the President and Vice President of the Company shall transfer the remuneration received from the invested entity other than a subsidiary to Column E of the remuneration range table and change the name of the column to "all reinvested business".

c. Remuneration refers to the remuneration (including the remuneration of employees, directors and supervisors) and expenses from professional practice the Company's President and Vice President receive, who are the directors, supervisors or managers of re-invested entities other than a subsidiary.

NOTE 11: Refers to the number of new restrictive shares directors who are concurrently employees (including the concurrent general manager, vice general manager, other managers and employees) received as of the date of the annual report. In addition to this form Schedule 15 should also be filled in.

* The content of the remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

Names of managerial officers who received employees' bonuses in the preceding year and the distribution

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	JIA-CHIUAN PU	-	-	-	-
	Vice President	MU-SHENG LU				
	Vice President	ZHI-XUAN ZHENG				
	Vice President	QING-HUA WU				
	Vice President	JIN-SONG ZENG				
	Vice President	ZHI-JIA MA				
	Vice President	YI-CHENG CHEN				
	Vice President	WEN-XIAN BAI				
	Vice President	YIN-SHENG QIU				
	Assistant Vice President	ZHENG-XUN CHEN				
	Assistant Vice President	JIA-XING CHEN				
	Assistant Vice President	YU-CHUNG HSIEH				
	Assistant Vice President	YI-YAN LIAO				
	Accounting supervisor	DE-QI LIU				

3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Title	2017		2018	
	Amount	Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)	Amount	Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)
Director	57,389	9.47%	43,838	(33.07%)
President and Vice President				

B. The policy and standard of paying remuneration, the procedure of combining and determining remuneration, and the relationship between business performance and future risk:

The remuneration for directors and employees is not allocated due to the loss in 2018.

The Company makes transportation allowance to directors and supervisors as compensation in accordance with the Company's articles of association by referencing the industry level.

The remuneration policy of the management team is based on the salary level of the industry according to the position, and the personal achievement rate taking into consideration of the Company's operation performance with respect to the respective duties to determine reasonable remuneration.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 10 meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	JIN ENDO	10	0	100%	Newly-elected (May 15, 2017 reelection) Should attend 10 times
Director	AKIMITSU MATOBA	9	1	100%	Newly-elected (May 15, 2017 reelection) Should attend 10 times
Director	HIDEHIRO MORITA	10	0	100%	Newly-elected (May 15, 2017 reelection) Should attend 10 times
Director	TAKAYUKI TAMURA	8	2	80%	Newly-elected (May 15, 2017 reelection) Should attend 10 times
Independent director	JAU-SHIN HON	10	0	100%	Re-elected (June 6, 2016 reelection)
Independent director	KUANG-MING WU	10	0	100%	Re-elected (June 6, 2016 reelection)
Independent director	PO-TSUN LIU	6	1	70%	Newly-elected (June 26, 2018 election) Should attend 7 times

Other items required to be stated:

1. Items referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the board meetings for which independent directors expressed objection or held reservation and are recorded or presented in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response thereto should be specified: None
2. With respect to directors recusing themselves in the case of conflict of interest, the directors' names, contents of motion, reasons for conflict of interest and votes should be specified:
The first discussion item of the 24th Board Meeting on October 26, 2018: personnel changes. The general manager, JIA-CHIUAN PU, and the director, AKIMITSU MATOBA, were excused from the discussion and voting owing to their stakeholder relationship with the Company.
3. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

3.3.2 Audit Committee (or Attendance of Supervisors at Board Meetings)

The Company established the audit committee on May 29, 2014. A total of 10 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	JAU-SHIN HON	10	0	100.00%	Re-elected (June 6, 2016 reelection)
Member	KUANG- MING WU	10	0	100.00%	Re-elected (June 6, 2016 reelection)
Member	PO-TSUN LIU	6	1	85.71%	newly-appointed (June 26, 2018 reelection) Should attend 7 times
1. Other items required to be stated: in the event of the following circumstances, the Audit Committee shall be held and state the date, time of the Board meeting, the content of the proposal, the results of the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee					
2. Items required under Article 14-5 of Securities and Exchange Act:					
DATE	MEETING		Content		All independent directors' opinions and the Company's handling
March 22, 2018	2nd	18th	In the fourth quarter of 2017, the Company’s improvement of its self-prepared financial reporting capability implementation progress report		No Independent Director had a dissenting opinion or qualified opinion.
			Assessment of the impact of IFRS16		
			The fourth quarter of 2017’s internal audit report.		
			Individual and consolidated financial report for 2017		
			Disposition of net income in 2017		
			2017 Business Report		
			Management's Reports on Internal Control of 2017		
			Revision of Management of Operation of Board Meeting		
			Revision of Audit Committee Charter		
			By-election for Independent Director		
			Proposal to release the newly-elected directors from non-competition restrictions		
			Date of the meeting, location and proposal of shareholders meeting in 2018		
			Regular shareholders' meeting accepts shareholder's proposal		
			Regular shareholders' meeting accepts the nomination of candidates for independent directors		

			KGP's financing to the mainland subsidiary KGO.	
			Amendment and renewal of bank credit contract	
April 23, 2018	2nd	19th	Proposal to release manager from non-competition restrictions	
May 10, 2018	2nd	20th	Review the results of the independent assessment of the Company's CPA	
			Consolidated financial report for the first quarter of 2018	
			Review report of the shareholders' proposal to the 2018 shareholders' meeting	
			Review of nominations for candidates for independent directors at the 2018 shareholders' meeting	
			Director liability insurance report	
			Internal Audit Report for the first quarter of 2018	
			KGP project report	
June 26, 2018	2nd	21th	GIANTPLUS (SAMOA) HOLDING CO., LTD.s financing to GIANTPLUS TECHNOLOGY CO., LTD.	
			GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO.	
			Addition and renewal of bank credit contract	
July 13, 2018	2nd	22th	KGP project	
August 10, 2018	2nd	23th	Consolidated financial report for the second quarter of 2018	
			Internal Audit Report for the Second Quarter of 2018	
			Set ex-dividend date	
October 26, 2018	2nd	24th	Personnel Change	
November 8, 2018	2nd	25th	Consolidated financial report for the third quarter of 2018	
			Internal Audit Report for the third quarter of 2018	
			Annual audit plans of 2018	
			Addition and renewal of Bank credit contract	
December 13, 2018	2nd	26th	The Company intends to sell the equity of its subsidiary KGP.	
December 20, 2018	2nd	27th	Performance outlook, capital expenditure plan and financial forecast of 2019	
			Revision of duty authorization policy	
			Endorsement and guarantees of tariffs	
			GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to Giantplus Technology Co., Ltd.	

Other items required to be stated:

1. Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors: None
2. If there are independent directors who recuse themselves due to conflict of interest, the directors' names, contents of motion, causes for recusal and votes shall be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and certified accountants
 - (1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. No such urgency took place in 2018. The communication channel between the Audit Committee and the internal auditor has been functioning well.
 - (2) The Company's certified accountants will report to the Audit Committee immediately for any urgent matters. No such urgency took place in 2018. The communication channel between the Audit Committee and the CPAs has been functioning well.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company formulated a formal code of practice for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	No significant difference
II. Shareholding structure & shareholders’ rights (I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (III) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (IV) Does the company establish internal rules against insiders trading with undisclosed information?	V V V V		(I) The Company set up a spokesperson, a deputy spokesperson and a special unit to take charge of proposals or disputes from shareholders. (II) The Company keeps track of any changes to the list of the major shareholders and the ultimate owners of those shares from time to time. (III) The Company has duly enacted the “Operating Procedures for Specific Companies and Its Group Enterprises and Transactions with Related Parties,” internal control and internal audit regulations for effective risk control. (IV) The Company has duly enacted the Ethical Corporate Management Best Practice Principles to prohibit staff from engaging in insider trading, taking the advantage of information which has not yet been made public in the market.	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
III. Composition and Responsibilities of the Board of Directors (I) Does the Board develop and implement a diversified policy for the composition of its members? (II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (III) Does the company establish a standard to measure the performance of the Board, and implement it annually? (IV) Does the company regularly evaluate the independence of CPAs?	V	V	(I) The members of the Board members are diversified. JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA, TAKAYUKI TAMURA are good at leading, making operational judgment, management administration and crisis management and possess knowledge of the industry and international market perspective. JAU-SHIN HON and KUANG-MING WU are good at financial accounting and legal affairs, respectively. (II) The Company has set up the Audit Committee and Remuneration Committee and various departments to be in charge of corporate governance. The Company, nevertheless, has not yet set up a committee of other functions to date. (III) The Company regularly evaluates board effectiveness, but has not yet established official evaluation regulations and approaches of the Company’s board of directors. The regulations will be established in the future if deemed necessary. (IV) The Company is certified by KPMG. The Company has established independent assessment items in accordance with the “Statements on Auditing Standards” and the “The Norm of Professional Ethics for Certified Public Accountant of the Republic of China”, No. 10 "Integrity, Justice, Objectivity and Independence" The Board of Directors reviewed and approved the " Accountant Independence Assessment Procedure Form " and the " Accountant Independence Statement " issued by accountants and assessed the independence of the accountant at least once a year; the assessment items include financial interests, business relationships, family and personal relationships, and other independence and objectivity to prove that the company and its subsidiaries or related companies and accountants have no conflict of interest. The results of assessment were reported to the Board of Director on May 15, 2017 and May 10, 2018.	No significant difference compared to corporate governance practice principles

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
IV. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limit to providing information for directors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		The Company set up a corporate governance working group, with the President as the convener, and 1-2 people from each of the Finance & Accounting Center, Administrative Management Center, and President Office to form a corporate governance working group, responsible for corporate governance related operations. Among them, the President Office is responsible for assisting in providing directors and independent directors with the necessary information for conducting business, convening meetings, preparing agendas to ensure that the board of directors and the audit committee comply with the law, and that the financial center and other related units handle company registration and change registration.	No significant difference compared to corporate governance practice principles
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company maintains a smooth communication channel with the banks and other creditors, employees, suppliers, communities or parties the Company holds interest in, and respects and maintains their legitimate rights and interests. Stakeholder site: http://www.giantplus.com/csr/stakeholder	No significant difference compared to corporate governance practice principles
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the Stock Agent Department of Yuanta Securities Co., Ltd. as the Company's stock agency to handle the related matters of the shareholders' meeting.	No significant difference compared to corporate governance practice principles

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V	V	(I) The Company has disclosed relevant information in the official website. (II) Official website: http://www.giantplus.com A dedicated person is responsible for the collection and disclosure of company information, and there is a spokesperson and deputy spokesperson responsible for external communication.	No significant difference compared to corporate governance practice principles
VIII. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(I) The Company requires directors and independent directors to participate in relevant courses in corporate governance. (II) The Company has purchased “Board Supervisor and Important Staff Liability Insurance” for directors and independent directors to transfer the liabilities and risks caused by the misconduct of directors, independent directors and key staff through the insurance, to strengthen the Company’s operation and protect the directors, independent directors and important staff.	No significant difference compared to corporate governance practice principles

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. The Company established the “Corporate Governance Practice Principles” on December 25, 2014. The ranking of the Company’s corporate governance evaluation was at top 21%-35% of the industry; the Company continues to practice sustainability management in the perspective of economy, environment and society. We will also uphold the core values of integrity, and bear the long-term responsibility for all stakeholders and society.				
Improvements: ●In order to safeguard shareholders' rights and treat shareholders fairly, the Company disclosed the implementation of the resolutions of the shareholders' meeting in the previous year. ●In order to strengthen the structure and operation of the board of directors, the Company disclosed the opinions of the independent directors with respect to the major resolutions of the board of directors and how the Company handled the opinions of the independent directors.				
Priorities measures: ●In order to safeguard shareholders' rights and treat shareholders fairly, the Company will prepare the English version of the meeting handbook and supplementary material of the shareholders’ meeting 21 days before the meeting date. ●In order to enhance information transparency, the Company will prepare an English version of the annual financial report. ●In order to enhance information transparency, the Company will establish an official English website, which will include information regarding its finance, business and corporate governance.				

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 1)								Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	JAU-SHIN HON	√		√	√	√	√	√	√	√	√	√	0	
Independent Director	KUANG-MING WU	√	√	√	√	√	√	√	√	√	√	√	0	
Independent Director	PO-TSUN LIU (Note 3)	√		√	√	√	√	√	√	√	√	√	0	

Note 1: Director; Independent Director or others.

Note 2: If any of the Compensation Committee members, during the two years before being elected or during the term of office, meets any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the company or any of its affiliates
2. Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under someone else's name(s), in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking as one of its top ten shareholders
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of any of the above persons in the preceding three subparagraphs
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranking as one of its top five shareholders
6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company
7. Not a professional individual or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services, or consultation to the company or to any affiliate of the company, or a spouse thereof
8. Has not been a person under any conditions defined in Article 30 of the Company Act

Note3: Appointed on March 22, 2018.

Attendance of Members at Remuneration Committee Meetings

1. The Remuneration Committee of the Company is comprised of three members.
2. Committee members' tenure of their current term: From June 16, 2016 to June 5, 2019, and the Remuneration Committee held two meetings (A) in 2017, during the most recent year, and members' qualifications and their attendance are listed below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) B/A	Remarks
Convener	JAU-SHIN HON	2	0	100%	
Member	KUANG-MING WU	2	0	100%	
Member	PO-TSUN LIU	1	0	100%	Appointed on March 22, 2018. Should attend once.
Annotation: 1. If the board refuses or modifies the recommendation made by the committee, specify the date and term of the board meeting and proposal content, board resolution and handling of committee opinion (if the compensation approved by the board is better than the compensation recommended by the committee, specify the difference and causes): None. 2. When members disagree to or have reservations of a resolution made at the committee meeting with track records or written statements, specify the date and term of the committee meeting, proposal content, opinion of all members, and handling of their opinion: None.					

3.3.5 Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I. Corporate Governance Implementation (I) Does the company declare its corporate social responsibility policy and examine the results of the implementation? (II) Does the company provide educational training on corporate social responsibility on a regular basis? (III) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board? (IV) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	V		(1) The Company completed the formulation of the “Code of Practice for Corporate Social Responsibility” on December 25, 2014 and made a public announcement on the internal network. The content covers implementing and promoting corporate governance, developing a sustainable environment, maintaining social welfare, and strengthening corporate social responsibility information disclosure. The first revision was announced on March 27, 2017. (2) The Company promotes the concept of social responsibility on the internal network and calls each unit representatives to participate in the compilation of the Corporate Social Responsibility Report. (3) Please refer to pages 131 to 137 of the Code of Practice for Corporate Social Responsibility. The project team of the "Corporate Social Responsibility Committee" was set up under the President with the Administrative Management Center as the dedicated unit that integrates the resources of various departments and promotes various CSR operations. The CSR report has been publicly disclosed on the official website since 2014. The annual edition is expected to be disclosed in August 2019. (4) The Company attaches great importance to the treatment and welfare of employees, and determines the salary according to personal experience and professional knowledge and capability, and does not vary its standards according to gender, race, religion, political position or marital status. Since 2015, we have actively promoted the reform of the performance appraisal system, with a view to closely linking personal responsibilities, departmental and company KPIs and performance bonuses.	N/A

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
II. Sustainable Environment Development (I) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (II) Does the company establish proper environmental management systems based on the characteristics of their industries? (III) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	V		(1) The Company establishes related environmental management systems and policies in accordance with the law and sustainable development, and has environmental protection personnel to plan, supervise and implement relevant environmental systems, select suppliers with environmental responsibility, use recycled materials, and reduce pollutant emissions, implement proper disposal of waste materials, and provide non-toxic substances to customers. (2) Currently the Company has passed related international environmental certifications including: ISO 14001, OHSAS 18001, IATF 16949 and ISO 9001. (3) In response to climate change, the Company's current practice includes wastewater reclamation and reuse, the use of energy-saving lighting equipment and water savers, control of passenger elevator stops and the number of photocopies.	N/A
III. Preserving Public Welfare (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (II) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions? (III) Does the company offer a safe and healthy working environment for its employees and conduct safety and health education for employees on a regular basis? (IV) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them? (V) Does the company provide its employees with career development and training sessions? (VI) Does the company establish any consumer protection mechanisms and appealing procedures regarding research	V		(1) The Company is compliant with labor-related laws and regulations, and set up related working rules to protect employee rights and provide information for employees to understand their rights. (2) The Company attaches great importance to the opinions of employees. In addition to organizing labor-management meetings in accordance with the law, the Company regularly holds welfare committee meetings and food committee meetings. It also has an "employee suggestion box", an icareu@giantplus.com e-mail box, and a "sexual harassment appeal line" as a smooth expression channel for employee opinions. (3) The Company provides facilities and environments that are better than the standards under Occupational Safety and Health Act,	N/A

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
development, purchasing, producing, operating and service? (VII) Does the company advertise and label its goods and services according to relevant regulations and international standards? (VIII) Does the company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships? (IX) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?			and has set up special organizations and personnel according to law to implement environmental safety and health management related matters. The workplace is checked regularly to ensure the safety of employees, environment and equipment. The Company provides regular health examinations offering better treatments than required by law. It provides a good environment for employees to develop their careers and various educational training and training programs. (4) The Company regularly discloses related operational information on internal and external websites and establish communication channels with employees, such as high-level supervisor mailboxes, and regular communication briefings with management. Employees have access to operation information and express opinions on decision-making. (5) The Company establishes complete education and training framework to offer diversified learning channels to develop employee career skills through digital learning, orientation tutors, work rotations, internal trainers, outsourced training, etc. (6) The Company set forth customer service management procedures and customer complaints handling regulations, to effectively respond to customer complaints and provide timely services. (7) The Company has a clear quality control policy and has successfully passes a number of international quality certifications. (8) The material unit will work jointly with the quality assurance unit to evaluate the qualifications of suppliers, and the assessment includes green environmental protection and energy conservation. (9) If any of the suppliers violates its corporate social responsibility,	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			the Company will request improvement within a time limit depending on the severity of the circumstances. In severe cases, the business partnership will be terminated at any time.	
IV. Enhancing Information Disclosure Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		(1) The "Code of Practice for Corporate Social Responsibility" has been formulated. The "Corporate Social Responsibility" column has also been added to the Company's official website, and the Company's sustainability report has been published to publicly disclose information on corporate social responsibility.	N/A
V. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: NA.				
VI. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices: Please refer to the Corporate Sustainability Report of the Corporate Social Responsibility of the official website. <u>Caring for colleague & health improvement</u> Regularly arrange resident doctors in the factory to provide staff health consultation; organize various health lectures, improve employee health knowledge; subsidize employees' influenza vaccination and take care of employees' health. <u>Social enterprise market, marketing local products</u> In order to develop job skills of the disadvantaged and the unemployed and promote local development, Giantplus and Miaoli Employment Service Center jointly organized the "Social Enterprise market" activities to combine traditional festivals and invite local disadvantaged groups to market local specialties and handmade agricultural products. <u>Christmas gift-giving</u> Arrange fundraising activities with non-governmental organization around Christmas and encourage colleagues from every division to donate Christmas gifts and supplies, sharing the happiness of Christmas with disadvantaged elementary school students. <u>Established the relaxation corner</u> Employing visually impaired massage therapist and setting up a massage corner on a regular basis to ease the pressure on employees and provided employment opportunities for the disadvantaged.				
VII. A clear statement shall be made below if the corporate social responsibility reports were verified by any external certification institutions: None °				

3.3.6 Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs (I) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies? (II) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies? (III) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V		(1) The Company passed the "Procedures for Ethical Management and Guidelines for Conduct" and "Ethical Code of Conduct" at the board meeting on December 24, 2012 and approved the revised versions at the board meetings held on March 20, 2015 and March 17, 2016. (2) Procedures for Ethical Management and Guidelines for Conduct: Please refer to pages 138 to 143. (3) Procedures for Ethical Management and Guidelines for Conduct: Please refer to pages 138 to 143.	N/A
II. Fulfill operations integrity policy (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (II) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity? (III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (IV) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		(1) Before establishing a business relationship with others, the Company first evaluates the legality, integrity management policies of agents, suppliers, customers or other business contacts, and whether there have been records of dishonesty, and will require integrity management in contract terms. (2) The designated administrative department of the Company is a dedicated unit to handle the related operations and supervision of the revision, implementation, interpretation, consulting services and notification of the operation procedures and behavior guidelines, and shall report to the board of directors on a regular basis. (3) There is an internal reporting mechanism and a designated administrative department as a dedicated unit. Employees and company's business partners can report through the pipeline.	N/A

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?			(4) The Company has established a complete and effective accounting system and entrusted qualified accountants to regularly check the financial statements. Integrity management has been listed as one of the internal control degrees, through the self-assessment of the unit of responsibility and the evaluation of the audit unit to check the implementation. (5) The Company regularly promotes the spirit and importance of integrity and integrity management, and promotes the integrity of all employees and all new employees.	
III. Operation of the integrity channel (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (II) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases? (III) Does the company provide proper whistleblower protection?	V		(1) The Company incorporates integrity management into employee performance appraisal and human resources policies, and establishes clear and effective rewards and punishments and appeal systems. The designated administrative department is a dedicated unit, and employees and companies can make appeals through this channel. (2) The "Procedures for Ethical Management and Guidelines for Conduct" issued by the Company has standardized the handling, investigation and improvement of the report. If a person violates the integrity of the circumstances, he should be dismissed or discharged accordance with relevant laws or the company personnel approach. (3) The appellant and the files provided by the appellant are maintained in confidentiality.	N/A

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
IV. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		(1) Relevant financial statements shall be prepared in accordance with the regulations and the competent authorities, and various financial and business information shall be announced on the public information sites and the official website of the Company to enhance the transparency of the Company's operations. It also disclosed the annual corporate social responsibility report on the Company's official website, revealing the content of the integrity management code and promoting its effectiveness.	NA
V. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None				
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).: (1) Please refer to CSR on official website. (2) In order to implement the integrity management policy, the Company requires new employees to sign the “Integrity Commitment Letter” at the time of registration, and expects all employees to understand and value the Company's ethical standards.				

3.3.7 Corporate Governance Guidelines and Regulations

Please refer to pages 109 to 130 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

3.3.8 Other Important Information Regarding Corporate Governance: None.

3.3.9 Internal Control System

1. Statement of internal control system: please refer to the pages 144 to 145.
2. Hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants: None.

3.3.10 Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report); important errors committed; and correction and improvement procedures: None.

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Important resolutions by the Shareholders' Meeting for 2018 prior to the deadline of annual report publication

(1) June 26, 2018 shareholders' regular meeting:

A. 2017 Business Report and Financial Statements

The present issue is duly resolved for 99.18% of the aggregate total votes.

B. Appropriation of 2017 earnings

The present issue is duly resolved for 99.16% of the aggregate total votes. Ex-dividend base date is scheduled on September 30, 2018; Cash dividend payday on October 23, 2018, with the distribution of NT\$0.2 cash dividend per common share.

C. Election of Independent Director

The candidate, PO-TSUN LIU, was elected as the eighth Independent Director with 249,028,540 number of votes.

D. Proposal to release the newly-elected directors from non-competition restrictions

Release JIN ENDO and TAKAYUKI TAMURA from the position of directors of Ortus Technology Co., Ltd.

2. Important resolutions by the Board Meeting for 2018 prior to the deadline of annual report publication

(1) March 22, 2018

A. The Company's Progress Report of improvement ability of preparing financial statements, Q4 2017

B. Assessment of the impact of IFRS 16

C. Q4 2017 Internal Audit Report

D. Business Report and officers' year-end bonus, Q1 2018

E. Allocation of employees and directors bonus for 2017

F. Appointment of the member of compensation committee

G. The Company's individual financial statements and consolidated financial statements, 2017

H. Earning appropriation for 2017

I. Business Report for 2017

J. Declaration of the Company's internal control system in 2017

K. Amendments to the Company's Procedures for Board of Directors Meetings

L. Amendments to the Company's Audit Committee Charter

M. Election of independent director

N. The Board's nomination of independent director candidates

O. Proposal to release the newly-elected directors from non-competition restrictions

P. Meeting date, location, and proposal of shareholders meeting in 2018

Q. The shareholders' regular meeting accepts the nomination of candidates for independent directors

R. Shareholders' regular meeting accepts shareholder's proposal

S. KGP's financing to the mainland subsidiary, KGO.

T. Amendment and renewal of bank credit contract

(2) April 23, 2018

A. Proposal to release manager from non-competition restrictions

(3) May 10, 2018

A. KGP project report

B. Director liability insurance report

C. Report on the shareholders' proposal review of the shareholders' meeting in 2018

D. Report on the implementation of the forth corporate governance assessment in 2017 and the results of the evaluation

E. Consolidated financial report for the first quarter of 2018

F. Internal audit report for the first quarter of 2018

G. Review the results of the independency assessment of the accountants

H. Review of nominations for candidates for independent directors at the 2018 shareholders' meeting

(4) June 26, 2018

A. Proposal of GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to Giantplus Technology Co., Ltd.

B. Proposal of GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to subsidiary, KGO.

C. Amendment and renewal of bank credit contract

(5) July 13, 2018

A. KGP project

(6) August 10, 2018

A. Network risk of the Company and information security status report

B. Consolidated financial report for the second quarter of 2018

C. Internal Audit Report for the second quarter of 2018

D. Proposal of scheduling ex-dividend date

(7) October 26, 2018

A. Personnel Change

(8) November 8, 2018

A. Consolidated financial report for the third quarter of 2018

B. Internal Audit Report for the third quarter of 2018

C. Audit project for 2019

D. Amendment and renewal of bank credit contract

(9) December 13, 2018

A. The Company intends to sell the equity of its subsidiary, KGP.

(10) December 20, 2018

A. The ratio and distribution method of the remuneration of directors and employees in 2018

B. The annual bonus of managers in 2018

C. The performance outlook, capital expenditure plan and financial forecast of 2019

D. Amendment of job authorization procedures

E. Endorsement and Guarantees of tariffs

F. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to Giantplus Technology Co., Ltd.

(11) February 21, 2019

- A. Internal audit report for the fourth quarter of 2018
- B. Proposal of compensation committee
- C. Recognize impairment in accordance with IAS 36
- D. 2018 statement of internal control
- E. The Company provides financing to its subsidiary, KGO
- F. Amendment and renewal of bank credit contract

(12) March 21, 2019

- A. Supplementary budget for reticle
- B. 2018 parent company only financial statements and consolidated financial statements
- C. 2018 deficit compensation
- D. 2018 business report
- E. Amendments to the Company's Articles of Incorporation
- F. Amendments to the Company's Procedures for Acquisition or Disposal of Assets
- G. Amendments to the Company's Procedures for Capital Lending to Others
- H. Amendments to the Company's Procedures for Making Endorsements and Guarantees
- I. The election of the directors
- J. Meeting date, location, and proposal of shareholders meeting in 2019
- K. Shareholders' regular meeting accepts shareholder's proposal
- L. The shareholders' regular meeting accepts the nomination of candidates for directors

(13) April 1, 2019

- A. Nomination of the chairman
- B. Proposal to release the newly-elected directors from non-competition restrictions
- C. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or dismissal
Director	JIN ENDO	May 15, 2017	April 1, 2019	Representative corporate director, ORTUS TECHNOLOGY CO., LTD., was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019. The former was a dissolved company, and the latter was a surviving company. Pursuant to Article 27 of the Company Act, JIN ENDO, AKIMITSU MATOBA, TAKAYUKI TAMURA, NAOHIRO KONYA were designated as directors, and JIN ENDO was elected as the Chairman at the board meeting on April 1, 2019.
President	JIA-CHIUAN PU	March 1, 2013	November 1, 2018	Personnel change

3.3.14 Information Regarding the Company's Audit Fee and Independence

Accounting Firm	Name of CPA		Period covered by CPA's Audit	Remarks
KPMG	CHUNG-YI CHIANG	JUNG-LIN LEE	January 1, 2018 to December 31, 2018	

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-Audit Fee					Period Covered by CPA's Audit	Remark
			System Design	Company Registration	Human resource	Others	Subtotal		
KPMG	CHUNG-YI CHIANG JUNG-LIN LEE	5,840				436	6,276	January 1, 2018 to December 31, 2018	Note

Note: For non-audit fees, please enumerate based on the items of services. In case of "others" in non-audit fees which is up to 25% of the aggregate total, the Company should enumerate the contents of services in the box of remarks: transfer pricing report NT\$320 thousand; other advance payment NT\$116 thousand.

1. Non-audit fee paid to auditors, the audit firm and its affiliates accounted for more than 25% of total audit fees should disclose the audit fee and non-audit fee amount and non-audit service content: None.
2. Replaced the audit firm and the audit fee paid to the new audit firm was less than the amount paid in the previous year: None.
3. Audit fee reduced for more than 15% year over year, the reduced amount, proportion, and reason should be disclosed: None.

3.4 Replacement of CPA: Not applicable

3.5 The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year: None.

3.6 Changes in Shareholding of Directors, Managers and Major Shareholders

3.6.1 Changes in Shareholding by Directors, Supervisors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

Title	Name	2018		As of Apr. 28, 2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Shareholders with 10% shareholdings	TOPPAN PRINTING Co., Ltd. (Note 1)	-	-	234,481,757	-
Chairman	TOPPAN PRINTING Co., Ltd. JIN ENDO (Note 1)	-	-	-	-
Director	TOPPAN PRINTING Co., Ltd. AKIMITSU MATOBA (Note 1)	-	-	-	-
Director	TOPPAN PRINTING Co., Ltd. TAKAYUKI TAMURA (Note 1)	-	-	-	-
Director	TOPPAN PRINTING Co., Ltd. NAOHIRO KONYA (Note 1)	-	-	-	-
Independent Director	JAU-SHIN HON	-	-	-	-
Independent Director	KUANG-MING WU	-	-	-	-
Independent Director	PO-TSUN LIU (Note 2)	-	-	-	-
President	AKIMITSU MATOBA (Note 3)				
Senior Vice President	JIA-CHIUAN PU				
Vice President	MU-SHENG LU	-	-	-	-
Vice President	ZHI-XUAN ZHENG	-	-	-	-
Vice President	QING-HUA WU	-	-	-	-
Vice President	JIN-SONG ZENG	-	-	-	-
Vice President	ZHI-JIA MA	-	-	-	-
Vice President	WEN-XIAN BAI	-	-	-	-
Vice President	YIN-SHENG QIU	-	-	-	-

Unit: Shares

Title	Name	2018		As of Apr. 28, 2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President & Finance Supervisor	YI-CHENG CHEN	-	-	-	-
Vice General Manager	KOZO YAMAMOTO (Note 4)				
Assistant Vice President	YU-CHUNG HSIEH	-	-	-	-
Assistant Vice President	JIA-XING CHEN	-	-	-	-
Assistant Vice President	ZHENG-XUN CHEN (Note 5)	-	-	-	-
Assistant Vice President	YI-YAN LIAO (Note 4)				
Accounting Supervisor	DE-QI LIU	-	-	-	-
Shareholders with 10% shareholdings	Ortus Technology Co., Ltd. (Note 1)	-	-	(234,481,757)	-
Chairman	Ortus Technology Co., Ltd. JIN ENDO (Note 1)	-	-	-	-
Director	Ortus Technology Co., Ltd. AKIMITSU MATOBA	-	-	-	-
Director	Ortus Technology Co., Ltd. HIDEHIRO MORITA (Note 1)	-	-	-	-
Director	Ortus Technology Co., Ltd. TAKAYUKI TAMURA (Note 1)	-	-	-	-
President	JIA-CHIUAN PU (Note 3)	-	-	-	-

Note 1: Internal changes of shareholdings due to the fact that Ortus Technology Co., Ltd. was consolidated by TOPPAN PRINTING Co., Ltd. on April 16, 2019.

Note 2: Elected on June 26, 2018.

Note 3: Personnel change on November 1, 2018.

Note 4: Took office on May 1, 2018.

Note 5: Resigned on August 30, 2018.

3.6.2 Shares Trading with Related Parties

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
ORTUS TECHNOLOGY CO., LTD.	ORTUS TECHNOLOGY CO., LTD., was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019. Pursuant to Article 27 of the Company Act, the surviving company shall take over the equity after consolidation.	April 16, 2018	TOPPAN PRINTING Co., Ltd.	Shareholder with more than 10% shareholding of the Company	234,481,757	-

3.7 Relationship among the Top Ten Shareholders

Apr. 28, 2019

Item	Name	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
		Shares	%	Shares	%	Shares	%	Name	Relationship	
1	TOPPAN PRINTING CO., LTD.	152,981,757	34.65%	-	-	-	-	YUANTA COMMERCIAL BANK in custody for the investment account of TOPPAN PRINTING CO., LTD.	TOPPAN PRINTING CO., LTD.	
2	YUANTA COMMERCIAL	81,500,000	18.46%	-	-	-	-	TOPPAN PRINTING CO., LTD.		

Item	Name	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
		Shares	%	Shares	%	Shares	%	Name	Relationship	
	BANK acting as custodian for the investment account of TOPPAN PRINTING CO., LTD.									
3	Citibank Taiwan Ltd. acting as custodian for the investment account of Polunin emerging market fund	9,593,671	2.17%	-	-	-	-	N/A	N/A	
4	Citibank Taiwan acting as custodian for investment account of dimension emerging market estimation fund	2,367,100	0.54%	-	-	-	-	N/A	N/A	
5	Citibank Taiwan acting as custodian for investment account of DFA emerging market core equity	2,364,000	0.54%	-	-	-	-	N/A	N/A	

Item	Name	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
		Shares	%	Shares	%	Shares	%	Name	Relationship	
6	RITEK CORPORATION	1,804,041	0.41%	-	-	-	-	N/A	N/A	
7	Citibank Taiwan acting as custodian for small grants fund of DFA Sub-Fund emerging market	1,670,900	0.38%	-	-	-	-	N/A	N/A	
8	Citibank Taiwan acting as custodian for investment account of Puurunen fund	977,100	0.22%	-	-	-	-	N/A	N/A	
9	MING-JIESHIE	950,000	0.22%	-	-	-	-	N/A	N/A	
10	Standard Chartered International Commercial Bank's Sales Department acting as custodian for investment account of Renaissance short-term sales of European Credit Suisse Group AG	926,000	0.21%	-	-	-	-	N/A	N/A	

3.8 Ownership of Shares in Affiliated Enterprises

Unit: 1,000 Shares Dec. 31, 2018

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors or Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
GIANTPLUS (SAMOA) HOLDING CO., LTD	44,000	100%	-	-	44,000	100%

Note: The long-term investment of the Company.

VIII. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

As of April 30, 2019

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (thousands)	Amount (NT\$ thousands)	Shares (thousands)	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Other
September 2014	10	650,000	6,500,000	441,545	4,415,449	The second domestic unsecured convertible bond NT\$690,000	NA	

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Registered common shares	288,563,094	208,455,149	650,000,000	Listed shares
privately placed common shares	152,981,757			Public issuance has yet to be conducted as of the date.

C. Information relating to shelf registration system: None

4.1.2 Shareholding structures

As of April 28, 2019

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	32	26,261	68	26,361
Shareholding (shares)	0	0	2,926,763	181,744,764	256,873,324	441,544,851
Percentage	0.00%	0.00%	0.66%	41.16%	58.18%	100.00%

4.1.3 Shareholding Distribution Status

A.Common Shares

As of April 28, 2019

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	6,167	448,930	0.10%
1,000 ~ 5,000	13,627	32,270,668	7.31%
5,001 ~ 10,000	3,270	27,409,341	6.21%
10,001 ~ 15,000	927	11,992,861	2.72%
15,001 ~ 20,000	811	15,483,255	3.51%
20,001 ~ 30,000	597	15,739,959	3.56%
30,001 ~ 40,000	252	9,226,838	2.09%
40,001 ~ 50,000	200	9,507,601	2.15%
50,001 ~ 100,000	331	24,256,147	5.49%
100,001 ~ 200,000	101	14,758,397	3.34%
200,001 ~ 400,000	49	14,428,225	3.27%
400,001 ~ 600,000	12	5,835,060	1.32%
600,001 ~ 800,000	6	4,152,000	0.94%
800,001 ~ 1,000,000	4	3,754,100	0.85%
1,000,001	7	252,281,469	57.14%
Total	26,361	441,544,851	100.00%

4.1.4 List of Major Shareholders

Shareholder's Name	Shareholding	
	Shares	Percentage
As of April 28, 2019		
TOPPAN PRINTING CO., LTD.	152,981,757	34.65%
YUANTA COMMERCIAL BANK acting as custodian for the investment account of TOPPAN PRINTING CO., LTD.	81,500,000	18.46%
Citibank Taiwan Ltd. acting as custodian for the investment account of Polunin emerging market fund	9,593,671	2.17%
Citibank Taiwan acting as custodian for investment account of dimension emerging market estimation fund	2,367,100	0.54%
Citibank Taiwan acting as custodian for investment account of DFA emerging market core equity	2,364,000	0.54%
RITEK CORPORATION	1,804,041	0.41%
Citibank Taiwan acting as custodian for small grants fund of DFA Sub-Fund emerging market	1,670,900	0.38%
Citibank Taiwan acting as custodian for investment account of Puurunen fund	977,100	0.22%
MING-JIESHIE	950,000	0.22%
Standard Chartered International Commercial Bank's Sales Department acting as custodian for investment account of Renaissance short-term sales of European Credit Suisse Group AG	926,000	0.21%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Items	Unit: NT\$		
	2017	2018	As of April 30, 2019 (Note 5)
Market Price per Share			
Highest Market Price	26.15	20.20	12.85
Lowest Market Price	15.8	8.70	9.2
Average Market Price	19.52	16.60	11.2
Net Worth per Share			
Before Distribution	19.25	18.66	18.41
After Distribution	19.05	Undistributed	Undistributed
Earnings per Share (Note 1)			
Weighted Average Shares (thousand shares)	441,545	441,545	441,545

Items	2017	2018	As of April 30, 2019 (Note 5)
Diluted Earnings Per Share	1.37	-0.3	-0.37
Adjusted Diluted Earnings Per Share	1.37	(Note 6)	(Note 6)
Dividends per Share			
Cash Dividends	0.2	(Note 6)	(Note 6)
Stock Dividends			
• Dividends from Retained Earnings	-	(Note 6)	(Note 6)
• Dividends from Capital Surplus	-	(Note 6)	(Note 6)
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 2)	14.25	-	-30.27
Price / Dividend Ratio (Note 3)	97.6	(Note 6)	(Note 6)
Cash Dividend Yield Rate (Note 4)	0.01	(Note 6)	(Note 6)

Note 1: Adjustments to the before and after figures on retroactive adjustments to stock dividends shall be duly noted.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 5: The data is duly audited (reviewed) by the Certified Public Accountant in the first quarter of 2018, except market price per share

Note 6: Pending shareholder's approval

Note 7: If shares are distributed in connection with a capital increase out of earnings or capital reserve, disclose information on market prices retroactively adjusted based on the number of shares distributed

4.1.6 Dividend Policy and Implementation Status

According to Article of Incorporation, the Board shall distribute surplus and the earnings in the previous year based on the Company's financial, business or operational factors in order to stabilize the price. The cash dividends shall be at least 10% among the total dividends paid/distributed.

No dividend distribution in the year 2018 by the resolution of the Board on March 21, 2019.

4.1.7 Effect of stock grants planned at current shareholders' meeting on business performance and EPS: None.

4.1.8 Employee Bonus and Directors' Remuneration

A. Percentage or range of employee profit sharing and remunerations for directors and supervisors specified in the articles of incorporation:

1. No less than 1% as employee bonus; and
2. No more than 1.5% as remuneration to directors;

Employees' compensation including subsidiaries' employees may be distributed through issuance of new shares of the Company or cash. The qualification shall be regulated by the Board of Director.

The issue of bonus to employee and board of directors shall be reported to the annual shareholders' meeting. If there is accumulated deficit, the profit has to be allocated to offset first.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

C. Employee profit and remunerations for directors and supervisors' information passed by the board in this year:

1. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

The Company does not estimate remunerations for directors and employees due to the deficit in 2018.

2. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

- D. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: None.

4.1.9 Buyback of Common Stock: None

4.2 Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 Issuance of New Restricted Employee Shares: None.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.8 Financing Plans and Implementation: None.

IX. Operational Highlights [Section V: a separate file]

I. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

Giantplus Technology is known for its high-quality, reliable and customizable supplier in the small- and medium-sized TFT-LCD industry. To strengthen the Company's core competence and mark

et position, Giantplus Technology has been successful in focusing on the niche market to provide valued-added product mix, and further cultivating high-profile markets. Nowadays, Giantplus Technology is recognized as a strategic partner in both industrial and automotive markets.

Revenue distribution

Unit: NT\$ thousands		
Major Divisions	Total Sales in Year 2018	(%) of Total Sales
LCD module	7,699,590	77.87%
LCD panel	904,217	9.14%
Open Cell	962,091	9.73%
Others	321,954	3.26%
Total	9,887,852	100.00%

For the main business scope of the subsidiaries of the Company, please refer to the information of each company in “VIII. Special Disclosure” of this annual report on page 104.

The main products of Giantplus Technology are TFT-LCD liquid crystal display module: industrial displays, electronic tags, credit card machines, engineering drawing computers, handheld terminals, printers, white goods, wearable devices, satellite navigation systems, car displays, educational game machine, digital camera, etc.

The Company plans to develop new products in the niche market, providing customized production and sales services. In addition to retaining existing customers, the Company continues to advance panel development with a focus on high reliability, wide viewing angle, high contrast, high brightness, fast response time and other technical capabilities to expand new niche markets, new customers and new applications.

5.1.2 Industry Overview

1. Current situation and development of industry

The global LCD monitors are mainly produced in Asia. Among them, Japan, South Korea, Taiwan and China occupy the global TFT-LCD production capacity. Although, the Chinese panel manufacturers joined the market later than others, its expansion was the most aggressive. Market research data indicated that the total capacity of TFT-LCD in China in 2020 is estimated to account for more than 50% of the global total output.

Looking back at the industry environment in 2018, new capacities of the high- and next- generations continued to put into production, but with the slow economic recovery and weak consumption, the terminal inventory level remained high. The panel price at the beginning of the year began to fall. In the second quarter of the year, some large-size TV panels even fell to the cost level. The panel price decline has not improved until the third quarter of the year when it's the traditional peak season. However, the fourth quarter of the year was the traditional off-peak season, there were concerns over the industry's oversupply issue.

Moreover, both TV and smart phone markets have become saturated. The rapid growth in the past is no longer seen. In the future, the main growth momentum of this market will come from emerging markets. However, the currency fluctuation of the emerging market will greatly impact the consumption power of the market.

2. Association of upstream, mid-stream, and downstream industries

The industrial structure of LCD can be divided into upstream: the raw material components, mid-stream: the manufacturing of liquid crystal display panel, and downstream: liquid crystal display application products. The industrial structure is listed as follows:

Upstream	Glass substrate, photomask, color filter, polarizing plate, light guide plate, backlight module, liquid crystal material, driver IC, etc.
Mid-stream	LCD panel, LCD module, etc.
Downstream	Large size panel: LCD TVs, notebook computers, desktop computers, tablets, digital signage, etc. Small and medium size panel: Smart phones, feature phones, digital cameras, industrial panels, automotive panels, printers, electronic tags, handheld terminals, white goods, wearable device applications.

3. Development trend of products and Market competition situation

(1) Development trend of products

- TFT-LCD products can be divided into consumer market and niche market based on the application. The consumer panel's quoted price often varies with the changes in the industry's supply and demand and the overall economic environment. The product life cycle is also determined by the end market consumer behavior. In order to stimulate consumption, many consumer products continue to innovate, so the average life cycle of consumer products is shorter. On the other hand, the niche-type products have a relatively longer life cycle, and the business model is B-to-B. Because the development/certification is time-consuming and the orders typically come in small numbers with various models, the panel quoted price is less affected by the industry supply and demand.
- In terms of shipment volume, LCD TVs and smart phones have the largest volumes. Both LCD TV and smart phone screens tend to be larger and larger over the years. Currently, the average LCD TV size increased by 0.7 inch to 1 inch per year. According to market research data, with the large-size TV price becoming more affordable, and the next-generation panel production capacity increases, it is estimated that 55 inches will become the mainstream size of TV panels in 2024. In the past the mainstream size of smart phones was 4 inches, it has also increased from 5.x inch to 6.x inch. In addition, the 18:9 full screen display has become a new popular smart phone specification. The popularity of LTPS panel technology and the improvement of AMOLED panel technology penetration has also become a market trend.
- In addition to LCD TVs and smart phones, the shipments of notebook computers, desktop computers, tablet computers and digital cameras in the consumer market were poor, mainly due to the popularity of smart portable devices.
- With the development of Big Data and IoT, the application of TFT-LCD interface will become more and more extensive, such as electronic shelf label, white goods, home smart systems, etc. The electronic shelf labels can replace traditional labels to adjust product prices on the shelf in real-time synchrony, with precision and efficiency. Electronic shelf labels can reduce labor costs and reduce human errors when marking the prices. Moreover, the trend of unmanned stores in recent years will also add new growth momentum to the electronic shelf labels.

- Furthermore, the automotive market is a high-growth market, and also a highly volatile market. The automotive panel applications are becoming more and more popular. In addition to central control displays, dashboard displays, and temperature-controlled displays, new applications have also been developed in order to improve the cost performance of cars, such as head-up display, rear-view mirror display, smart key, etc. The display panel required by the automotive market is not only increasing in number but also in size. The life cycle of automotive display panels is longer than the traditional consumer panels, the potential profit margin of the products is also higher. As the smart phone market is becoming saturated and the growth rate is slowing down, the automotive market has become a battlefield for all panel manufacturers.

(2) Market competition situation

Currently the TFT-LCD technology is still the mainstream of the market, and its production capacity is mainly distributed in Taiwan, Japan, South Korea and China. As far as the development direction is concerned, the Taiwanese panel factories have adopted flexible factory line planning, differentiated size/specification, and strengthened competitive advantages, so as to open up new blue ocean business opportunities. Due to the competition from the technology and scale improvement of the China panel factories, some panel factories closed down production lines that were not productive, or transformed their factory lines into the AMOLED technology process, taking advantage of the technology leadership to stay well ahead of the China panel manufacturers. The industry competition has also changed from "capacity competition" to "differentiation competition", or from "revenue-oriented" to "profit-oriented" in terms of taking strategic orders. The series of transformation projects had a butterfly effect on the operational layout of the panel industry players.

Japanese panel makers consolidated production lines and focused on small and medium-sized application layouts; Korean panel factories closed or consolidated production lines that were not productive, and were committed to the development of AMOLED technology to secure the status as the industrial technology leaders. Meanwhile, converting AMOLED production line also helped slow down the oversupply of the TFT-LCD industry. Although the China panel factories were latecomers of the industry, they have invested a large amount of operational resources to build a next-generation production line and in the advanced technology (LTPS, AMOLED) development under the support of government policies. At the same time, due to the huge domestic demand and the advantages of local brands, they were able to stabilize the downstream market.

5.1.3 Research and Development

1. Technical Level and Research Development

As a result of the efforts of the research and development team to meet the needs of customers, the Company has developed a wide range of products over the years and has developed technical capabilities and competitiveness through the development of various products. The technologies or products developed in the past two years, as well as future research and development plans, are as follows:

- 2.5mm narrow frame design for medium-sized car products
- For automotive panel technology, continuous research and development and improvement of high reliability, wide viewing angle, high contrast, high brightness and fast response time. For high contrast and wide viewing angle requirements, the Company developed photo alignment.
- Transflective technology to develop high-reflective and high-reflection color saturation panels, greatly improving the clarity of outdoor use while meeting outdoor and indoor use.
- Ultra-low power consumption micro-transmissive panel technology, greatly extending the use time and improving display quality; mainly used in wearable devices and outdoor use devices.
- Low-power reflective panel technology for electronic labels and other products.
- Thin film solar cells, with ultra-low power outdoor products, can increase product usage time.
- LCM+CTP total solution product integration development for mass production in the niche market.
- The self-developed SITO sensor has been certified for reliability.
- Thinned In-cell touch technology is introduced to automotive products.
- Continuous development of TFT backplane technology for non-liquid crystal display, in order to introduce X-Ray Detector for medical digital X-ray photography.
- Continuous investment in local dimming technology development.

- Develop 3D curve display and free form polarizers, construct TP 3D bonding technology and back light unit design ability.
- High-color rendering products have completed 86% NTSC mass production, and 100% NTSC product development is underway.

2. Research and development personnel and their academic experience

Academic qualifications \ Year	2016		2017	
	Number	%	Number	%
Master (inclusive) or above	84	53.16	88	57.14
Bachelor	64	40.51	58	37.66
Bachelor (inclusive) or below	10	6.33	8	5.20
Total	158	100.00	154	100.00

3. Research and development expenses for the most recent year and the end of the annual report:

Year	2018	2019 (As of April 30)
Total Expenses (NT\$ thousands)	275,742	86,892

5.1.4 Long-term and Short-term Development

1. Short-Term Business Development Plans

The Company continues to focus on the small and medium-sized niche market, provides customers Total Solution service and customized services such as product design and development, front-end process, touch integration, and back-end module assembly; focusing on products such as industrial, credit card machines, printers, wearable devices, handheld terminals, electronic labels, educational learning machines, white goods, medical and automotive panels. Revenue from these businesses is expected to exceed 80% of overall revenue. In terms of technology, the Company specializes in making comprehensive differentiations, such as sunlight readable display technology, low-energy power-saving technology, free-form cutting/drilling, 3D curved surface, in-cell/suspension touch, narrow frame and wide viewing angle, to meet customer customization needs as much as possible in order to deepen customer adhesion. Giantplus will establish a win-win cooperation model with customers. In addition to continuous expansion of the niche market and the automotive market, the Company also established product platforms to optimize product cost structure and enhance market penetration.

2. Long -Term Business Development Plans

The Company will effectively combine the Group's resources, improve technology upgrades, improve process and quality capabilities, and develop more diversified products. At the same time, it continues to strengthen marketing channels and expand new markets to consolidate Giantplus Technology's position in the small and medium-size niche markets.

In terms of product development, the Company continues to invest in the research and development of small and medium-sized flat panel display technology to provide customers with more competitive products and create a win-win situation with customers. In terms of internal management, it improves the service scope of information systems, establishes a knowledge management structure, and accelerate decision-making speed to improve decision-making quality.

In addition to striving to strengthen the Company's operational performance, Giantplus Technology understands that to become a committed corporate citizen, it also needs to do its utmost to make sustainable efforts for earth and to create a win-win situation for the corporation and the environment

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main products selling area

Area		Amount of Sales 2017	%	Amount of Sales 2018	%
Domestic sales		2,401,234	19.27	1,995,457	20.18
Foreign sales	Asia	8,588,910	68.92	6,409,704	64.82
	Europe	1,058,021	8.49	1,045,262	10.57
	Americas	414,053	3.32	436,586	4.42
	Other Area	-	0.00	843	0.01
	Total amount of F/S	10,060,984	80.73	7,892,395	79.82
Total		12,462,218	100.00	9,887,852	100.00

2. The supply and demand situation and growth of the future market and Market Share

Looking back at 2018, at the beginning of the year, the global economy continued its steady recovery in 2017, driven by the economic recovery of the developed countries. Due to the uncertainties caused by the trade protectionism and US-China trade war, the global economic recovery has shown signs of slowing down. The International Monetary Fund (IMF) reported in October 2018 that the economic growth rate was originally estimated at 3.9% in 2018, and later revised to 3.5%. It was the lowest of the past 3 years. Looking ahead at the global economy in 2019, the US-China trade war may have a prolonged effect on the other economic systems of the world and the international financial market. Additionally, with the Brexit issues in the UK, the increasing uncertainties have prompted many professional institutions to lower the economic outlook for 2019. It is expected that global trade activities will slow down.

In 2018, China had three high-generation TFT-LCD production lines put into operation. BOE Technology Group Co., Ltd. (BOE) operated the 10.5-generation line located in Hefei. Panda Optoelectronics operated the 8.6-generation line located in Chengdu and Xianyang. The imbalance between industrial supply and demand was intensifying. Panels quoted price were under pressure and new capacity was introduced. However, the terminal demand has not been significantly enhanced, so the demand in emerging markets was considered to be an important solution. According to market estimates, there will be six 10.5-generation TFT-LCD or AMOLED production lines entering the world by 2021. It is also estimated that by 2020, the proportion of large-size panel capacity in the mainland will exceed 50% of the global total capacity.

In the large-size market segment, research data indicates that the annual compound growth rate of global large-sized shipments from 2018 to 2023 is 0.2%, and the shipments of notebooks, monitors, and tablets are flat, or even slightly reduced; TV shipments showed a slight growth. As the average size of TV panels continued to increase, the demand of total area continued to grow, helping to slow the oversupply of the industry. The economical cutting size of the 10.5-generation TV panel is 43"/65"/75". Under the cost advantage, the 43" TV panel will replace the 32" to become the mainstream size.

In the small and medium-sized market segment, in terms of shipments, smart phone panels are the main application. In 2017, LTPS production capacity was widely released. The smart phone market is widely introduced into the technology. According to research data in 2018, LTPS panel technology's penetration rate has already been the highest of the industry; with the breakthrough of the bottleneck of the AMOLED process in China, and the terminal players' hope to stimulate consumption through specification upgrades, it is estimated that the penetration rate of AMOLED panel technology will surpass LTPS in 2020, becoming the mainstream technology of smart mobile phone panels.

Furthermore, smart phones have entered the mature stage of the market, so IoT-related and automotive applications will be the growth momentum of the major small and medium-size markets in the future. According to research data, by 2025, the annual compound growth rate of vehicle shipments will reach 10%, and the main application of CID panel growth will slow down after 2022 due to high penetration; Cluster has evolved from a traditional 2-3 piece of 3.5"-4.3" multi-piece combination to a free form/curve one glass solution of 10" or higher. These products will once again stimulate demand growth due to the evolution of integration and design.

According to market research data, the top five global manufacturers of automotive panel shipments in 2018 were Japan Display Inc. (JDI) (20.2%), Tianma (14.8%), AU Optronics Corporation (AUO) (14.6%), Innolux (13.4%), and SHARP (12.1%). It is worth noting that although Tianma was a latecomer, its market share accounted for only 10.2% in 2017, now it has risen to among the top five automotive panel suppliers in the world.

3. Niches in competition

- Group integration: Strengthening cooperation and exchanges between the group. Quality reform is one of the important projects which will create a new career direction after the LCD business.
- Strategic layout: continuing to develop the niche market oriented by technology and customized services, and striving to maximize the benefits of the 3- generation and 4- generation production lines, while at the same time committing to "differentiating" its layout to choose the most suitable market and the right customer.

- Steady customer and product structure: The Company's main revenue distribution is in the European, American, Japanese and Taiwan markets, strategically diversifying the risk of fluctuation in a single market or a single application. At the same time, the diversification of the market layout also helps ensure the equal rights of negotiation and bargaining.
- Niche-type customized products: The display panel technology for industrial control and automotive has been developed for many years. The durability and safety that the car specifications attach to have been verified by customers, introducing a great advantage for the rising niche product market. At the same time, the Company can also provide existing customer touch module services to expand its business scope through the Total Solution operation model.
- Resilience: In order to enhance customer adhesion and market competitiveness, Giantplus provides instant Time-to-market customized service, proactively expands the breadth and depth of niche market, and continues to maximize “value” and “quality” in its production line.
- Stable product quality and quality system

At the beginning of its establishment, the Company has established a clear quality policy - "to meet the requirements of customers with first-class quality", and has been recognized by the satisfaction of customers with stable quality. The Company has passed several international quality certifications:

1999/02	Passed ISO 9001
2002/01	Passed ISO 14001
2007/01	Passed ISO/TS 16949
2008/04	Passed OHSAS 18001
2009/08	Passed OHSAS 18001
2017/11	Passed IATF 16949
2019/05	Passed ANSI ESD S20.20

- Cooperating with customers to design new products, respond instantly, and efficiently shorten product development time and accelerate the introduction of new products; in addition, establish a rapid response service system to meet all customer needs with respect to after-sales service from product design and development to production.

4. Advantage and disadvantage of long term development and reaction strategy

(1) Advantage:

- Japanese and Korean panel makers will close or consolidate small-generation production lines, and strategically focus on the development of AMOLED technology, which will help the industry supply and demand.
- The increasing average size of TV panels and the development trend of full-screen smart phone panels will help alleviate the imbalance between supply and demand in the industry.
- Big Data, IoT and unmanned stores are booming, and TFT-LCD interfaces will become more widespread.
- Maintaining long-term OEM/ODM partnership with major international companies and have a solid niche market customer base.
- Continuously improving quality and technical capabilities through the Group's resources.

(2) Disadvantage and Reaction Strategy

- The TFT-LCD industry continues to generate new capacity, which will lead to an imbalance between supply and demand in the industry.

Countermeasures:

The Company will continue to develop the niche market, avoid the saturated market with caution and actively explore more market applications. In addition to deepening and solidifying existing customer cooperation, we are also actively cultivating new applications for industrial control and vehicle use; lower opening cost of the existing Gen 3 and the production advantage of the economic scale of the Gen 4 will maximize the allocation of the two production lines. In addition, we are committed to increasing the proportion of Total Solution orders, and we are looking forward to achieving the growth goal of both performance and profit. Regarding cost control, we focus on source management, strictly control the introduction of comprehensive information systems and the timely feedback system to greatly streamline manpower and operational processes and establish major product/size platforms to enhance production efficiency.

- Both large-sized and S&M-sized panel markets are saturated. Panel makers are turning to niche market layouts.

Countermeasures:

In the market and product strategy segment, we continue to focus on diversifying the risk of niche products and balancing the global regional and application markets and continue to boost the proportion of important strategic customers and product lines. In addition, we will streamline the operating costs and enhance the supply chain management to optimize product structure.

5.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses

Industrial displays, electronic labels, credit card machines, engineering drawing computers, handheld terminals, medical equipment meters, printers, white goods, wearable devices, satellite navigation systems, vehicle displays, game educational machines and digital camera.

2. Major Products and Their Production Processes

The TFT-LCD process can be divided into three phases:

- Array Process: TFT substrate is generated and must be cleaned.

Clean → Thin film production Thin Film → Yellow light → Etching → Stripping.

- Cell Process: Panel is generated. The front array glass substrate is combined with the color filter glass substrate, and liquid crystal is injected between the two glass substrates.

The two glass substrates are aligned → hot pressing → dicing cleavage → injecting liquid crystal → sealing → Re-alignment → Paste polarizer → Pressure defoaming → Last Cell test.

- Module Assembly: The assembly process of the module varies depending on customers' shipping requirements. The glass produced following the cell process is assembled with a variety of components, after the electrical test is finished, and passing the appearance inspection and storage inspection, the product is packed and shipped.

5.2.3 Supply Status of Main Materials

The Company's main raw materials are key components such as plain glass, color filter, liquid crystal, polarizer, driver IC, backlight module, etc. Currently, the strategic choices are to establish long-term and stable cooperative relations with two or more suppliers to ensure supply, and stable quantity and quality of goods, so the risk of concentration in the supply chain can also be mitigated. In addition, Color Filter can be regarded as a strategic material of TFT-LCD. In recent years, the equipment of Hsinchu Plant has been improved, and the process capability and efficiency of the machine have been enhanced to meet the needs of niche market customization. In general, the development of the TFT-LCD industry has been relatively mature, and the supply chain has also grown simultaneously, so the supply of materials is relatively stable.

5.2.4 Major Suppliers and Clients

1. Major Clients in the Last Two Calendar Years: NA

2. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2017				2018				2019 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	SHIAN YIH ELECTRONIC INDUSTRY CO., LTD.	788,980	13.96	NA	SHIAN YIH ELECTRONIC INDUSTRY CO., LTD.	590,652	13.06	NA	SHIAN YIH ELECTRONIC INDUSTRY CO., LTD.	113,797	12.62	NA
	CHUNGHWA PICTURE TUBES, LTD.	735,559	13.01	RPT	CHUNGHWA PICTURE TUBES, LTD.	493,030	10.90	Note	CHUNGHWA PICTURE TUBES, LTD.	58,946	6.54	Note
	Others	4,128,590	73.03		Others	3,438,890	76.04		Others	728,659	80.84	
	Net Sales	5,653,129	100.00		Net Sales	4,522,572	100.00		Net Sales	901,402	100.00	

Note: CHUNGHWA PICTURE TUBES, LTD. is no longer Giantplus' mother company since March 30, 2017.

Reasons for changes: SHIAN YIH Electronics is a major supplier of vehicle and industrial control backlights. The reason for the significant decrease in 2018 compared with 2017 was that: First, the number of vehicle cases was reduced compared with 2017; second, the backlight products used in consumer products were highly competitive and some customers switched to the mainland suppliers to purchase goods. The amount of CHUNGHWA PICTURE's purchase was lower than that in 2017 because Ortus has entered the market and will gradually purchase Color Filter from TOPPAN instead of CHUNGHWA PICTURE.

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Output Year		2017			2018		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products (or by department)							
LCD panel-TFT		904	938	2,214,206	876	670	1,774,275
LCD panel-STN		120	69	104,869	120	77	96,808
LCD module-TFT+STN		39,958	42,022	5,883,990	65,820	32,007	5,096,845
Total		Note	Note	8,203,065	Note	Note	6,967,928

Note: Due to difference in units, the figures cannot be tallied.

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year	2017				2018			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
LCD module		4,148	1,271,864	38,080	7,800,317	3,875	1,423,829	27,281	6,275,781
LCD panel		729	99,476	5,031	1,166,046	690	100,515	3,105	803,702
Open Cell		52,594	987,030	50,426	1,011,971	9,336	264,606	42,931	697,485
Others		Note	42,864	Note	82,650	Note	42,864	Note	115,427
Total		60,706	2,401,234	97,191	10,060,984	13,901	1,995,457	73,317	7,892,395

Note: Due to the diversified nature of each product and the different units, it is not possible to compare the numbers.

5.3 Human Resources

Year		2017	2018	Data as of ending data in the current year
Number of Employees	Direct employee	3,457	1,346	2,165
	Indirect employee	1,634	1,726	1,126
	Total	5,091	3,072	3,291
Average Age		30.60	34.64	33.76
Average Years of Service		3.31	4.69	4.22
Education	Ph.D.	0.04%	0.10%	0.06%
	Masters	6.07%	9.31%	7.99%
	Bachelor's Degree	33.73%	43.81%	39.35%
	Senior High School	15.38%	18.13%	14.25%
	Below Senior High School	44.78%	28.65%	38.35%
	Total	100.00%	100.00%	100.00%

5.4 Environmental Protection Expenditure

Not applicable.

5.5 Labor Relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee's welfare package

Adhering to the concept of caring and trusting, the Company is committed to safeguarding employees' rights and interests, and continuously structures a comprehensive system to provide employees with a good and safe working environment. The Company also set up employee welfare committee to organize employee welfare activities to create a happy workplace.

(1) Employee welfare measures and implementation

A. Insurances and subsidies

Labor insurance, health insurance, group insurance, medical benefits (also for their spouses and children), marriage and death subsidies, birthday coupon, holiday bonus for the three major Chinese holidays and corporate gifts, and so on.

B. Employee health

Regular free health checkups, employee counseling, health information and health promotion activities. There is also a medical office, a nursing room and a resident doctor to provide medical consultation services. The Company also employs a visually impaired masseur to provide relaxation services for staff. In order to enhance the staff's immunity, the Company works with contracted hospitals to apply flu vaccines to employees in the Company premises and provides subsidies; in addition to relieve the staff's work pressure, the Company set up a "destress stop" and hired visually impaired massage therapist to provide massage services.

C. Convenient facilities for employees

Providing dormitories for employees from out of town, fixed route shuttle buses, free parking space, a canteen, company subsidized meal allowance, cafe, fruit bar, convenience stores and ATM.

D. leisure activities

- There is a staff leisure activity center with sports venues and fitness equipment.
- Diversified community activities to enrich the social and leisure life of employees.
- Organizing travel groups for staff and their family.
- Balancing work and life by holding year-end thanksgiving evenings, art and cultural activities, Christmas events, hiking, forming teams to join regional sports games, holding dragon boat lunches, Mid-autumn festival barbecues, food banquets, and movies shows.
- Regular special discounts and appointed stores to enhance the welfare of life.

(2) Employee training

- A. According to the "Training Quality Program", each department will propose a training program each year to provide professional skills training for existing staff, which will be reviewed by the Human Development Department on a quarterly basis. The Human Resources Department will also arrange general and management courses for assigned employees to participate to learn the knowledge and skills needed to improve their work.
- B. According to the "Standards for the Certification of Professional Qualifications", all departments have the professional qualifications and certification rules in place for their respective staff. The Human Development Department regularly requests the person in charge to check the status of internal education and training in the departments and announce the status on the Moodle platform.

(3) Retirement structure and the situation of implement

- A. To establish a retirement scheme, according to the "Labor Standards Act", employees who are applicable under this Act will appropriate a certain proportion of the total salary monthly to the retirement reserve, which will be deposited in the Labor Retirement Reserve Supervisory Board.

- B. According to the "Labor Pension Regulations", for employees who are applicable under the Regulations, the Company will appropriate 6% pension to employees' personal accounts of the Labor Insurance Bureau according to the regulations.
- C. In order to supervise the Company's monthly allocation and special accounts of labor retirement reserves, the committee is organized to hold meetings according to the "Organizational Guidelines for the Organizational Retirement Reserve Supervision Committee". From 2018 to end of March 2019, four employees met the retirement requirements and applied for retirement.

2. Employee rights

- (1) The Company manages employees pursuant to labor-related laws such as the Labor Standards Act, and hires dedicated personnel to handle the work of employees to protect their basic rights and interests.
- (2) The Company hired employees that are licensed labor safety and health administrators. They regularly receive related courses to maintain employee safety and health.
- (3) In order to provide a smoother communication platform between employees and the Company, the Company held a labor-management meeting every quarter according to relevant regulations. In the meeting, the Company discusses with employee representatives about various issues of work and factory life, and tracks the improvement results.
- (4) The Company set up an email address: icareu@giantplus.com and physical employee suggestion mailboxes for employees to voice opinions and appeals.

5.5.2 List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken.

The Company is committed to strengthening labor and management harmony, in addition to regular labor-management meetings, and the establishment of employee suggestion mailboxes and complaint lines, as a communication channel between the Company and employees, and set up comprehensive regulations to integrate employees' and the Company's interests, therefore, so far there have been no major labor disputes.

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Patent authorization	Mitsubishi Electric Corporation	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent authorization	Sharp Corporation	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent authorization	Seiko Epson Corporation	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent authorization	Japan Display Inc. Panasonic Liquid Crystal Display Co., Ltd.	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent authorization	E Ink Holdings Inc.	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent authorization	LG Display Co., Ltd.	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Medium and long-term guarantee contracts	Chang Hwa Bank	2017.4~2027.4	NT\$3,000 million credit contract	NA
Medium and long-term guarantee contracts	Mega Bank	2018.12~2023.12	NT\$250 million credit contract	Restriction of financial ratio

X. Financial Information

6.1 Five-Year Financial Summary – Based on IFRS

6.1.1 Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last Five Years					Q1 2019
		2014	2015	2016	2017	2018	
Current assets		6,103,882	7,377,399	7,176,278	6,992,549	5,451,750	5,041,547
Property, Plant and Equipment		4,443,689	3,813,196	4,938,886	8,225,237	7,627,805	7,556,461
Intangible assets		47,200	40,854	34,812	27,813	19,952	17,511
Other assets		524,060	1,933,046	444,758	194,199	255,085	357,050
Total assets		11,118,831	13,164,495	12,594,734	15,439,798	13,354,592	12,972,569
Current liabilities	Before distribution	3,612,929	4,555,198	3,854,022	3,781,031	2,827,800	2,587,412
	After distribution	3,612,929	4,599,352	3,942,331	3,869,340	Undistributed	Undistributed
Non-current liabilities		202,840	939,717	702,199	3,158,466	2,288,385	2,255,235
Total liabilities	Before distribution	3,815,769	5,494,915	4,556,221	6,939,497	5,116,185	4,842,647
	After distribution	3,815,769	5,539,069	4,644,530	7,027,806	Undistributed	Undistributed
Equity attributable to shareholders of the parent		7,303,062	7,669,580	8,038,513	8,500,301	8,238,407	8,129,922
Capital stock		4,415,449	4,415,449	4,415,449	4,415,449	4,415,449	4,415,449
Capital surplus		2,618,982	2,618,982	2,618,982	2,618,982	2,618,982	2,618,982
Retained earnings	Before distribution	79,725	513,028	1,097,027	1,608,323	1,435,004	1,272,036
	After distribution	79,725	468,874	1,008,718	1,520,014	Undistributed	Undistributed
Other equity interest		188,906	122,121	(92,945)	(142,453)	(231,028)	(176,545)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,303,062	7,669,580	8,038,513	8,500,301	8,238,407	8,129,922
	After distribution	7,303,062	7,625,426	7,950,204	8,411,992	Undistributed	Undistributed

6.1.2 Condensed Balance Sheet (Unconsolidated)

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2014	2015	2016	2017	2018
Current assets		5,372,841	6,474,217	5,722,547	5,685,739	4,543,306
Property, Plant and Equipment		2,637,884	2,158,545	3,635,633	7,134,117	6,690,218
Intangible assets		42,613	36,125	31,066	25,300	18,698
Other assets		3,961,592	5,261,837	3,544,387	3,209,006	3,231,670
Total assets		12,014,930	13,930,724	12,933,633	16,054,162	14,483,892
Current liabilities	Before distribution	4,511,371	5,325,275	4,195,337	4,396,142	3,957,848
	After distribution	4,511,371	5,369,429	4,283,646	4,484,451	Undistributed
Non-current liabilities		200,497	935,869	699,783	3,157,719	2,287,637
Total liabilities	Before distribution	4,711,868	6,261,144	4,895,120	7,553,861	6,245,485
	After distribution	4,711,868	6,305,298	4,983,429	7,642,170	Undistributed
Equity attributable to shareholders of the parent		7,303,062	7,669,580	8,038,513	8,500,301	8,238,407
Capital stock		4,415,449	4,415,449	4,415,449	4,415,449	4,415,449
Capital surplus		2,618,982	2,618,982	2,618,982	2,618,982	2,618,982
Retained earnings	Before distribution	79,725	513,028	1,097,027	1,608,323	1,435,004
	After distribution	79,725	468,874	1,008,718	1,520,014	Undistributed
Other equity interest		188,906	122,121	(92,945)	(142,453)	(231,028)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	7,303,062	7,669,580	8,038,513	8,500,301	8,238,407
	After distribution	7,303,062	7,625,426	7,950,204	8,411,992	Undistributed

6.1.3 Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years					As of the printing date of this annual report
	2014	2015	2016	2017	2018	
Operating revenue	13,254,873	10,839,306	11,683,609	12,462,218	9,887,852	1,935,452
Gross profit	855,886	1,221,996	1,732,107	2,110,558	1,148,969	51,152
Income from operations	(158,655)	170,728	584,309	955,507	1,059	(196,651)
Non-operating income	254,157	283,895	94,854	(132,893)	(39,135)	33,683
Income before tax	95,502	454,623	679,163	822,614	(38,076)	(162,968)
Income from operations of going concerns- after tax	86,913	447,237	632,263	605,789	(132,578)	(162,968)
Income or loss from non-going concerns	-	-	-	-	-	-
Net income (Loss)	86,913	447,237	632,263	605,789	(132,578)	(162,968)
Other comprehensive income (income after tax)	160,874	(80,719)	(219,176)	(55,692)	(41,007)	54,483
Total comprehensive income	247,787	366,518	413,087	550,097	(173,585)	(108,485)
Net income attributable to shareholders of the parent	86,913	447,237	632,263	605,789	(132,578)	(162,968)
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	247,787	366,518	413,087	550,097	(173,585)	(108,485)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	0.20	1.01	1.43	1.37	(0.3)	(0.37)

6.1.4 Condensed Statement of Comprehensive Income (Unconsolidated)

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years				
	2014	2015	2016	2017	2018
Operating revenue	12,999,876	10,719,747	11,621,883	12,388,937	9,853,959
Gross profit	736,204	1,123,606	1,569,246	1,848,035	1,008,798
Income from operations	(51,929)	281,110	580,195	853,596	44,762
Non-operating income	137,201	166,127	82,371	(32,587)	(96,191)
Income before tax	85,272	447,237	662,566	821,009	(51,429)
Income from operations of going concerns- after tax	86,913	447,237	632,263	605,789	(132,578)
Income or loss from non-going concerns	-	-	-	-	-
Net income (Loss)	86,913	447,237	632,263	605,789	(132,578)
Other comprehensive income (income after tax)	160,874	(80,719)	(219,176)	(55,692)	(41,007)
Total comprehensive income	247,787	366,518	413,087	550,097	(173,585)
Net income attributable to shareholders of the parent	86,913	447,237	632,263	605,789	(132,578)
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	247,787	366,518	413,087	550,097	(173,585)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	0.20	1.01	1.43	1.37	(0.30)

6.1.5 Auditors' Opinions from 2014 to 2018

Year	Accounting Firm	CPA	Audit Opinion
2018	KPMG	Chung-Yi Chiang, Jung-Lin Lee	Unqualified opinion
2017	KPMG	Chung-Yi Chiang, Jung-Lin Lee	Unqualified opinion
2016	Ernst and Young	Lin Tu, Steven Chang	Unqualified opinion
2015	Ernst and Young	Lin Tu, Steven Chang	Modified unqualified opinion
2014	Ernst and Young	Lin Tu, Steven Chang	Modified unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – Based on IFRS

Item \ Year		Financial Analysis for the Last Five Years (Note)					As of March 31,2019 (Note)
		2014	2015	2016	2017	2018	
Financial structure (%)	Debt Ratio	34.31	41.74	36.17	44.94	38.31	37.32
	Ratio of long-term capital to property, plant and equipment	168.91	225.77	176.97	141.74	138.00	137.43
Solvency (%)	Current ratio	168.94	161.95	186.20	184.93	192.79	194.84
	Quick ratio	136.11	141.48	164.83	157.71	150.34	148.64
	Interest earned ratio (times)	3.15	16.32	17.58	18.04	(0.06)	(17.40)
Operating performance	Accounts receivable turnover (times)	5.38	5.55	5.28	5.71	5.35	4.88
	Average collection period	67.84	65.76	69.12	63.92	68.22	74.79
	Inventory turnover (times)	11.50	10.62	13.61	13.26	9.21	7.49
	Accounts payable turnover (times)	5.92	5.49	5.63	5.69	5.59	6.03
	Average days in sales	31.73	34.36	26.81	27.52	39.63	48.73
	Property, plant and equipment turnover (times)	2.86	2.62	2.66	1.89	1.24	1.01
	Total assets turnover (times)	1.12	0.89	0.90	0.88	0.68	0.58
Profitability	Return on total assets (%)	1.04	3.88	5.17	4.6	(0.72)	(1.18)
	Return on stockholders' equity (%)	1.21	5.97	8.05	7.32	(1.58)	(1.99)
	Pre-tax income to paid-in capital (%)	2.16	10.29	15.38	18.63	(0.86)	(3.69)
	Profit ratio (%)	0.65	4.12	5.41	4.86	(1.34)	(8.42)
	Earnings per share (NT\$)	0.20	1.01	1.43	1.37	(0.30)	(0.36)
Cash flow	Cash flow ratio (%)	48.57	29.65	52.26	47.46	Note5	6.16
	Cash flow adequacy ratio (%)	85.82	205.99	241.28	126.60	81.64	56.31
	Cash reinvestment ratio (%)	10.87	7.31	10.15	7.42	Note5	0.71
Leverage	Operating leverage	-	18.07	6.78	4.55	2,818.59	(2.57)
	Financial leverage	0.78	1.2	1.07	1.05	(0.03)	0.95
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)							
A. Financial Structure: decrease in debt ratio and ratio of long-term capital to property, plant and equipment is mainly because of the reduction of long- term loan.							
B. Solvency: decrease in current liability led to the increase of current ratio; current assets declined but the inventories increased, contributing to the decrease of quick ratio; negative EBITDA was a result of the loss in 2018.							
C. Operating performance: Due to the fact that the inventory increased in 2018, the inventory turnover dropped and the average days in sales rose accordingly. The lackluster business performance was the main cause of decreasing account receivable turnover and increasing average collection period.							
D. Profitability: the deficit in 2018 generated negative figure in each ratio							
E. Cash flow: net cash outflow in operating activities gave rise to the decrease in cash flow adequacy ratio.							
F. Leverage: the plummet in operating income resulted in increasing operating leverage.							

Note: Financial Ratio Formula

1. Financial Structure analysis

- (1) Debt ratio = $\text{Total Liabilities} / \text{Total Assets}$
- (2) Long-term funds to property, plant and equipment = $(\text{Total equity} + \text{Non-current liabilities}) / \text{Property, plant and equipment, net}$

2. Liquidity analysis

- (1) Current ratio = $\text{Current assets} / \text{Current liability}$
- (2) Quick ratio = $(\text{Current Assets} - \text{Inventories} - \text{Prepaid expenses}) / \text{Current liability}$
- (3) Times interest earned = $\text{Profit Before Credit for Income Tax} / \text{Current interest expense}$

3. Operating performance analysis

- (1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = $\text{Sales} / \text{Average trade receivables}$
- (2) Days to collect accounts receivable = $365 / \text{Average collection turnover}$
- (3) Average inventory turnover = $\text{Cost of goods sold} / \text{Average inventories}$
- (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation) = $\text{operating costs} / \text{Average trade payables}$
- (5) Average days to sell inventory = $365 / \text{Average inventory turnover}$
- (6) Property, plant and equipment turnover = $\text{Sales} / \text{Average property, plant and equipment, net}$
- (7) Total assets turnover = $\text{Sales} / \text{Average total assets}$

4. Return on investment analysis

- (1) Rate of return on assets = $[\text{Profit} + \text{Interest expense} \times (1 - \text{Tax rate})] / \text{Average assets}$
- (2) Rate of return on equity = $\text{Profit} / \text{Average total Equity}$
- (3) Profit to sales = $\text{Profit} / \text{Sales}$
- (4) Earnings per share = $(\text{Equity attributable to owners of parent} - \text{Dividend-preferred stock}) / \text{Weighted average outstanding shares}$

5. Cash flow

- (1) Cash flow ratio = $\text{Net cash provided by operating activities} / \text{Current liability}$
- (2) Cash flow adequacy ratio = $5\text{-year net cash provided by operating activities} / 5\text{-year} (\text{Capital expense} + \text{Increase in inventories} + \text{Cash dividend})$
- (3) Cash flow reinvestment ratio = $(\text{Net cash provided by operating activities} - \text{Cash dividend}) - (\text{Property, plant and equipment, net} + \text{Long-term investments} + \text{Other non-current assets} + \text{Operating Capital})$

6. Leverage

(1) Operating Leverage= (Net sales – Variable cost) / Operating income

(2) Financial leverage = Operating income / (Operating income – Interest expenses)

Note 1: The following factors are to be included for consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at yearend.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note 2: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, plant and equipment meant for the total Property, plant and equipment before deducting the accumulated depreciation.

Note 3: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

Note 4: The abovementioned ratio related to paid-in capital of a foreign company will be calculated as the ratio of net worth.

Note 5: Since the net cash flow from operating activities is net outflow, the related ratio of cash flows is not calculated.

B. Financial Analysis — Based on IFRS (Unconsolidated)

Item \ Year		Financial Analysis for the Past Five Years				
		2014	2015	2016	2017	2018
Financial structure (%)	Debt Ratio	39.21	44.94	37.84	47.05	43.12
	Ratio of long-term capital to fixed assets	284.45	398.66	240.35	163.41	157.33
Solvency (%)	Current ratio	119.09	121.57	136.4	129.33	114.79
	Quick ratio	95.21	108.10	118.91	107.55	86.63
	Interest earned ratio (times)	3.86	16.25	17.26	17.05	(0.03)
Operating performance	Accounts receivable turnover (times)	6.11	5.61	5.3	5.71	5.37
	Average collection period	59.73	65.06	68.86	63.92	67.97
	Inventory turnover (times)	11.60	11.36	15.47	14.36	9.97
	Accounts payable turnover (times)	3.96	3.41	91.93	4.49	4.16
	Average days in sales	31.46	32.13	23.59	25.41	36.60
	Fixed assets turnover (times)	4.40	4.46	4.01	2.3	1.42
	Total assets turnover (times)	1.05	0.82	0.86	0.85	0.64
Profitability	Return on total assets (%)	0.90	3.63	4.95	4.47	(0.60)
	Return on stockholders' equity (%)	1.21	5.97	8.05	7.32	(1.58)
	Pre-tax income to issued capital (%)	1.93	10.12	15.00	18.59	(1.16)
	Profit ratio (%)	0.66	4.17	5.44	4.88	(1.34)
	Earnings per share (NT\$)	0.19	1.01	1.43	1.37	(0.30)
Cash flow	Cash flow ratio (%)	23.25	19.88	32.77	42.79	6.73
	Cash flow adequacy ratio (%)	87.42	345.39	305.27	118.15	96.30
	Cash reinvestment ratio (%)	7.15	8.26	7.81	8.63	0.87
Leverage	Operating leverage	-	6.67	5.03	3.82	49.57
	Financial leverage	0.64	1.11	1.07	1.06	(8.70)
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						
A. Solvency: reduction in current assets led to decrease in current and quick ratio. The loss in 2018 contributed to the negative EBITDA.						
B. Operating performance: decrease in inventory turnover and increase in average days in sales were caused by growing stock. Sales in 2018 dropped resulting in decreasing debt ratio and ratio of long- term capital to fixed assets.						
C. Profitability: the deficit in 2018 generated negative figure in each ratio.						
D. Cash flow: the deficit in 2018 gave rise to the decrease in cash flow adequacy ratio.						
E. Leverage: the plummet in operating income resulted in increasing operating leverage.						

Note: Financial Ratio Formula

1. Financial Structure analysis

- (1) Debt ratio = $\text{Total Liabilities} / \text{Total Assets}$
- (2) Long-term funds to property, plant and equipment = $(\text{Total equity} + \text{Non-current liabilities}) / \text{Property, plant and equipment, net}$

2. Liquidity analysis

- (1) Current ratio = $\text{Current assets} / \text{Current liability}$
- (2) Quick ratio = $(\text{Current Assets} - \text{Inventories} - \text{Prepaid expenses}) / \text{Current liability}$
- (3) Times interest earned = $\text{Profit Before Credit for Income Tax} / \text{Current interest expense}$

3. Operating performance analysis

- (1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = $\text{Sales} / \text{Average trade receivables}$
- (2) Days to collect accounts receivable = $365 / \text{Average collection turnover}$
- (3) Average inventory turnover = $\text{Cost of goods sold} / \text{Average inventories}$
- (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation) = $\text{operating costs} / \text{Average trade payables}$
- (5) Average days to sell inventory = $365 / \text{Average inventory turnover}$
- (6) Property, plant and equipment turnover = $\text{Sales} / \text{Average property, plant and equipment, net}$
- (7) Total assets turnover = $\text{Sales} / \text{Average total assets}$

4. Return on investment analysis

- (1) Rate of return on assets = $[\text{Profit} + \text{Interest expense} \times (1 - \text{Tax rate})] / \text{Average assets}$
- (2) Rate of return on equity = $\text{Profit} / \text{Average total Equity}$
- (3) Profit to sales = $\text{Profit} / \text{Sales}$
- (4) Earnings per share = $(\text{Equity attributable to owners of parent} - \text{Dividend-preferred stock}) / \text{Weighted average outstanding shares}$

5. Cash flow

- (1) Cash flow ratio = $\text{Net cash provided by operating activities} / \text{Current liability}$
- (2) Cash flow adequacy ratio = $5\text{-year net cash provided by operating activities} / 5\text{-year} (\text{Capital expense} + \text{Increase in inventories} + \text{Cash dividend})$
- (3) Cash flow reinvestment ratio = $(\text{Net cash provided by operating activities} - \text{Cash dividend}) - (\text{Property, plant and equipment, net} + \text{Long-term investments} + \text{Other non-current assets} + \text{Operating Capital})$

6. Leverage

(1) Operating Leverage= (Net sales – Variable cost) / Operating income

(2) Financial leverage = Operating income / (Operating income – Interest expenses)

Note 1: The following factors are to be included for consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at yearend.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note 2: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, plant and equipment meant for the total Property, plant and equipment before deducting the accumulated depreciation.
6. Gross investment property means the total investment property before deduction of the accumulated depreciation.

Note 3: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Financial Statements, Business Report and proposal for deficit compensation. The Financial Statements have been audited by CPA, Chung-Yi Chiang and Jung-Lin Lee from KPMG. The 2018 Business Report, Financial Statements, and proposal for deficit compensation have been audited by us, the Audit Committee of the Company. We found no inconsistencies in these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

Giantplus Technology Corporation
Chairman of the Audit Committee: Jau-Shin Hon

On the date of March 21, 2019

6.4 Financial Statements for the most recent year

Please refer to pages 146 to 213.

6.5 A parent company only financial statement for the most recent fiscal year, certified by a CPA.

Please refer to pages 214 to 293.

If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

XI. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2017	2018	Difference	
			Amount	%
Current Assets	6,992,549	5,451,750	(1,540,799)	(22)
Funds and Investments	-	-	-	-
Fixed Assets	8,225,237	7,627,805	(597,432)	(7)
Intangible Assets	27,813	19,952	(7,861)	(28)
Other Assets	194,199	255,085	60,886	31
Total Assets	15,439,798	13,354,592	(2,085,206)	(14)
Current Liabilities	3,781,031	2,827,800	(953,231)	(25)
Long-term Liabilities	3,000,000	2,125,000	(875,000)	(29)
Other Liabilities	158,466	163,385	4,919	3
Total Liabilities	6,939,497	5,116,185	(1,823,312)	(26)
Capital stock	4,415,449	4,415,449	-	-
Capital surplus	2,618,982	2,618,982	-	-
Retained Earnings	1,608,323	1,435,004	(173,319)	(11)
Other Adjustments	(142,453)	(231,028)	(88,575)	62
Total Stockholders' Equity	8,500,301	8,238,407	(261,894)	(3)

Analysis of changes in financial ratios:

- A. Decrease in current assets: repaying loans which led to reduction in cash and cash equivalents.
- B. Decrease in fixed assets: the reasons included depreciation, amortization, and impairment loss in the amount of NT\$170 million.
- C. Decrease in total assets: mainly because of decrease in cash and cash equivalents, and fixed assets.
- D. Decrease in current liabilities: mainly because of decrease in accounts payable and other accounts payable.
- E. Decrease in long-term liabilities: The Company repaid the long-term loans.
- F. Decrease in total liabilities: mainly because loan repayment and accounts payable decline.
- G. Decrease in retained earnings: the loss in 2018 gave rise to the increase in net loss after tax.
- H. Decrease in other adjustments: mainly because of decline in cumulative translation adjustments on foreign long-term equity investment.

According to the abovementioned analysis, there is no major anomaly in the changes of the Company's assets, liabilities and shareholders' equity within the past two years.

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2017	2018	Difference	
			Amount	%
Net Sales	12,462,218	9,887,852	(2,574,366)	(21)
Cost of Sales	10,351,660	8,738,883	(1,612,777)	(16)
Gross Profit	2,110,558	1,148,969	(961,589)	(46)
Operating Expenses	1,155,051	1,147,910	(7,141)	(1)
Operating Income	955,507	1,059	(954,448)	(100)
Non-operating Income and Expenses	(132,893)	(39,135)	93,758	(71)
Income before Tax	822,614	(38,076)	(860,690)	(105)
Income Tax Expenses	216,825	94,502	(122,323)	(56)
Cumulative Effect of Change in Accounting Principles	-	-	-	-
Net Profit	605,789	(132,578)	(738,367)	(122)
Analysis of changes in financial ratios: A. Decrease in gross profit: the sales performance declined due to the economic recession. B. Decrease in operating income: apart from decline in sales performance, the Company recognized expected credit loss in the fourth quarter, leading to decrease in operating income. C. Decrease in income tax expense: mainly because of decrease in income before tax. D. Decrease in net profit: the factors were in economic recession, expected credit loss recognition, and impairment loss recognition.				

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2017	2018	Variance (%)
Cash Flow Ratio (%)	47.46	-	-
Cash Flow Adequacy Ratio (%)	126.60	81.64	(36)
Cash Reinvestment Ratio (%)	7.42	-	-
Analysis of financial ratio change:			
Decrease in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: mainly due to the cash outflow in operating activities in 2018.			

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
2,402,344	156,567	135,766	2,423,145	-	-
Remedy for estimated cash shortage and cash flow analysis: Not applicable.					

7.4 Major Capital Expenditure Items

The capital expenditure is mainly comprised of improvement for T2 manufacturing process, and annual maintenance.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy in Last Year

For the business that intends to increase capital or new investment, measure its investment benefits, and then increase capital or investment after reporting to the board of directors.

7.5.2 Main Causes for Profits or Losses and Improvement Plans

Investee	Main Causes for Profits or Losses	Improvement Plans
KGP	The operation continued to shrink in 2018. Low production, high fixed costs, and increasing expenses contributed to deficit in the year.	No improvement plan was executed because the investee was sold in 2019.
SGO	Although operating income declined, the investee still generated profit by cost control and yield rate improvement.	-
KGO	The capacity slightly decreased compared to the last year. However, given that the control in various costs, budget, and yield rate, the investee still gained profit during 2018.	-

7.5.3 Investment Plans for the Coming Year

There will be no new investment or capital increase plans in the coming year.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

Although the money market interest rate has risen slowly, it is still at a relatively low level, and the Company's borrowing rate has not changed much. However, if there is a large fluctuation in the interest rate trend and the Company continues to demand financing, the Company will not only use other capital market financing tools to raise funds, but also observe the interest rate trend and choose to borrow at a fixed rate or a floating rate to avoid the risk of interest rate fluctuations.

2. Foreign exchange rates

Since the Company's gain on export sales is mainly in US dollars, after deducting the US dollar demand for purchases, it presents the net foreign currency position of the US dollar. Therefore, the exchange rate changes will have a certain degree of influence on the profit of the Company; for the current foreign currency held by the Company, the Company will collect relevant information from time to time to take full control of the trend of exchange rate changes, and then consider the level of foreign currency assets and liabilities, examine the various exchange rate risks that the Company may face in the future to purchase forward foreign exchange contracts, or consider bank recommendations to determine the favorable time to make foreign currency exchanges, to control the risk of exchange rate fluctuations.

3. Inflation

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The Company did not engage in any high-risk or high-leveraged investments.
2. The Company had formulated "Management of Loans to Others." The borrower must be an entity in whom the Company must hold 50% or more of its share. having a business need for short-term financing and the accumulated amount of such loan shall not exceed 30% of the net worth of the Company. The Company made appropriate risk assessment and no loss occurred after the loans were extended.
3. The Company had formulated "Management of Endorsement and Guarantees." Entities for which the Company may make endorsement or guarantees are mainly related parties. The aggregate amounts of endorsements/guarantees provided by the Company for any single entity shall not exceed 20% of or more of the net worth of the Company. The Company made appropriate risk assessment and no loss occurred after loans were extended.
4. The Company had formulated "Policies and Procedures for Financial Derivatives Transactions" to mainly engaged in foreign currency assets or liabilities exchange rate hedging without engaging in speculative trading. All profits and losses will offset against the foreign exchange gains and losses on the foreign currency assets or liabilities Because of the hedging, no significant gains or loss will incur.

7.6.3 Future Research & Development Projects and Corresponding Budget

In the future, the Company will construct a small and medium-sized TFT display module platform to ensure the integrity and competitiveness of the Company's product line in small and medium-sized displays, and continue to promote the display technology platform. Expected developments are:

- A. Continuously devote into developing non-LCD TFT technology for X-ray detector which mainly applied to medical purpose
- B. Develop local dimming
- C. Develop 3D curve display and free forming technology to improve TP3D and BLU.
- D. NTSC86% mass production of wide color gamut product completed; develop NTSC 100% product
- E. Ultra low power consumption reflective panels with characteristics of energy-saving and wide viewing angle.
- F. Low power consumption micro-transmissive panels with characteristics of sunlight readable.
- G. Extension of service life by combining use of thin film solar cell and low power consumption outdoor products
- H. Develop hovering touch
- I. Improvement on automotive panels which have characteristics of high reliability, wide viewing angle, high contrast, high brightness, and fast response time.
- J. In-cell touch featured with light and thin characteristics.

The total budget for Research & Development expenditure is expected to reach NT\$261,752,000 in 2019.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

1. In order to reduce production costs, the Company has moved labor-intensive production lines to Mainland China. As there are still controls on import and export trade and foreign exchange in the Mainland China. Any changes in the policy of Mainland China there may have a negative impact on the Company's business activities in the Mainland China.
2. In recent years, global environmental awareness has increased and the impact of climate change has been severely affected. International environmental protection regulations, such as the Kyoto Protocol, the Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) announced by the European Union, Waste Electrical and Electronic Equipment (WEEE), REACH, carbon footprint reduction, etc., all take environmental protection as an important appeal, emphasizing that green environmental protection electronic product design and manufacturing is the future industrial development trend. The Company has invested considerable resources to actively promote environmental protection activities and continue to improve pollution reduction. It also requires suppliers to set up a green supply chain system to minimize the impact of this important international policy on the Company.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The demand for display products has changed from black and white to color panels, and this shift could create higher product prices and increase volume of business. Although the cost of product development and design has risen significantly, the Company proactively introduced the concept of design services to enhance the added value of products and to keep in line with the large quantity characteristics of mainstream market products to produce products of universal specifications.

As the larger size TFT production line was introduced along with the production of small and medium-sized panels, the cost competition pressure is growing. The Company has taken measures to start the research and development and production of high-margin, non-LCD technology and other products. As new products enter the market, they will be able to share the increased R&D expenses.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Not applicable.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

Not applicable.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

Not applicable.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The procurement of components, production and sales are arranged according to the order arrangement in order to meet customer demand, improve production efficiency and reduce costs. Some of the vendors or customers accounted for a higher proportion of the Company's business; however, the customers are relatively scattered, no significant risks are expected. In terms of sales, we actively explored our business and expanded our customer base. In terms of purchases, as the volume of business grew, the volume of purchases increased, and all major cases developed multiple supply chains to enhance material mastery and bargaining power. As the trend of industrial control and vehicle-mounted products tends to be medium-sized (seven inches to ten inches), the quality and technical requirements are relatively high. In addition to actively developing new supply chains, the logistics management center also strives to reduce production costs by integrating resources.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

Not applicable.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights

To amplify the capacity of the Group, TOPPAN PRINTING CO., LTD. integrates the organization's structure by consolidating ORTUS TECHNOLOGY CO., LTD. on April 1, 2019. The former is a surviving company, and the latter is a dissolved company. Giantplus Technology Co., Ltd. is the subsidiary of TOPPAN PRINTING CO., LTD. There is no new stock issuance, increasing capital, and additional payment during this consolidation.

7.6.12 Litigation or Non-litigation Matters

The Company has applied for the demand of overdue accounts receivable of Chunghwa Picture Tubes, Ltd. in Taoyuan District Court, with a professional lawyer engaged.

7.6.13 Other Major Risks

Not applicable.

7.7 Other Important Matters

Not applicable.

XII. Special Disclosure

8.1 Summary of Affiliated Companies

Unit: share, %

Company	Relationship	Shares and Pledge			Director, Supervisor or managers	
		Shares	%	Pledge	Title	Names
Ortus Technology Co., LTD.	Parent Company	234,481,757	53.10%	-	Director	Ortus Technology Co., LTD. JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA, TAKAYUKI TAMURA
Toppan Printing Co., Ltd.	Ultimate controller of the group	-	-	-	-	-

8.1.1 Transactions

A.

Toppan Printing Co., Ltd.:

Unit: NT\$ thousands, %

Transactions				Trading conditions		General trading conditions		Reason for difference	Accounts receivable and accounts payable		Overdue accounts receivable			Notes
Sale /purchase	Amount	%	Gross margin	Unit price	Credit period	Unit price	Credit period		Balance	%	Amount	Method	Allowance for bad debts	
Sale	-	-	-	-	-	-	-	-	4,681	0.28	-		-	-
Purchase	8,296	0.18	-	-	T/T 90	-	T/T 30~120	-	(41,587)	3.30	-	-	-	-

Ortus Technology Co., LTD.:

Unit: NT\$ thousands, %

Transactions				Trading conditions		General trading conditions		Reason for difference	Accounts receivable and accounts payable		Overdue accounts receivable			Notes
Sale /purchase	Amount	%	Gross margin	Unit price	Credit period	Unit price	Credit period		Balance	%	Amount	Method	Allowance for bad debts	
Sale	(5,986)	(0.06)	-	-	T/T 40	-	T/T in advance 90	-	1,008	0.06	-	-	-	-
Purchase			-	-	-	-	-	-	-		-	-	-	-

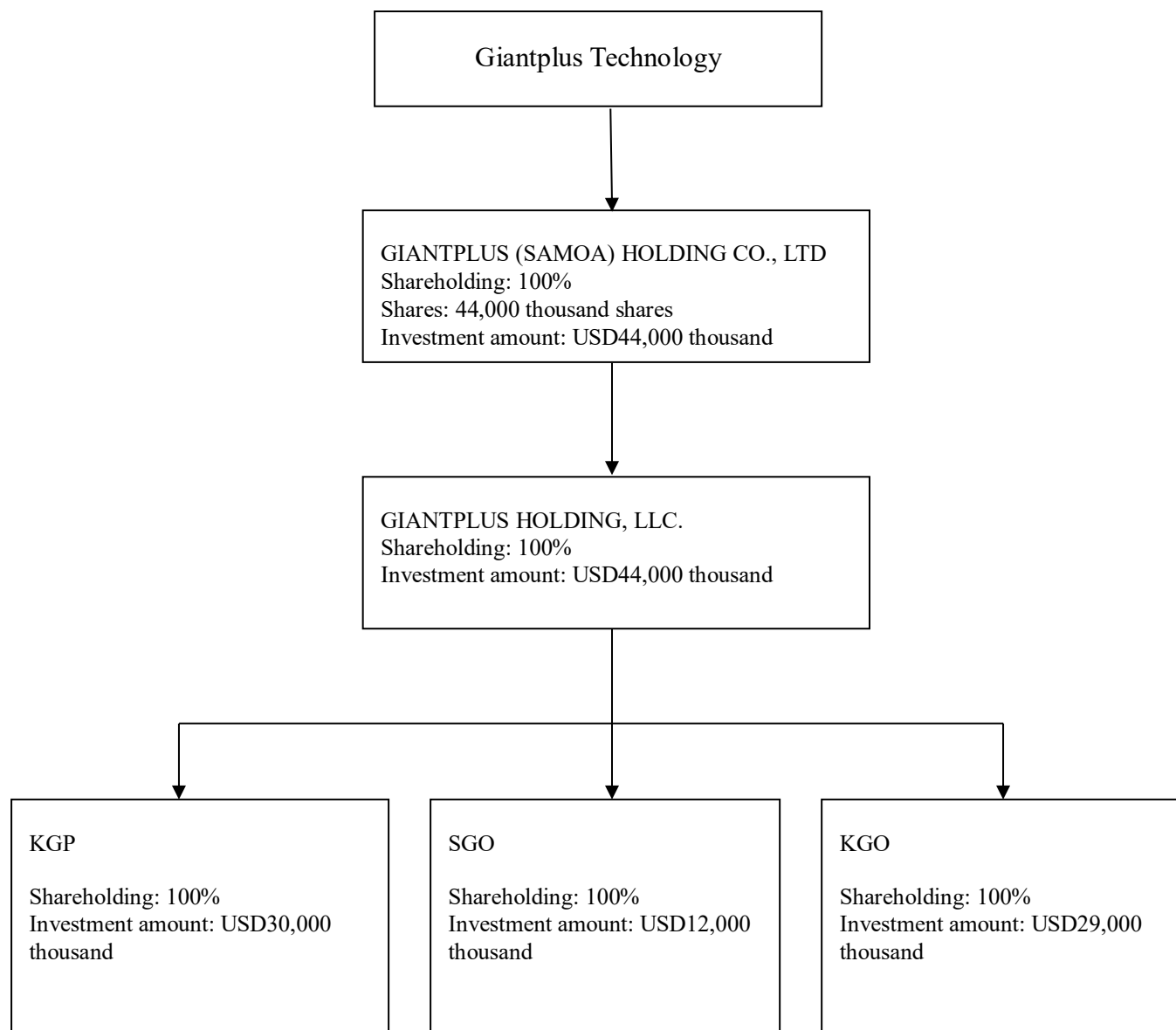
B. Property transaction: None

C. Capital Finance: None

D. Asset leasing: None

E. Other important transaction: None

8.1.2 Summary of Affiliated Companies



3. Giantplus Subsidiaries

December 31, 2018

Company	Date of Incorporation	Address	Capital Stock	Business Activities
GIANTPLUS (SAMOA) HOLDING CO., LTD.	2000/02	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	NTD1,397,086 thousand	Investment
GIANTPLUS HOLDING L.L.C.	2000/02	3500 South Dupont Highway, Dover, DE 19901, U.S.A.	NTD1,397,086 thousand	Investment
KGP	2000/03	88 Huang-qing Rd., Kunshan Hi-tech Park, Kunshan, Jiangsu, China	USD30,000 thousand (NTD:USD=1: 30.715)	Assembly LCD module
SGO	2006/08	Building A, District A, Min zhu 99 Industrial City, Sha Jing Industrial Park, Bao An District Shen Zhen, China	USD12,000 thousand (NTD:USD=1: 30.715)	Assembly LCD module
KGO	2010/01	No. 89, YuanFeng Rd., Yushan Township, Kunshan City, JiangSu, China	USD29,000 thousand (NTD:USD=1: 30.715)	Assembly LCD module and sale touch panel

4. Presumed to be the same shareholder information for those with control and affiliation: None.

5. The overall relationship business

Company	Business Activities	Division
GIANTPLUS (SAMOA) HOLDING CO., LTD.	Investment	Not applicable
GIANTPLUS HOLDING L.L.C.	Investment	Not applicable
KGP	Assembly LCD module	The Company's China operations base
SGO	Assembly LCD module	The Company's China operations base
KGO	Assembly LCD module and sale touch panel	The Company's China operations base

6. Information on directors, supervisors and general managers

December.31, 2018

Company	Title	Name	Shareholding	
			Shares	% (Investment Holding)
GIANTPLUS (SAMOA) HOLDING CO., LTD.	Sole Director	Giantplus Technology Co., Ltd. JIN ENDO	USD44,000 thousand	100%
GIANTPLUS HOLDING L.L.C.	Operating Manager	GIANTPLUS(SAMOA) HOLDING CO., LTD. JIN ENDO	USD44,000 thousand	100%
KGP	Chairman Director Supervisor President	GIANTPLUS HOLDING L.L.C. Jia-Chiuan Pu Zhi-Jia Ma, Wen-Xian Bai Yi-Cheng Chen Zhi-Jia Ma	USD30,000 thousand	100%
SGO	Chairman Director President	GIANTPLUS HOLDING L.L.C. Jia-Chiuan Pu Wen-Xian Bai, Jin-Sog Zeng Jin-Sog Zeng	USD12,000 thousand	100%
KGO	Chairman Director Supervisor President	GIANTPLUS HOLDING L.L.C. Jia-Chiuan Pu Zhi-Jia Ma, Wen-Xian Bai Yi-Cheng Chen Zhi-Jia Ma	USD29,000 thousand	100%

7. Operational Highlights of Giantplus Subsidiaries

December 31, 2018, Unit: NT\$ thousands

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenue	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
GIANTPLUS (SAMOA) HOLDING CO., LTD.	1,397,086	3,163,445	5,346	3,158,099	-	(19,984)	(10,830)	Not Applicable
GIANTPLUS HOLDING L.L.C.	1,397,086	2,427,264	-	2,427,264	-	(32)	(29,462)	Not Applicable
KGP	921,450	996,659	9,804	986,855	51,812	(95,544)	(60,061)	Not Applicable
SGO	368,580	1,175,245	320,708	854,536	621,428	3,511	19,340	Not Applicable
KGO	890,735	1,603,503	1,037,341	566,162	1,015,653	39,959	10,336	Not Applicable

8.1.3 Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2018, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,
Giantplus Technology Co., Ltd.
Chairman JIN ENDO
On the date of March 21, 2019

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Special notes: None.

8.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None

XIII. situation materially affects shareholders' equity or the price of the company's securities

GIANTPLUS TECHNOLOGY CO., LTD.

Corporate Governance Best Practice Principles

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 1

To establish sound corporate governance systems, GIANTPLUS be followed by principles the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX) hereby jointly adopted, establishing an effective corporate governance framework and disclosing them through the Market Observation Post System (MOPS).

Article 2

When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, GIANTPLUS shall follow the following principles:

1. Establish an effective corporate governance framework.
2. Protect the rights and interests of shareholders.
3. Strengthen the powers of the board of directors.
4. Fulfill the function of supervisors.
5. Respect the rights and interests of stakeholders.
6. Enhance information transparency.

Article 3

GIANTPLUS shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.

If the company has elected independent directors, the adoption or amendment of its internal control system shall be submitted to the board of directors for approval by resolution unless an approval has been obtained from the competent authority; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting; however if the company has established an audit committee in accordance with the Securities and Exchange Act, the adoption or amendment to its internal control system shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution.

GIANTPLUS shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. GIANTPLUS are advised to establish channels and mechanisms of communication between their independent directors, audit committees or supervisors, and chief internal auditors. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. If the company has established an audit committee in accordance with the Securities and Exchange Act, the assessment of the effectiveness of the internal control system shall be subject to the consent of one-half or more of all audit committee members and submitted to the board of directors for approval.

The management of GIANTPLUS shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

To put the internal control system into effect, strengthen the professional abilities of the agent of the internal auditor and to further improve and maintain the quality and implementing result of the audit, GIANTPLUS shall have a deputy in place for the internal auditing personnel.

The qualification requirements on the internal auditor set out in Article 11, paragraph 6 of the Criteria Governing Establishment of Internal Control System by Public Reporting Companies and Articles 16, 17, and 18 of the same Criteria shall apply mutatis mutandis to the deputy as referred to in the preceding paragraph.

Article 3-1

GIANTPLUS may set up a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs and designate a senior officer to be in charge of supervision. Said officer shall be a qualified lawyer or accountant or have at least three years' management experience gained at a public company in handling legal affairs, financial affairs, stock affairs, etc.

It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling corporate registration and amendment registration
2. Handling corporate registration and amendment registration, and assist company in relevant laws of board and
3. Handling matters relating to board meetings and shareholders meetings according to laws, and assisting the company with compliance with laws and regulations governing such meetings
4. Furnishing information required for business execution by directors and supervisors, and updating them on developments of laws and regulations relating to the operation of the company in order to assist them with legal compliance.
5. Affairs relating to investor relations
6. Other matters set out in the articles of corporation or contracts

Chapter II Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance **Article 4**

The corporate governance system of a TWSE/TPEX listed company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

GIANTPLUS shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.

Article 5

GIANTPLUS shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. GIANTPLUS shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders meetings of GIANTPLUS shall comply with laws, regulations and articles of incorporation.

Article 6

The board of directors of GIANTPLUS shall properly arrange the agenda items and procedures for shareholders meetings. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

Article 7

GIANTPLUS shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. GIANTPLUS shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

GIANTPLUS that employs electronic voting at a shareholders meeting is advised to avoid raising extraordinary motions and amendments to original proposals, and is advised to adopt a candidate nomination system for the election of directors and supervisors.

GIANTPLUS are advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

If the company distributes souvenirs at its shareholders meeting, it shall not practice differential treatment or discrimination.

Article 8

GIANTPLUS in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or supervisors.

The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.

Article 9

The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, it is advisable for the members of the board of directors other than the chairperson of the shareholders meeting to promptly assist the attending shareholders at the shareholders meeting in electing a new chairperson of the shareholders meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10

GIANTPLUS shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, GIANTPLUS shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

Article 11

The shareholders shall be entitled to profit distributions by GIANTPLUS. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee or supervisors, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records and assets of the company.

The board of directors, audit committee or supervisors, and managers of GIANTPLUS shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

Article 12

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, GIANTPLUS listed company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When GIANTPLUS is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of GIANTPLUS handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13

In order to protect the interests of the shareholders, it is advisable that GIANTPLUS designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

GIANTPLUS shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, supervisors or managers in performing their duties.

Article 13-1

The board of directors of GIANTPLUS is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

Article 13-2

In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of GIANTPLUS together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

Article 14

GIANTPLUS shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15

Unless otherwise provided by the laws and regulations, a manager of GIANTPLUS may not serve as a manager of its affiliated enterprises.

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16

GIANTPLUS shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17

When GIANTPLUS and its affiliated enterprises enter into inter-company business transactions, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between GIANTPLUS and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18

A corporate shareholder having controlling power over GIANTPLUS shall comply with the following provisions:

It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable.

1. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
2. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.

3. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
4. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
5. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19

GIANTPLUS shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

GIANTPLUS shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

Chapter III Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20

The board of directors of GIANTPLUS shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of GIANTPLUS' board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

Basic requirements and values: Gender, age, nationality, and culture.

1. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Article 21

GIANTPLUS shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of GIANTPLUS.

When the director discharge for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors of GIANTPLUS shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22

GIANTPLUS is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors pursuant to the Company Act. It is advisable that the Company review in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to the director candidates recommended by shareholders or directors.

The Company is prohibited from adding at its own discretion in the requirement other evidentiary document of director qualifications. The result of the review in advance shall be forwarded to the shareholders for their reference in order to elect competent directors.

Before the board of directors provide the list of director candidate according to the Articles of Incorporation, they shall carefully assess the qualification requirements of the preceding paragraph and candidate's intention when they are elected.

Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of GIANTPLUS and those of its general manager.

It is inappropriate for the chairperson to also act as the general manager.

Section 2 Independent Director System

Article 24

GIANTPLUS shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than two in number and not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEx listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

GIANTPLUS, in accordance with Article 192-1 of the Company Act, adopt a candidate nomination system for election of the independent directors and expressly stipulate such system in the articles of incorporation; and the shareholders shall elect the directors from among the nominees listed in the director candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots pursuant to Article 198 of the Company Act.

If GIANTPLUS and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, GIANTPLUS shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, GIANTPLUS shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of GIANTPLUS, any foundation to which GIANTPLUS listed company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

If an independent director is discharged for any reason, resulting in a number of directors lower than that required under paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next shareholders meeting. In the event that all the independent directors have been discharged, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the vacancies arise.

Where GIANTPLUS has created the position of managing director, the managing directors shall include no less than one independent director, and no less than one-fifth of the managing director seats shall be held by independent directors.

When an independent director is discharged for any reason causing the number of directors to fall below the requirement specified in the first paragraph or prescribed in the Articles of Incorporation, the Company shall hold a by-election for directors at the following shareholders meeting. When all independent directors are discharged, the Company shall convene a special shareholders meeting within 60 days of the occurrence to elect directors.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.

Article 25

GIANTPLUS shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter bearing on the personal interest of a director or a supervisor.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsements, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

Article 26

GIANTPLUS shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

When GIANTPLUS, under its articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director, supervisor, and employee compensations, and the company shall provide in the articles of incorporation the method to be adopted for distributing earnings when reversal of the special reserve is added into the undistributed earnings.

Article 27

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of GIANTPLUS, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 28

GIANTPLUS shall establish either an audit committee or a supervisor.

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

For a company that has established an audit committee, the provisions regarding supervisors in the Securities and Exchange Act, the Company Act, other laws and regulations, and these Principles shall apply mutatis mutandis to the audit committee.

1. For GIANTPLUS that has established an audit committee, Article 25 herein does not apply to the following matters, which shall be subject to the consent of at least one half of all audit committee members and be submitted to the board of directors for a resolution:
Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsements, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring, discharge, or compensation of an attesting CPA.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual and semi-annual financial reports.

Any other material matter so required by the company or the competent authority.

The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 28-1

GIANTPLUS shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However, recommendations regarding remuneration for supervisors may be submitted for deliberation by the board of directors only when the board of directors is expressly authorized to handle supervisor remuneration by the company's articles of incorporation or by a resolution of the shareholders meeting:

1. Prescribing and periodically reviewing the policies, systems, standards, and structures for performance evaluation and remuneration for directors, supervisors and managerial officers.
2. Periodically evaluating and prescribing the remuneration of directors, supervisors, and managerial officers.

When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:

1. With respect to the performance assessments and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate.
3. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of compensation for the short-term performance of its directors and senior management and the time at which the variable part of remuneration is paid.

Article 28-2 (A whistleblowing system)

GIANTPLUS is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

Article 29

GIANTPLUS shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

GIANTPLUS shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 30

It is advisable that GIANTPLUS engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.

The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

Section 4

Rules for the Proceedings and Decision-Making Procedures of Board Meetings

Article 31

The board of directors of GIANTPLUS shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

GIANTPLUS shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32

Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 33

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of GIANTPLUS shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34

Staff personnel of GIANTPLUS attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of director meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

A company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35

GIANTPLUS shall submit the following matters to its board of directors for discussion:

Corporate business plans.

1. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
2. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
4. The offering, issuance, or private placement of any equity-type securities.
5. The performance assessment and the standard of remuneration of the managerial officers.
6. The structure and system of director's remuneration.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 36

GIANTPLUS shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

Section 5

Fiduciary Duty, Duty of Care and Responsibility of Directors

Article 37

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Any resolution of the board of directors that involves the company's business development or a major policy direction shall be carefully considered and may not affect the implementation or effectiveness of corporate governance.

To maintain right of company and director, independent director shall performance of his duties according to related laws and regulations and claims of the articles of incorporation

Article 38

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing paragraph.

Article 39

GIANTPLUS is advised to take out directors' liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

GIANTPLUS is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 40

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Chapter IV Respecting Stakeholders' Rights

Article 41

GIANTPLUS shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholder section on its website.

When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

Article 42

GIANTPLUS shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 43

GIANTPLUS shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

Article 44

In developing its normal business and maximizing the shareholders' interest, GIANTPLUS shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

Chapter V improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 45

Disclosure of information is a major responsibility of GIANTPLUS. GIANTPLUS shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEx rules.

GIANTPLUS shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 46

In order to enhance the accuracy and timeliness of the material information disclosed, GIANTPLUS shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

In order to implement the spokesperson system, GIANTPLUS shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 47

In order to keep shareholders and stakeholders fully informed, GIANTPLUS shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 48

GIANTPLUS shall hold an investor conference in compliance with the regulations of the TWSE and TPEx, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE or TPEx rules.

Section 2 Disclosure of Information on Corporate Governance

Article 49

GIANTPLUS shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE or TPEx rules (disclosure of supervisors' information is not required if the company has an audit committee):

1. Corporate governance framework and rules.
2. Ownership structure and the rights and interests of shareholders, including specific and explicit dividend policy).
3. Structure, professionalism and independence of the board of directors.
4. Responsibility of the board of directors and managerial officers.
5. Composition, duties and independence of the audit committee or supervisors.
6. Composition, duties and operation of the remuneration committee and other functional committees.
7. The remuneration paid to the directors, supervisors, general manager and vice general manager in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual directors and supervisors shall be disclosed.
8. The progress of training of directors and supervisors.
9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.
10. Details of the events subject to information disclosure required by law and regulations.
11. The enforcement of corporate governance, differences between the corporate governance principles implemented by the company and these Principles, and the reason for the differences.
12. Other information regarding corporate governance.

GIANTPLUS is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

Chapter VI Supplementary Provisions

Article 50

GIANTPLUS shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 51

The Principle and any amendments hereto are approved by the Audit Committee and shall be implemented after adoption by resolution of the board of directors and reported to the shareholders meeting

The Principles were enacted on December 25, 2014.

The Principles were first amended on March 27, 2017.

GIANTPLUS TECHNOLOGY CO., LTD.

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1

The Company promulgates corporate social responsibility principles in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies listed on the Taiwan Stock Exchange Corporation ("TWSE") and Gre Tai Securities Market ("GTSM") as reference to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development.

Article 2

The Principles apply to the entire operations of each such company and its business group.

The Company actively fulfill the corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4

To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance
2. Foster a sustainable environment
3. Preserve public welfare
4. Enhance disclosure of corporate social responsibility information

Article 5

The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors.

Chapter II Exercising Corporate Governance

Article 6

The directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, review the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to include the following matters in the Company's performance of its corporate social responsibility initiatives:

2. Identifying the Company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines
1. Making corporate social responsibility the guiding principle of the company's operations and development
2. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines
3. Enhancing the disclosure of corporate social responsibility information

Article 7

For the purpose of managing corporate social responsibility initiatives, the Company designates general affairs department to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans.

Article 8

The Company shall, based on respect for the rights and interests of stakeholders, understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Article 9

The Company shall follow the Corporate Governance Best Practice Principles and the Code of Ethical Conduct to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 10

The Company shall comply with relevant regulations in its operational activities and implement the following matters to create a level playing field:

1. Avoid engaging in violations of unfair competition
2. The actual implementation of tax obligations
3. Anti-bribery and greed, and establish an appropriate management system
4. Corporate donations are in line with internal operating procedures

Article 11

The Company shall hold business ethics education courses for the board and other employees on a periodic basis. The employee performance evaluation system be combined with business ethics, and that a clear and effective incentive and discipline system be established.

Chapter III Fostering a Sustainable Environment

Article 12

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 13

The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 14

The Company shall establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 15

The Company designates Department of Construction and Security to maintain relevant environment management systems and hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 16

The Company shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly
3. Improve recyclability and reusability of raw materials or products
4. Maximize the sustainability of renewable resources
5. Enhance the durability of products
6. Improve efficiency of products and services

Article 17

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company avoids polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 18

The Company shall monitor the impact of climate change on their operations and should establish company strategies for energy conservation to minimize the impact of their business operations on climate change.

Chapter IV Preserving Public Welfare

Article 19

The Company shall comply with relevant laws and regulations, fulfill its responsibility to protect human rights and comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination and respect to matters adversely impacting the rights and interests of the labor force.

The Company shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

Article 20

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 21

The Company shall provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company shall organize training on safety and health for their employees on a regular basis.

Article 22

The Company shall create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

Article 23

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23-1

The Company treats consumers or consumer in a fair and reasonable way, including the principle of contractual fairness and integrity, attention and loyalty obligations, truthful advertising, merchandise or service suitability, informing and disclosure, remuneration and performance equity, appeal protection, professionalism of business personnel to protect customer or consumer rights.

Article 24

The Company shall take responsibility for their products and services, and take marketing ethics seriously.

Article 25

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26

The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27

The Company shall assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Article 28

The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company are through commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhancing Disclosure of Corporate Social Responsibility Information

Article 29

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Article 30

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.

- 2.The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- 3.Goals and measures for realizing the corporate social responsibility initiatives established by the company, and performance in implementation.
- 4.Performance of corporate social responsibility
- 5.Other information relating to corporate social responsibility initiatives.

Article 31

The Company shall produce corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter VI Supplementary Provisions

Article 32

The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 33

The Principle and any amendments hereto are approved by Audit Committee and shall be implemented after adoption by resolution of the board of directors and reported to the shareholders meeting.

Article 34

The Principles are established on 25 December 2014 and first amended on 27 March 2017.

GIANTPLUS TECHNOLOGY CO., LTD.

Procedures for Ethical Management and Guidelines for Conduct

Article 1

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatory or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5

This Corporation shall designate the administrative management service as the solely responsible unit (hereinafter, "responsible unit") and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation and submit regular reports to the board of directors.

Article 6 (Prohibition of unreasonable gifts, hospitality or accepting improper benefits)

The Company absolutely prohibits the employees of the Company from requesting any gift, preferential or special treatment, including business or customs, directly or indirectly to suppliers, distributors or customers who have business dealings with the company or seek to trade with the company, including any compliments, discounts or other forms of hospitality. All employees of the Company are prohibited from accepting gifts or offers from any supplier, distributor or customer. However, souvenirs or promotional gifts with a value of no more than NT\$3,300 or the company's souvenir with custom-printed logo are not prohibited as required by local customs and customs. Other items or cash shall be rejected in a polite manner stating the Company policy. If it is not possible to reject it, the item must be handed over to the Human Resources Department for proper disposal. The employees of the Company shall not accept the prizes or gifts from any related suppliers during the Company's celebration and networking activities.

The employees of the Company are strictly forbidden to accept the hospitality provided by the supplier, dealer or customer during any journey except during business travel and when approved by the Company.

The employees of the Company shall not borrow money from the Company's supplier, dealer, customer, or engage in any leasing with or without consideration or engage in any borrowing.

Article 7 (Prohibition of illegal political contributions)

The employees of the Company directly or indirectly provide donations to political parties or organizations or individuals of political activities, which shall comply with the political contribution law and relevant internal operating procedures of the Company, and shall not be used for commercial interests or trading advantages.

Article 8 (Prohibition of improper charitable donations or sponsorships)

The employees of the Company shall comply with relevant laws and internal procedures when making charitable donations or sponsorships, and shall not engaged in any disguised form of bribery.

Article 9 (Prohibition of infringement of business secrets, trademarks, patents, copyrights and other intellectual property rights)

The employees of the Company shall abide by the relevant regulations of intellectual property, the procedures of internal operating and contractual provisions; shall not use, leak, dispose, damage or otherwise infringe intellectual property rights without the consent of the owner of intellectual property rights.

Article 10 (Prohibition of unfair competition)

The employees of the Company shall engage in business activities in accordance with relevant competition regulations, and may not rigid prices, manipulate bids, limit production and quotas, or share or segment markets by assigning customers, suppliers, operating areas or business types.

Article 11 (Prevent products or services from harming stakeholders)

The employees of the Company shall follow the relevant laws and international standards in the research and development, procurement, manufacturing, supply or sales of products and services to ensure the information transparency and security of products and services, and to develop and disclose their consumers or other stakeholder protection policies and implement them in operational activities to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other interested parties. In the event that it is true that the goods and services are harmful to the safety and health of consumers or other interested parties, in principle, the batch of products should be recycled or their services should be stopped.

Article 12

The directors of the Company shall be highly self-disciplined. When the directors themselves or their legal persons have a stake in the resolutions set out by the board of directors, which may be harmful to the interests of the company, they may express their opinions and answer questions but not participate in discussions and voting, and they shall recuse themselves from the discussions and voting and no other directors may be allowed to act as a proxy to exercise their voting rights. Directors should also be self-disciplined and do not support each other inappropriately.

When the employees of the Company find themselves, or the legal entity then present, in conflict of interest with the Company, when performing their business, or they may cause themselves, spouse, parents, children or their interested parties to obtain illegitimate interests, the related matters shall be reported to the direct supervisor and the Company's special unit, and the direct supervisor shall provide appropriate guidance.

The employees of the Company may not use resources of Company except for commercial activities of the Company, and may not affect work performance due to participation in other business activities.

Article 13 (Avoidance of conflict of interest)

The employees of the Company may not use their position or influence in the Company to obtain illegitimate benefits for themselves, their spouses, parents, children or anyone else.

Article 14

The Company shall set up a special unit dealing with trade secrets, responsible for formulating and implementing the management, preservation and confidentiality procedures of the Company's trade secrets, and shall regularly review the implementation results to ensure that its operating procedures are still effective.

Article 15

The employees of the Company shall strictly abide by the relevant operational rules of trade secrets of the Company, and shall not disclose trade secrets of the Company to others, and may not inquire or collect the business secrets of non-job-related companies.

Article 16

The employees of the Company shall abide by the Securities Exchange Act and shall not engage in insider trading using the undisclosed information they know, nor disclose it to others to prevent others from using the such information to engage in insider trading.

Article 17

Other institutions or personnel involved in the merger, division, acquisition and share transfer, important memorandum, strategic alliance, other business cooperation plan or important contract of the Company shall sign a confidentiality agreement with the Company and commit to not disclosing the trade secret of the Company or other material information n they are aware of to others and may not use the information without obtaining consent from the Company.

Article 18

The Company discloses its integrity management policies on internal regulations, annual reports, company websites or other publications, and declares at appropriate time in product announcements, corporate briefings to make its suppliers, customers or other business-related institutions and personnel can clearly understand its integrity management philosophy and norms.

Article 19

Before establishing a business relationship with others, the Company shall first assess the legality, integrity management policies of agents, suppliers, customers or other business contacts, and whether there have been records of dishonesty to ensure that its business operations are fair, transparent and does not require, offer or accept bribes.

When conducting the assessment of the preceding paragraph, the Company may adopt an appropriate procedure to examine the following matters to understand the status of business partner's integrity management:

1. The country, location, organization structure, operating policy and payment location of the company
2. Whether the company has a policy of integrity management and its implementation
3. Whether the location where the company operates in is a country with high risk of corruption
4. Whether the business the company engages in is a high-risk industry
5. The long-term operating status and goodwill of the company
6. Consult their business partners for their opinions on the company
7. Enquire whether the company was ever recorded acts of dishonesty, such as bribery or illegal political contributions.

Article 20

In the course of engaging in business conduct, the employees of the Company shall explain to the transaction counterparty the Company's integrity management policies and related regulations, and expressly refuse to provide, promise, demand or accept any form of improper benefits, including rebates and commissions, directly or indirectly, facilitating payments or providing or receiving undue benefits through other channels.

Article 21

The employees of the Company should avoid engaging in commercial transactions with agents, suppliers, customers or other business partners who operate in bad faith. If they find any business dealings or untrustworthy partners, they shall immediately terminate business relationship with them and list them as rejected business partners to implement integrity management policy of the Company.

Article 22

When the Company signs a contract with others, it shall fully understand the other party's integrity management status, and incorporate the integrity management into the contract terms. At least the following items shall be clearly stated in the contract:

1. Any party who learns that a person has violated the contractual terms of prohibition of commission, rebate or other benefits shall promptly inform the other party of the person's identity, the manner of the offer, promise, request or receipt, amount, or other benefits, and provide relevant evidence and cooperate with other parties for investigation.
2. In the event any party is involved in an act of dishonesty in a business activity, the other party may terminate the contract at any time unconditionally.
3. Setting clear and reasonable payment terms, including payment location, method, and relevant tax regulations to be complied with.

Article 23

When the Company discovers or receives reports of acts of dishonesty involving the employees of the Company, it shall promptly ascertain the relevant facts. If it is confirmed that there is a violation of relevant laws or the Company's integrity management policies and regulations, the person committing such act shall be immediately requested to discontinue such action. The Company will render appropriate disciplinary actions, and when necessary, claim damages to safeguard the Company's reputation and interests through legal proceedings.

Article 24

When the employees of the Company find a person commits act of dishonesty against the Company, if the act is illegal, the Company shall notify the judicial and prosecutorial organs of the relevant facts. If a government entity or officer is involved, the Company shall notify the government's integrity administration.

Article 25

The Company should incorporate integrity management into employee performance appraisal and human resources policies, and establish a clear and effective reward and punishment and appeal system.

In the event any employee of the Company commits material violation of integrity, such employee shall be dismissed according to relevant laws or regulations.

The Company shall disclose information such as the title and name of the person committing a violation, date of violation, violation fact and handling of the breach of integrity on the internal website.

Article 26

The Procedures and Guidelines and any amendments hereto are approved by the Audit Committee and shall be implemented after adoption by resolution of the board of directors and reported to the shareholders meeting.

Article 27

The Procedure is established on 24 December 2012, first amended on 27 March 2017 and second amended on 20 March 2015.

Giantplus Technology Co., Ltd.

Statement of internal control system

Date: February 21, 2019

According to the examination on internal control systems done by the Company itself in 2018, we hereby state as follows:

- I. The Company's board of directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: The effectiveness and efficiency of business operation (including earnings, operation performance, and the safeguard of company assets); The reliability of the financial and related reports; and the compliance of the relevant laws/regulations and company policies;
- II. Due to the innate limitations in designing a faultless internal control system, this system can only assure that the reasonableness of the above three objectives has been fairly achieved. In addition, the effectiveness of the internal control system may change over time due to the change of the business environment or situation. Since the Company's internal control system has included a self-examination capability, the Company will make immediate corrections when errors are detected.
- III. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
- IV. The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.
- V. The examination results indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2017 had effectively assured that the following objectives had been reasonably achieved during the assessing period: The degree of effectiveness and efficiency of business operation; The reliability of the financial and related reports; The compliance of the relevant laws/regulations and company policies
- VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171, and Article 174 set forth in the Taiwan's Securities and Exchange Act.

VII. The Company hereby declares that this statement had been approved by the Board of Directors on February 21, 2019. Among the 7 attending Directors, no one raised any objection to the contents of this statement.

Giantplus Technology Co., Ltd.

Chairman:

General Manager:



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Giantplus Technology Co., Ltd:

Opinion

We have audited the consolidated financial statements of Giantplus Technology Co., Ltd and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2018 and 2017, and 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 Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the year 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"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect 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 Group 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 for our opinion.

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. Revenue recognition

Please refer to Note 4(o) and Note 6(s) for the "Revenue" section of the consolidated financial statements.

Description of key audit matter:

Revenue of Giantplus is generated in accordance with the sellers and buyers' trading terms, and it is recognized when the obligation and the risk of loss are transferred from sellers to buyers. The revenue can be fluctuated during different season since the touch panel industry changes rapidly which will increase the risk of inappropriate revenue recognition timing, therefore, we identified revenue recognition as a key audit matter.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included understanding the internal control of revenue cycle and testing the effectiveness of related controls, selecting samples and verifying relevant documents to ensure the amount of revenue is accurate and the recognition timing is proper, understanding whether significant sales returns exist in subsequent period.

2. Inventory Valuation

Please refer to Note 4(h), 5(a) and 6(f) of the note to consolidated financial statement for the policies on measuring inventory, assumption used uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balance of impairment loss and obsolescence, respectively.

Description of key audit matter:

The techniques and products changes rapidly in display industry, the management should assess whether the inventory obsolescence or loss in valuation exists. Since the inventory is significant in value and the valuation loss depends on the management's judgment, we identified valuation of inventories as a key audit matter.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included testing the effectiveness of internal control of the obsolete and slow-moving inventory items. ; assessing the method and hypothesis of the loss in price and slow-moving inventories including testing the inventory slow-moving days, calculation of net realizable value and verifying the supporting documents to evaluate the accuracy of valuation.

Other Matter

Giantplus Technology Co., Ltd has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Group'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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit.

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Jung-Lin Lee.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2018</u>		<u>December 31, 2017</u>				<u>December 31, 2018</u>		<u>December 31, 2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 2,402,344	18	3,773,615	25	2100	Short-term borrowings (note 6(k)&(l))	\$ 400,000	3	350,000	3
1148	Current investments in debt instrument without active market (note 6(c))	-	-	29,760	-	2170	Accounts payable	1,219,095	9	1,831,369	12
1170	Notes and accounts receivable, net (note 6(d)&7)	1,663,323	12	2,031,110	13	2180	Accounts payable to related parties (note 7)	41,587	-	30,327	-
1200	Other receivables (note 6(e)&7)	138,657	1	69,761	-	2200	Other payables	881,441	7	1,273,710	8
1310	Inventories (note 6(f))	1,017,900	8	879,442	6	2220	Other payables to related parties (note 7)	19,882	-	25,507	-
1470	Other current assets (note 7)	<u>229,526</u>	<u>2</u>	<u>208,861</u>	<u>1</u>	2230	Current tax liabilities	39,619	-	177,398	1
	Total current assets	<u>5,451,750</u>	<u>41</u>	<u>6,992,549</u>	<u>45</u>	2322	Long-term borrowings, current portion (note 6(l))	141,667	1	-	-
Non-current assets:						2399	Other current liabilities (note 6(s)&7)	<u>84,509</u>	<u>1</u>	<u>92,720</u>	<u>1</u>
1600	Property, plant and equipment (note 6(i)&7&8)	7,627,805	57	8,225,237	54		Total current liabilities	<u>2,827,800</u>	<u>21</u>	<u>3,781,031</u>	<u>25</u>
1780	Intangible assets (note 6(j))	19,952	-	27,813	-	Non-Current liabilities:					
1840	Deferred tax assets (note 6(p))	31,011	-	24,934	-	2540	Long-term borrowings (note 6(l))	2,125,000	16	3,000,000	19
1985	Long-term prepaid rents	143,080	1	149,460	1	2550	Non-current provisions (note 6(n))	95,238	1	95,238	1
1900	Other non-current assets (note 8)	<u>80,994</u>	<u>1</u>	<u>19,805</u>	<u>-</u>	2640	Net defined benefit liability, non-current (note 6(o))	45,651	-	48,718	-
	Total non-current assets	<u>7,902,842</u>	<u>59</u>	<u>8,447,249</u>	<u>55</u>	2600	Other non-current liabilities	<u>22,496</u>	<u>-</u>	<u>14,510</u>	<u>-</u>
							Total non-current liabilities	<u>2,288,385</u>	<u>17</u>	<u>3,158,466</u>	<u>20</u>
							Total liabilities	<u>5,116,185</u>	<u>38</u>	<u>6,939,497</u>	<u>45</u>
						Equity attributable to owners of parent (note 6(q)):					
						3110	Ordinary share	4,415,449	33	4,415,449	28
						3200	Capital surplus	2,618,982	20	2,618,982	17
							Retained earnings:				
						3310	Legal reserve	177,220	1	116,641	1
						3320	Special reserve	142,453	1	92,945	1
						3350	Unappropriated retained earnings	1,115,331	8	1,398,737	9
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(184,992)	(1)	(142,453)	(1)
						3420	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	<u>(46,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>
							Total equity	<u>8,238,407</u>	<u>62</u>	<u>8,500,301</u>	<u>55</u>
Total assets		<u>\$ 13,354,592</u>	<u>100</u>	<u>15,439,798</u>	<u>100</u>	Total liabilities and equity		<u>\$ 13,354,592</u>	<u>100</u>	<u>15,439,798</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
Operating Revenues:				
4110 Sales revenue	\$ 10,012,255	101	12,590,384	101
4170 Less: Sales returns	36,474	-	49,709	-
4190 Sales discounts and allowances	87,929	1	78,457	1
Operating revenue, net (note 6(s)&(t))	9,887,852	100	12,462,218	100
Operating costs:				
5110 Cost of sales (note 6(f))	8,738,883	88	10,351,660	83
Gross profit from operations	1,148,969	12	2,110,558	17
6100 Selling expenses	393,455	4	430,824	3
6200 Administrative expenses	401,866	4	422,750	3
6300 Research and development expenses	275,742	3	301,477	3
6450 Expected credit loss (note 6(c))	76,847	1	-	-
Total operating expenses	1,147,910	12	1,155,051	9
Net operating income (loss)	1,059	-	955,507	8
7010 Other income	261,942	3	382,545	3
7020 Other gains and losses	(265,435)	(3)	(467,179)	(4)
7050 Finance costs	(35,642)	-	(48,259)	-
Total non-operating income and expenses	(39,135)	-	(132,893)	(1)
(Loss) profit from continuing operations before tax	(38,076)	-	822,614	7
7950 Less: Tax expense (note 6(p))	94,502	1	216,825	2
(Loss) profit for the year	(132,578)	(1)	605,789	5
Other comprehensive income:				
8310 Items that may not be reclassified subsequently to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	1,532	-	(6,184)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	1,532	-	(6,184)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation	(42,539)	-	(49,508)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	(42,539)	-	(49,508)	(1)
Other comprehensive income, net of tax	(41,007)	-	(55,692)	(1)
8500 Total comprehensive (loss) income	\$ (173,585)	(1)	550,097	4
Earnings per share (note 6(r))				
9750 Basic earnings per share(NT dollars)	\$ (0.30)		1.37	
9850 Diluted earnings per share(NT dollars)	\$ (0.30)		1.37	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest		
	Share capital			Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2017	\$ 4,415,449	2,618,982	53,415	-	1,043,612	(92,945)	-	8,038,513
Profit for the year	-	-	-	-	605,789	-	-	605,789
Other comprehensive income	-	-	-	-	(6,184)	(49,508)	-	(55,692)
Total comprehensive income	-	-	-	-	599,605	(49,508)	-	550,097
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	63,226	-	(63,226)	-	-	-
Special reserve appropriated	-	-	-	92,945	(92,945)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,309)	-	-	(88,309)
Balance at December 31, 2017	4,415,449	2,618,982	116,641	92,945	1,398,737	(142,453)	-	8,500,301
Effects of retrospective application	-	-	-	-	46,036	-	(46,036)	-
Equity at beginning of period after adjustments	4,415,449	2,618,982	116,641	92,945	1,444,773	(142,453)	(46,036)	8,500,301
Loss for the year	-	-	-	-	(132,578)	-	-	(132,578)
Other comprehensive income	-	-	-	-	1,532	(42,539)	-	(41,007)
Total comprehensive income	-	-	-	-	(131,046)	(42,539)	-	(173,585)
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	60,579	-	(60,579)	-	-	-
Special reserve appropriated	-	-	-	49,508	(49,508)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,309)	-	-	(88,309)
Balance at December 31, 2018	\$ 4,415,449	2,618,982	177,220	142,453	1,115,331	(184,992)	(46,036)	8,238,407

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (38,076)	822,614
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	871,652	899,791
Amortization expense	10,710	15,088
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	76,847	(1,080)
Interest expense	35,642	48,259
Interest income	(32,795)	(30,221)
Loss (gain) on disposal of property, plant and equipment	6,435	(34)
Impairment loss on non-financial assets	174,594	-
Total adjustments to reconcile profit	1,143,085	931,803
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	290,940	302,947
Other receivable	(69,050)	6,558
Inventories	(136,985)	(195,746)
Other current assets	(20,664)	(2,602)
Total changes in operating assets	64,241	111,157
Changes in operating liabilities:		
Accounts payable	(612,274)	243,434
Accounts payable to related parties	11,260	(155,450)
Other payable	(367,912)	43,703
Other payable to related parties	(5,625)	(7,948)
Other current liabilities	(8,212)	(58,547)
Net defined benefit liability	(1,536)	(1,496)
Total changes in operating liabilities	(984,299)	63,696
Total changes in operating assets and liabilities	(920,058)	174,853
Total adjustments	223,027	1,106,656
Cash inflow generated from operations	184,951	1,929,270
Interest received	32,949	31,351
Interest paid	(36,273)	(46,572)
Income taxes paid	(238,357)	(119,523)
Net cash flows (used in) from operating activities	(56,730)	1,794,526
Cash flows used in investing activities:		
Acquisition of financial assets at amortized cost	(118,833)	(29,760)
Proceeds from disposal of financial assets at amortized cost	148,300	40,740
Acquisition of property, plant and equipment	(355,799)	(3,955,044)
Proceeds from disposal of property, plant and equipment	280	225
Acquisition of intangible assets	(1,466)	(2,688)
Other non-current assets	(197,198)	17,589
Net cash flows used in investing activities	(524,716)	(3,928,938)
Cash flows (used in) from financing activities:		
Increase in short-term borrowings	50,000	350,000
Increase in long-term borrowings	-	3,460,000
Repayments of long-term borrowings	(733,333)	(1,627,035)
Other non-current liabilities	7,986	7,225
Cash dividends paid	(88,309)	(88,309)
Net cash flows (used in) from financing activities	(763,656)	2,101,881
Effect of exchange rate changes on cash and cash equivalents	(26,169)	(28,002)
Net decrease in cash and cash equivalents	(1,371,271)	(60,533)
Cash and cash equivalents at beginning of period	3,773,615	3,834,148
Cash and cash equivalents at end of period	\$ 2,402,344	3,773,615

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

GIANTPLUS TECHNOLOGY CO., LTD. (the “Company”) was incorporated on December 15, 1997, as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company’s registered office address is located at 15 Industrial Rd., Toufen, Miao-Li, Taiwan. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on December 27, 2006. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”).

Ortus Technology Co., Ltd (Ortus) has completed the public tender offer to the Company during the first quarter of 2017. Ortus got 53.10% of the Company’s shares from Chunghwa Picture Tubes, Ltd.(CPT). From the date of the acquisition, Ortus is the parent company and Toppan is the ultimate controlling party.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 21, 2019.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per 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
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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

For the sale of products, 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. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Impacts on financial statements

Impact on the changing of accounting policy mentioned above is not material.

(ii) IFRS 9 “Financial Instruments”

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

As a result of the adoption of IFRS 9, the Group 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 Group’s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group 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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out 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 Group 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 a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with the ‘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).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points. 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 on 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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and equivalents	Loans and receivables	3,773,615	Amortized cost	3,773,615
Debt securities	Loans and receivables (Bond investment without an active market) (note 1)	29,760	Amortized cost	29,760
Equity instruments	Available-for-sale (note 2)	-	FVOCI	-
Trade and other receivables	Loans and receivables (note 1)	2,100,871	Amortized cost	2,100,871
Other financial assets (Guarantee deposits paid)	Loans and receivables(note 1)	12,323	Amortized cost	12,323

Note1: Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of \$0 thousand in the allowance for impairment was recognized in opening retained earnings upon transition to IFRS 9 on January 1, 2018.

Note2: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Accordingly, a decrease of \$46,036 thousand in the reserves, as well as the increase of \$46,036 thousand in retained earnings were recognized on January 1, 2018.

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.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Available for sale to FVOCI	\$ -	-	-		46,036	(46,036)
Total	\$ -	-	-	-	46,036	(46,036)

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Amendments to IAS 7 “Disclosure Initiative”

The amendments require 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.

To satisfy the new disclosure requirements, the Group present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(z).

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

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
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 for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 “Leases”

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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group 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 Group 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 as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group 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 Group 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.

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 Group chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its staff dormitories, vehicles, and factory facilities. The Group estimated that the right-of-use assets and the lease liabilities to increase by \$86,196 thousand and \$86,196 thousand, respectively, as well as the retained earnings to decrease by \$0 thousand on January 1, 2019. No significant impact is expected for the Group's finance leases. Besides, the Group 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.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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 Group assessed that the above IFRSs may not be relevant to the Group.

(4) Summary of significant accounting policies:

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 consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These 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 and issued into effect by the Financial Supervisory Commission, R.O.C..

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income (Available-for-sale financial assets)are measured at fair value;
- 3) The net defined benefit liabilities (or assets) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit assets as disclosed in Note 4(o).

(ii) Functional and presentation currency

The functional currency of each Group 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. 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. The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the 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.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

Upon the loss of control, the Group derecognizes the carrying amounts of the assets and liabilities of the subsidiary and non-controlling interests. Any interest retained in the former subsidiary is measured at fair value when control is lost. The gain or loss is measured as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained non-controlling investment in the former subsidiary at the date when the Company loses control; and (ii) the aggregate of the carrying amount of the former subsidiary's assets (including goodwill), liabilities and non-controlling interests at the date when the Group loses control. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Notes
			December 31, 2018	December 31, 2017	
The Company	Giantplus (Samoa) Holding Co., Ltd	General investing	100 %	100 %	
The Company	Syu Heng Investment Co., Ltd	General investing	- %	- %	Note 1
Giantplus (Samoa) Holding Co., Ltd	Giantplus Holding L.L.C.	General investing	100 %	100 %	
Giantplus Holding L.L.C.	Kunshan Giantplus Optoelectronics Technology Co., Ltd	The assembly of liquid crystal displays.	100 %	100 %	
Giantplus Holding L.L.C.	Shenzhen Giantplus Optoelec. Display Co., Ltd	The assembly of liquid crystal displays.	100 %	100 %	
Giantplus Holding L.L.C.	Kunshan Giantplus Optronics Display Tech Co. Ltd	The assembly of liquid crystal displays and the production and sale business of touch panel.	100 %	100 %	

Note 1: The Company has no power to govern the financial and operating policies of Syu Heng Investment Co., Ltd. starting from June 30, 2017, due to the loss of power to cast the majority of votes in the meeting of the Board Directors. The case has approved by the competent authority on July 7, 2017. As of December 31, 2017, it went into liquidation. And acquired memorandum letter from the court on January 24, 2018.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group 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 period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

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 the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be classified as other current and/or non-current financial assets.

(g) Financial instruments

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

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its 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 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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex dividend date.

3) Fair value through profit or loss (FVTPL)

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group 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 Group 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 Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

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

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on fair value through other comprehensive income”, in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial assets (policy applicable before January 1, 2018)

Financial assets are classified into the following categories: held to maturity financial assets, and loans and receivables.

1) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. 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, under non-operating income and expenses.

Dividend income is recognized in profit or loss on the date that the Group'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.

2) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short term receivables are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is 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 asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group 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 Group 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 losses are likely to be greater or less than the those suggested by historical trends.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, 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. 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 profit or loss; impairment losses and recoveries of other financial assets are recognized in non-operating income and expenses.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on available-for-sale financial assets” in profit or loss, and included in non-operating income and expenses.

The Group separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

2) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss 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 included in non-operating income and expenses.

3) Derecognition of financial liabilities

The Group 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 non-operating income and expenses.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group 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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the associate.

(j) 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 attributable to the acquisition of the asset.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

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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 depreciation method of that significant part 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 is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Subsequent cost

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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.

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:

1) Buildings	3 ~ 36 years
2) Machinery	2 ~ 12 years
3) Miscellaneous equipment	2 ~ 11 years
4) Lease improvement	10 ~ 20 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(k) Lease

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(ii) Lessee

Other leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Intangible assets

(i) Computer software

Computer software is measured at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value.

Except for goodwill, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows..

1) Computer software 1~ 10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(m) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets, and non-current assets held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash generating unit (CGU).

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

An assessment is made at the end of each reporting period as to 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 recoverable amount of that asset is estimated.

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; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to 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 recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group 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.

(i) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense is recognized when the land is contaminated.

(o) Revenue

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

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells the of liquid crystal displays along with module to ultimate producers. The Group 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, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

2) Financing components

The Group 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 group does not adjust any of the transaction prices for the time value of money.

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

1) Goods sold

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 a discount will be granted or there are prior agreements of discount before sales. Sales is recognized as total at first. An assessment of the sales discount is made on transaction date or balance sheet date, 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.

(iii) Contract costs (policy applicable from January 1, 2018)

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(p) 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 Group'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, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group'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. If the calculation results in a benefit to the Group, 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 calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group recognized the defined benefit plan in retained earnings.

The Group 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 and any change in the present value of the defined benefit obligation.

(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 Group 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.

(q) 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 are 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 are recognized except for the following:

- (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) arising from 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 are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 below scenarios:
 - 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 is recognized for the carry forward of 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 are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group'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.

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

The preparation of the consolidated financial statements in conformity with the Regulations and 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 following period.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Accounting policy involves significant judgment, and no material impact on recognized amounts for consolidated financial report.

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) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates 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 net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(f) for further description of the valuation of inventories.

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(i) for further description of the key assumptions used to determine the recoverable amount.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	\$ 276	369
Cash in banks		
Checking and savings accounts	1,874,661	1,214,845
Time deposits	<u>527,407</u>	<u>2,558,401</u>
	<u>\$ 2,402,344</u>	<u>3,773,615</u>

Please refer to Note 6 (w) for the risk of credit and rate of financial assets of the Group.

Cash and cash equivalents of the Group were not pledged as collateral.

(b) Available-for-sale financial assets

The Group holds the stocks of domestic non-listed (cabinet) stock-Chenfeng Optronics Corporation, after assessing its recoverable amount, it has recognized the accumulated impairment loss for \$46,036 thousand. Until December 31, 2017, the value of available-for-sale financial assets is zero dollars.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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The Group reclassified the available-for-sale financial assets to financial assets at fair value through other comprehensive income in accordance with IFRS 9 “Financial Instruments” on January 1, 2018. Until December 31, 2018, the value of available-for-sale financial assets is zero dollars. Please refer to Note 3(a).

(c) Bond investment without an active market

	December 31, 2017
Time deposits	\$ <u>29,760</u>

The bond investment without an active market was classified as financial assets measured by the amortized cost in accordance with IFRS 9 “Financial Instruments” on January 1, 2018. Until December 31, 2018, the value of bond investment without an active market is zero dollars.

Bond investment without an active market of the Group were not pledged as collateral.

Please refer to Note 6 (w) for the risk of credit and rate of financial assets of the Group.

(d) Note and trade receivables

	December 31, 2018	December 31, 2017
Trade receivables—measured as amortized cost	\$ 1,728,268	2,031,110
Trade receivables —fair value through profit or loss	11,902	-
Less: Loss allowance	<u>(76,847)</u>	<u>-</u>
Total	\$ <u>1,663,323</u>	<u>2,031,110</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision as of December 31, 2018 was determined as follows:

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,548,537	0.00%	-
1 to 30 days past due	16,398	0.00%	-
31 to 60 days past due	14,848	0.00%	-
61 to 90 days past due	5,122	0.00%	-
91 to 180 days past due	<u>7,537</u>	0.00%	<u>-</u>
	\$ <u>1,592,442</u>		<u>-</u>

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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In addition, the Group recognized the allowance for losses of \$76,847 thousands for accounts receivable that could not reasonably be expected to be recoverable on December 31, 2018.

As of December 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Overdue 1 to 30 days	\$ 7,429
Overdue 31 to 90 days	47,322
Overdue 91 to 180 days	<u>-</u>
	<u>\$ 54,751</u>

The movement in the allowance for notes and trade receivable was as follows:

	2018	2017	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017 per IAS 39	\$ -	1,080	-	-
Adjustment on initial application of IFRS 9	<u>-</u>			
Balance on January 1, 2018 per IFRS 9	-			
Impairment losses recognized	76,847	-	-	-
Impairment losses reversed	<u>-</u>	<u>(1,080)</u>	<u>-</u>	<u>-</u>
Balance on December 31, 2018 and 2017	<u>\$ 76,847</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note and trade receivables of the Group were not pledged as collateral.

As of December 31, 2018 and 2017, the Group sold its trade receivable without recourse as follows:

Unit: thousand dollars

	December 31, 2018				
Purchaser	Derecognition Amount	Factoring Line	Advanced Amount	Range of Interest Rat	Collateral
Financial institution	USD <u>2,338</u>	USD <u>5,000</u>	TWD <u>-</u>	-	None

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Other receivables

	December 31, 2018	December 31, 2017
Accounts receivable factoring	\$ 71,796	-
Tax refund	30,080	41,485
Others	<u>36,781</u>	<u>28,276</u>
	<u>\$ 138,657</u>	<u>69,761</u>

Other receivables of the Group were not past due and pledged as collateral.

(f) Net Inventories

	December 31, 2018	December 31, 2017
Raw materials and consumables	\$ 354,184	386,925
Work in progress	367,152	274,002
Finished goods	<u>296,564</u>	<u>218,515</u>
	<u>\$ 1,017,900</u>	<u>879,442</u>

In 2018, the Group recognized a provision on inventory market price decline of \$2,569 thousand, which was charged to cost of goods sold.

The factors that caused the net realizable value of inventories lower than the cost have disappeared in 2017, which resulted in the net realizable value has increased and the recognition of the inventory recovery benefit is \$46,054 thousand, which has been reported as the cost of goods sold.

Inventories of the Group were not past due and pledged as collateral.

(g) Investments accounted for using equity method

The proportion of D&Y Intelligent Co., Ltd entity held by the Group is 23.27%. Since the recoverable amount is expected to be lower than the book value, the impairment loss has been recognized in 2014. The book value of the investment is zero.

As of December 31, 2018 and 2017, investments accounted for using equity method of the Group were not past due and pledged as collateral.

(h) Loss control of subsidiaries

Syu Heng Investment Co., Ltd. completed the liquidation on December 31, 2017. The Company received the capital proceeds amounting to \$15,532 thousand.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(i) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Other facilities	Lease improvement	Construction in progress and testing equip	Total
Cost or deemed cost:							
Balance on January 1, 2018	\$ 4,133,511	4,520,551	9,925,373	696,476	220,490	73,528	19,569,929
Additions	-	30,491	23,034	104,497	1,492	172,233	331,747
Disposal	-	-	(123,379)	(8,462)	-	-	(131,841)
Transfer (out) in	-	17,607	107,423	5,791	785	9,436	141,042
Effect of movements in exchange rates	-	(18,068)	(108,194)	(4,683)	(3,877)	37,488	(97,334)
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>4,550,581</u>	<u>9,824,257</u>	<u>793,619</u>	<u>218,890</u>	<u>292,685</u>	<u>19,813,543</u>
Balance on January 1, 2017	\$ 419,956	4,369,009	9,813,682	620,323	223,881	170,402	15,617,253
Additions	3,713,555	161,781	101,983	82,161	1,776	154,702	4,215,958
Disposal	-	-	(17,752)	(14,678)	-	-	(32,430)
Transfer (out) in	-	11,271	228,513	14,201	(626)	(253,985)	(626)
Effect of movements in exchange rates	-	(21,510)	(201,053)	(5,531)	(4,541)	2,409	(230,226)
Balance on December 31, 2017	<u>\$ 4,133,511</u>	<u>4,520,551</u>	<u>9,925,373</u>	<u>696,476</u>	<u>220,490</u>	<u>73,528</u>	<u>19,569,929</u>
Depreciation and impairments loss:							
Balance on January 1, 2018	\$ -	2,204,696	8,398,348	568,716	172,932	-	11,344,692
Depreciation	-	272,124	483,234	110,207	6,087	-	871,652
Impairment loss	-	-	174,594	-	-	-	174,594
Disposal	-	-	(116,727)	(8,399)	-	-	(125,126)
Transfer (out) in	-	-	23	(23)	-	-	-
Effect of movements in exchange rates	-	(9,170)	(63,383)	(4,399)	(3,122)	-	(80,074)
Balance on December 31, 2018	<u>\$ -</u>	<u>2,467,650</u>	<u>8,876,089</u>	<u>666,102</u>	<u>175,897</u>	<u>-</u>	<u>12,185,738</u>
Balance on January 1, 2017	\$ -	1,950,337	8,079,943	489,041	159,046	-	10,678,367
Depreciation	-	262,610	520,314	99,915	16,952	-	899,791
Disposal	-	-	(17,606)	(14,633)	-	-	(32,239)
Transfer (out) in	-	-	792	(792)	-	-	-
Effect of movements in exchange rates	-	(8,251)	(185,095)	(4,815)	(3,066)	-	(201,227)
Balance on December 31, 2017	<u>\$ -</u>	<u>2,204,696</u>	<u>8,398,348</u>	<u>568,716</u>	<u>172,932</u>	<u>-</u>	<u>11,344,692</u>
Carrying amounts:							
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>2,082,931</u>	<u>948,168</u>	<u>127,517</u>	<u>42,993</u>	<u>292,685</u>	<u>7,627,805</u>
Balance on January 1, 2017	<u>\$ 419,956</u>	<u>2,418,672</u>	<u>1,733,739</u>	<u>131,282</u>	<u>64,835</u>	<u>170,402</u>	<u>4,938,886</u>
Balance on December 31, 2017	<u>\$ 4,133,511</u>	<u>2,315,855</u>	<u>1,527,025</u>	<u>127,760</u>	<u>47,558</u>	<u>73,528</u>	<u>8,225,237</u>

Due to the economic downturn and growing competition within the industry. The Group expects that the future cash inflow of some machinery will decline, which results in that its recoverable amount is less than the carrying amount. Therefore, the Group recognized the impairment loss of \$174,594 thousand in 2018, which was recognized in non-operating income and expense .

The estimate of value in use was determined using a pre-tax discount rate of 9.40% percent in 2018.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2018 and 2017, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(j) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2018 and 2017, were as follows:

	<u>Computer software</u>
Costs :	
Balance at January 1, 2018	\$ 135,128
Acquired separately	1,466
Effect of movement in exchange rates	<u>(441)</u>
Balance at December 31, 2018	<u>\$ 136,153</u>
Balance at January 1, 2017	\$ 132,782
Acquired separately	2,232
Reclassified	626
Effect of movement in exchange rates	<u>(512)</u>
Balance at December 31, 2017	<u>\$ 135,128</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2018	\$ 107,315
Amortization for the year	9,305
Effect of movement in exchange rates	<u>(419)</u>
Balance at December 31, 2018	<u>\$ 116,201</u>
Balance at January 1, 2017	\$ 97,970
Amortization for the year	10,225
Effect of movement in exchange rates	<u>(880)</u>
Balance at December 31, 2017	<u>\$ 107,315</u>
Carrying value:	
Balance at December 31, 2018	<u>\$ 19,952</u>
Balance at January 1, 2017	<u>\$ 34,812</u>
Balance at December 31, 2017	<u>\$ 27,813</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Amortization

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income in 2018 and 2017:

	2018	2017
Operating Costs	\$ <u>719</u>	<u>802</u>
Operating expenses	\$ <u>8,586</u>	<u>9,423</u>

(k) Short-term borrowings

	December 31, 2018	December 31, 2017
Secured bank loans	\$ 150,000	-
Unsecured bank loans	250,000	350,000
Total	\$ <u>400,000</u>	<u>350,000</u>
Unused short-term credit lines	\$ <u>2,007,354</u>	<u>2,070,098</u>
Range of interest rates	<u>0.66%~1.25%</u>	<u>0.69%~0.92%</u>

Please refer to Note 6(v) for interest expense of the Group.

Please refer to Note 6(w) for the risk information of the liquidity risk of the Group.

For the collateral for short-term borrowings, please refer to note 8.

(l) Long-term borrowings

December 31, 2018				
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.30%	2027.4.10	\$ 2,266,667
Less: current portion				(141,667)
Total				\$ <u>2,125,000</u>
Unused long-term credit lines				\$ <u>100,000</u>

December 31, 2017				
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.40%	2037.4.10	\$ 3,000,000
Less: current portion				-
Total				\$ <u>3,000,000</u>
Unused long-term credit lines				\$ <u>-</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Loan repayable

The Group had a secured bank loan with a carrying amount of \$3,000,000 thousand in April, 2017. According to the terms of the agreement, this loan was repayable in tranches over the next 68 periods, once every three months.

According to the terms of the agreement, this loan is repayable from 2020 to 2037. The Group had paid the debt \$733,333 thousand in advance, due to capital operation and the high costs of loan. Modifying the terms of the agreement, this loan is repayable in tranches over the next 32 periods from July, 2019, once every three months.

Please refer to Note 6(v) for interest expense of the Group.

Please refer to Note 6(w) for the risk information of the liquidity risk of the Group.

(ii) Collateral for bank loan

For the collateral for long-term borrowings, please refer to note 8.

(m) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018	December 31, 2017
Less than one year	\$ 43,209	40,267
Between one and five years	54,029	87,378
	\$ 97,238	127,645

The Group leases a number of land, factory facilities and staff dormitories under operating leases. The leases typically run for a period of 1 to 4 years, without an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

During the year, an amount of \$42,843 thousand was recognized as an expense in profit or loss in respect of operating leases (2017: \$41,614 thousand)

The Group determined that the land and building elements of the warehouse leases are operating leases. The rent paid to the landlord is increased to market rent at regular intervals, and the Group does not participate in the residual value of the land and buildings. As a result, it was determined that substantially all the risks and rewards of the land and buildings are with the landlord.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Leases as lessor

The Group leases out its properties. The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	\$ 44,561	31,338
Between one and five years	100,219	94,808
More than five years	<u>145,455</u>	<u>167,207</u>
	<u>\$ 290,235</u>	<u>293,353</u>

Rental income from operating leases was \$33,624 thousand.(2017 \$46,748 thousand)

(n) Provisions

	December 31, 2018	December 31, 2017
Site restoration	<u>\$ 95,238</u>	<u>95,238</u>

A provision of \$95,238 thousand was made during 2017 in respect of the Group's obligation to restore the land.

Due to the nature of long-term liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently. The Group has been provided with a range of reasonably possible outcomes of the total cost. The rehabilitation is expected to occur in the future.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2018	December 31, 2017
Present value of the defined benefit obligations	\$ 114,193	114,406
Fair value of plan assets	<u>(68,542)</u>	<u>(65,688)</u>
Net defined benefit liabilities (assets)	<u>\$ 45,651</u>	<u>48,718</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

The 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 two-year time deposits with interest rates offered by local banks.

The Company Bank of Taiwan labor pension reserve account balance amounted to \$68,542 thousand 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 movement in present value of the defined benefit obligations for the Group were as follows:

	2018	2017
Defined benefit obligations at January 1	\$ 114,406	106,788
Current service costs and interest cost	1,607	1,774
Remeasurement on the net defined benefit liabilities (assets)		
— Experience adjustments arising on the actuarial gains or losses	(4,170)	516
— Actuarial loss (gain) arising from:		
- demographic assumptions	606	1,357
— Actuarial loss (gain) arising from changes in financial assumptions	3,814	3,971
Benefits paid	(2,070)	-
Defined benefit obligations at December 31	\$ 114,193	114,406

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	2018	2017
Fair value of plan assets at January 1	\$ (65,688)	(62,758)
Interest income	(835)	(959)
Remeasurement on the net defined benefit liabilities (assets)		
— Financial assumption	(1,782)	340
Contribution made	(2,307)	(2,311)
Benefits paid	2,070	-
Fair value of plan assets at December 31	\$ (68,542)	(65,688)

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2018	2017
Current service costs	\$ 178	173
Net interest of net liabilities for defined benefit obligations	594	642
	\$ 772	815
Cost of sales	\$ 374	394
Operating cost	398	421
	\$ 772	815

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

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2018 and 2017, was as follows:

	2018	2017
Accumulated amount at January 1	\$ 26,931	20,747
Recognized during the period	(1,532)	6,184
Accumulated amount at December 31	\$ 25,399	26,931

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2018	2017
Discount rate	1.00 %	1.25 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,307 thousand.

The weighted average lifetime of the defined benefits plans is 13 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased0.25%	Decreased0.25%
December 31, 2018:		
Discount rate	\$ (3,838)	4,010
Future salary increasing rate	3,921	(3,774)

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Influences of defined benefit obligations	
	Increased0.25%	Decreased0.25%
December 31, 2017:		
Discount rate	\$ (4,026)	4,213
Future salary increasing rate	4,130	(3,969)

(ii) Defined contribution plans

The Group 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 these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's subsidiaries in Mainland China make contributions at certain percentages of the basic salary of their employees according to the local government regulations. The insurance would be deposit to the labor pension personal account after paying to relevant government departments.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$97,597 thousand and \$95,768 thousand for the years ended December 31, 2018 and 2017, respectively.

(p) 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 corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018.

(i) Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	2018	2017
Current income tax expense:		
Current period	\$ 90,255	219,063
Adjustment for prior periods	10,324	2,022
	<u>100,579</u>	<u>221,085</u>
Deferred tax expense		
Origination and reversal of temporary differences	(6,077)	541
Recognition of previously unrecognized tax losses	-	(4,801)
	<u>(6,077)</u>	<u>(4,260)</u>
Income tax expense from continuing operations	<u>\$ 94,502</u>	<u>216,825</u>

No Income tax expense (benefit) recognized directly in other comprehensive income.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of income tax and profit before tax for 2018 and 2017 is as follows.

	2018	2017
Profit excluding income tax	\$ (38,076)	822,614
Income tax using the Company's domestic tax rate	\$ (21,234)	159,343
Adjustment in tax rate	(4,400)	-
Tax-exempt losses	-	5
Non-deductible expenses	-	(3,998)
Change in unrecognized temporary differences	101,713	25,887
Recognition of previously unrecognized tax losses	(32,022)	(4,801)
Change in provision in prior periods	10,324	2,022
Undistributed earnings additional tax	40,121	38,367
Income tax expense	\$ 94,502	216,825

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2018 and 2017. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2018	December 31, 2017
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 2,006,728	2,006,728
Unrecognized deferred tax liabilities	\$ 401,346	341,144

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2018	December 31, 2017
Tax effect of deductible Temporary Differences	\$ 134,888	68,870
The carryforward of unused tax losses	107,752	102,501
	\$ 242,640	171,371

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2013	\$ 56,882	2018
2014	93,706	2019
2015	61,409	2020
2016	42,871	2021
2017	116,999	2022
2018	59,139	2023

3) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2018 and 2017 were as follows:

	<u>Unrealized Gain (Loss) of Inventories</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:			
Balance at January 1, 2018	\$ 22,450	2,484	24,934
Recognized in profit or loss	7,277	(1,200)	6,077
Balance at December 31, 2018	<u>\$ 29,727</u>	<u>1,284</u>	<u>31,011</u>
Balance at January 1, 2017	\$ 25,797	(322)	25,475
Recognized in profit or loss	(3,347)	2,806	(541)
Balance at December 31, 2017	<u>\$ 22,450</u>	<u>2,484</u>	<u>24,934</u>

(iii) Assessment of tax

The Company's tax returns for the years through 2016 were examined and approved by the Taipei National Tax Administration.

(q) Capital and other equity

(i) Normal ordinary shares

As of December 31, 2018 and 2017, the total value of nominal ordinary shares amounted to \$6,500,000 thousand. The face value of each share is \$10. In total, there were both 441,545 in thousands of ordinary shares issued. All issued shares were paid up upon issuance.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(ii) Capital surplus

	December 31, 2018	December 31, 2017
Share capital	\$ 2,308,555	2,308,555
From conversion of convertible bonds	286,921	286,921
Lapsed employee share options	17,253	17,253
Stock options — fair value differences of associates and joint ventures under equity method	5,832	5,832
Treasury share transactions	421	421
	<u>\$ 2,618,982</u>	<u>2,618,982</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In order to bring about stability in the payment of dividends, the Board of Directors distributes dividends depending on the level of earnings and the funding needs. The cash dividends shall not be less than 10% of total dividends. If no earnings to be distributed, earnings are far less than the amount distributed in the previous year, or the Company considers its finance, business and operating factors, all surplus can be distributed, or be distributed under law or regulations of the authority.

1) Legal reserve

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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2) Special 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 special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and 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) Earnings distribution

Earnings distribution for 2017 and 2016 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2018 and June 14, 2017, respectively. The relevant dividend distributions to shareholders were as follows:

	2017		2016	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.20	<u>88,309</u>	0.20	<u>88,309</u>

(iv) Other equity

	Exchange difference on translation of foreign financial statements
Balance at January 1, 2018	\$ (142,453)
Exchange differences on foreign operations	<u>(42,539)</u>
Balance at December 31, 2018	<u>\$ (184,992)</u>
Balance at January 1, 2017	\$ (92,945)
Exchange differences on foreign operations	<u>(49,508)</u>
Balance at December 31, 2017	<u>\$ (142,453)</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 1) Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income

	2018
Balance at January 1, 2018 (IAS39)	\$ -
Effects of retrospective application	(46,036)
Balance at January 1, 2018 (IFRS39)	(46,036)
Net change in fair value	-
Earnings per share	<u><u>\$ (46,036)</u></u>

- (r) Earnings per share

The details of basic and diluted earnings per share for the year ended December 31, 2018 was as follows:

	2018	2017
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ (132,578)</u></u>	<u><u>605,789</u></u>
Weighted average number of ordinary shares	441,545	441,545
Basic earnings per share (NT dollars)	<u><u>\$ (0.30)</u></u>	<u><u>1.37</u></u>
Diluted earnings per share		
Profit/(loss) attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ (132,578)</u></u>	<u><u>605,789</u></u>
Weighted average number of ordinary shares	441,545	441,545
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	-	1,473
Weighted average number of ordinary shares (diluted) at December 31	441,545	443,018
Diluted earnings per share (NT dollars)	<u><u>\$ (0.30)</u></u>	<u><u>1.37</u></u>

The following items have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

	2018	2017
Effect of employee stock compensation	<u><u>\$ 312</u></u>	<u><u>-</u></u>

Note: Assume that employee bonuses are allotted in stock.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Revenue from contracts with customers

(i) Details of revenue

	<u>2018</u>
Primary geographical markets:	
China	\$ 3,794,946
Taiwan	1,995,457
Japan	781,404
Other	<u>3,316,045</u>
	<u>\$ 9,887,852</u>
Major products:	
LCD panel and module	<u>\$ 9,887,852</u>

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

(ii) Contract balances

	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Notes and accounts receivable	\$ 1,740,170	2,031,110
Less: allowance for impairment	<u>(76,847)</u>	<u>-</u>
	<u>\$ 1,663,323</u>	<u>2,031,110</u>
Contract liabilities	<u>\$ 63,381</u>	<u>83,250</u>

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

The amount of revenue recognized for the year ended December 31, 2018 that was included in the contract liability balance at the beginning of the period was \$83,250 thousand.

(t) Revenue

The details of revenue for the year ended December 31, 2017 was as follows:

	<u>2017</u>
Sale of goods	<u>\$ 12,462,218</u>

Details of Revenue for 2018; please refer to note 6(s).

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(u) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 1.5% 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. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company incurred losses before tax for the year ended December 31, 2018, therefore, there were no remunerations allocated to employees, directors and supervisors. For the year ended December 31, 2017, the Company estimated its employee remuneration amounting to \$25,791 thousand, and directors' and supervisors' remuneration amounting to \$12,895 thousand, respectively. Articles of incorporation of the estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remunerations to employees, directors and supervisors of each period, multiplied by the percentage of remunerations to employees, directors and supervisors. These remunerations were expensed under operating costs or operating expenses during 2018 and 2017.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017.

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	2018	2017
Interest income	\$ 32,795	30,221
Rent income	33,624	46,748
Gains on doubtful debt recoveries	-	1,080
Other income, others	195,523	304,496
	\$ 261,942	382,545

(ii) Other gains and losses

The details of other gains and losses were as follows:

	2018	2017
Gains (Losses) on disposals of property, plant and equipment	\$ (6,435)	34
Foreign exchange gains (losses)	61,445	(276,451)
Impairment loss on non-financial assets	(174,594)	-
Others	(145,851)	(190,762)
	\$ (265,435)	(467,179)

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

The details of finance costs were as follows:

	<u>2018</u>	<u>2017</u>
Interest expense	\$ 35,642	47,973
Other finance costs	<u>-</u>	<u>286</u>
	<u><u>\$ 35,642</u></u>	<u><u>48,259</u></u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk

2) Concentration of credit risk

The Group's major customers are engaged in producing various panels. In order to reduce the credit risk of accounts receivable, the Group continues evaluating the financial status of customers, assessing the possibility of receivables recovery, and providing allowance for bad debts regularly. The impairment is always within the management's expectations. The Group's receivables accounted for 42% and 53% of the total receivables, respectively, on December 31, 2018 and December 31, 2017. The concentration of credit risk of other receivables is relatively insignificant.

3) Receivables

For credit risk exposure of note and trade receivables, please refer to note 6(d).

Other financial assets at amortized cost includes other receivables and time deposits (previously classified as held-to-maturity investments and bond investment without an active market on December 31, 2017). For the details of investments on December 31, 2018, please refer to note 6(c) and (e).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2018							
Non derivative financial liabilities							
Secured loans	\$ 2,416,667	2,548,510	165,204	155,863	308,963	904,790	1,013,690
Unsecured loans	250,000	250,366	250,366	-	-	-	-
Accounts payable	1,219,095	1,219,095	1,219,095	-	-	-	-
Accounts payable-related party	41,587	41,587	41,587	-	-	-	-
Other payable	881,441	881,441	881,441	-	-	-	-
Other payable-related party	19,882	19,882	19,882	-	-	-	-
	<u>\$ 4,828,672</u>	<u>4,960,881</u>	<u>2,577,575</u>	<u>155,863</u>	<u>308,963</u>	<u>904,790</u>	<u>1,013,690</u>
December 31, 2017							
Non derivative financial liabilities							
Secured loans	\$ 3,000,000	3,460,250	21,000	21,000	42,000	559,199	2,817,051
Unsecured loans	350,000	350,383	350,383	-	-	-	-
Accounts payable	1,831,369	1,831,369	1,831,369	-	-	-	-
Accounts payable-related party	30,327	30,327	30,327	-	-	-	-
Other payable	1,273,710	1,273,710	1,273,710	-	-	-	-
Other payable-related party	25,507	25,507	25,507	-	-	-	-
	<u>\$ 6,510,913</u>	<u>6,971,546</u>	<u>3,532,296</u>	<u>21,000</u>	<u>42,000</u>	<u>559,199</u>	<u>2,817,051</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2018			December 31, 2017		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 140,237	30.715	4,307,379	196,393	29.760	5,844,656
JPY	427,759	0.278	119,003	1,045,319	0.264	275,964
CNY	22,029	4.475	98,587	53,643	4.555	244,344

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018			December 31, 2017			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	83,631	30.715	2,568,726	84,663	29.760	2,519,571
JPY		727,137	0.278	202,290	990,521	0.264	261,498

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets measured at amortized cost (available-for-sale financial assets); and trade and other payables that are denominated in foreign currency. The analysis is performed on the same basis for each year.

A weakening or strengthening of 1% of the NTD against the USD as of December 31, 2018 and 2017 would have increased or decreased the net profit (loss) by \$13,909 and \$27,598 thousand.

A weakening or strengthening of 1% of the NTD against the JPY as of December 31, 2018 would have increased or decreased the net profit (loss) by \$666 thousand and decreased or increased the net profit (loss) by \$120 thousand as of December 31, 2017.

A weakening or strengthening of 1% of the NTD against the CNY as of December 31, 2018 and 2017 would have decreased or increased the net profit (loss) by \$789 thousand and \$2,028 thousand.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2018 and 2017, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$61,445 thousand and \$(276,451) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased / decreased by 10 basis points, the Group's net profit (loss) would have increased / decreased by \$434 thousand and \$1,345 thousand for the year ended December 31, 2018 and 2017, respectively with all other variable factors remaining constant. This is mainly due to the variable rates on the Group's borrowings and bank deposits.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

		December 31, 2018				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 2,402,344					
Notes and trade receivable	1,663,323					
Other receivables	138,658					
Guarantee deposits paid	6,827					
Total	<u>\$ 4,211,152</u>					
Financial liabilities measured at amortized cost						
Bank loan	\$ 2,666,667					
Accounts payable	1,219,095					
Accounts payable-related party	41,587					
Other payables	881,441					
Other payables-related party	19,882					
Guarantee deposits received	19,645					
Total	<u>\$ 4,848,317</u>					
		December 31, 2017				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 3,773,615					
Investments in debt instrument without active market	29,760					
Notes and trade receivable	2,031,110					
Other receivables	69,761					
Guarantee deposits paid	12,323					
Total	<u>\$ 5,916,569</u>					
Financial liabilities measured at amortized cost						
Bank loan	\$ 3,350,000					
Accounts payable	1,831,369					
Accounts payable-related party	30,327					
Other payables	1,273,710					
Other payables-related party	25,507					
Guarantee deposits received	14,510					
Total	<u>\$ 6,525,423</u>					

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost (debt investment that has no active markets)

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument..

4) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2018 and no transfers in either direction in 2017.

(x) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents financial instruments and receivables from customers.

1) Trade and other receivable

Each business unit manages customer credit risk by following the policies, procedures and controls of the customer's credit risk of the Group. The credit risk assessment of all customers is based on factors such as the financial status of the customer, the evaluation of the credit rating agency, past historical trading experience, current economic environment and internal company evaluation criteria. The Group also uses certain credit enhancement tools (such as advance sales receipts) at appropriate times to reduce the credit risk of specific customers.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2018, no other guarantees were outstanding (2017: none).

(iv) Liquidity risk

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

The Group's unused credit line please refer to note 6(k) and (l).

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, expenditures and net investment in a foreign operation that are denominated in a currency other than the respective functional currencies of the Group.

Part of the Group's receivables and payables are the same currency. Meanwhile, a considerable portion will have a natural hedging effect. For some foreign currency payments, forward exchange agreements are used to manage currency risk based on the aforementioned natural hedging. Thus the Group does not comply hedge accounting. Otherwise, the net investment in a foreign operation is considered strategic investment, so the Group has not hedged against this.

2) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flows due to changes in market interest rates. The interest rate risk of the Group is mainly derived from floating rate investments classified as loans and receivables and floating rate borrowings.

3) Other market price risk

The Group holds unlisted equity securities. The price of such equity securities is affected by the uncertainty of the future value of these investment targets. The unlisted equity securities held by the Group are all available for sale. The Group manages the market price risk of equity securities by diversifying investments and setting limits on single and overall equity securities investments. The portfolio information of equity securities is required to be regularly provided to the senior management of the Group, and the board of directors must review and approve all equity securities investment.

(y) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's debt-to-equity ratio at the end of the reporting period, is as follows:

	December 31, 2018	December 31, 2017
Total liabilities	\$ 5,116,185	6,939,497
Less: cash and cash equivalents	<u>(2,402,344)</u>	<u>(3,773,615)</u>
Net debt	2,713,841	3,165,882
Total equity	<u>8,238,407</u>	<u>8,500,301</u>
Adjusted equity	<u>\$ 10,952,248</u>	<u>11,666,183</u>
Debt-to-equity ratio at 31 December	<u>24.78 %</u>	<u>27.14 %</u>

There were no significant changes on the Group's capital management for the year ended December 31, 2018.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2018 and 2017, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2018	Cash flows	Non-cash changes			December 31, 2018
			Acquisition	Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 3,000,000	(733,333)	-	-	-	2,266,667
Short-term borrowings	350,000	50,000	-	-	-	400,000
Total liabilities from financing activities	<u>\$ 3,350,000</u>	<u>(683,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,666,667</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Ortus Technology Co., Ltd. is the parent company of the Company, and Toppan Printing Co., Ltd. is the ultimate controlling party of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Toppan Printing Co., Ltd.(TOPPAN)	The ultimate controlling party
Tatung Co.(TATUNG)	Former ultimate controlling party (Note)
Ortus Technology Co., Ltd.(Ortus)	The parent company
Chunghwa Picture Tubes, Ltd.(CPT)	Former parent company (Note)
Toppan Chunghwa Electronics Co., Ltd.(TCE)	Other related party

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Tatung Co. of Japan Inc.	Other related party(Note)
Tatung System Technologies Inc.	Other related party(Note)
CPT TPV Optical (Fujian) Co., Ltd.	Other related party(Note)
CPTF Optronics CO.,LTD	Other related party(Note)

Note: Since March 30, 2017, CPT has lost control due to the sale of the Company's equity. Since that date, it has not been the parent company of the Company. TATUNG is not the ultimate controlling party. The related-party transactions only revealed the information before March 30, 2017.

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	<u>2018</u>	<u>2017</u>
Former parent company – CPT	\$ -	355,904
The parent company – Ortus	5,986	446
Other related party	-	254
	<u>\$ 5,986</u>	<u>356,604</u>

There were no significant differences between the terms and pricing of transactions with related parties and those carried out with other normal customers. The trading terms for both routine sales and related parties ranged from T/T in advanced to 3 months.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>2018</u>	<u>2017</u>
The ultimate controlling party – TOPPAN	\$ 8,296	31,507
Former parent company – CPT	-	159,848
	<u>\$ 8,296</u>	<u>191,355</u>

There were no significant differences between the terms and pricing of transactions with related parties and those carried out with other normal vendors. The payment terms for related parties' transaction ranged from 40 days to 3 months, while the terms for routine purchases ranged from T/T in advance to 4 months.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2018	December 31, 2017
Accounts receivable	The ultimate controlling— TOPPAN	\$ 4,681	1,741
Accounts receivable	The parent company—Ortus	1,008	313
Other receivables	Other related party—TCE	9,201	9,286
Other current assets	The ultimate controlling party —TOPPAN	14,059	10,091
Other current assets	Other related party	360	875
		\$ 29,309	22,306

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2018	December 31, 2017
Accounts payable	The ultimate controlling party —TOPPAN	\$ 41,587	30,327
Other payables	The ultimate controlling party —TOPPAN	16,644	23,541
Other payables	The parent company—Ortus	1,878	155
Other payables	Other related party	1,360	1,811
Other current liabilities	The parent company—Ortus	2,356	4,025
		\$ 63,825	59,859

(v) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	2018	2017
The ultimate controlling party—TOPPAN	\$ 20,521	-
The parent company—Ortus	-	35
Former parent company—CPT	-	9,734
Other related party	1,670	450
	\$ 22,191	10,219

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On November 25, 2016, the Group purchased both the land and building of a factory located in Bade from a related party CPT amounting to \$3,837,249 thousand. As of April 10, 2017, all arrears were paid.

(vi) Others

	Production overheads	
	2018	2017
The ultimate controlling party—TOPPAN	\$ 108,109	13,020
The parent company—Ortus	1,938	211
Former parent company—CPT (Note)	-	2,382
Other related party	-	1,585
	\$ 110,047	17,198

Note: The Group rented a factory facilities from related party-CPT. As of March 31, 2017, rental income was \$2,147 thousand. It was set by the mutual agreement, and was paid once a month.

	Operating expenses	
	2018	2017
Former parent company—CPT	\$ -	52
The parent company—Ortus	326	-
	\$ 326	52

	Other income	
	2018	2017
The parent company—Ortus	\$ 44,810	10,915
Former parent company—CPT	-	4,446
Other related party	6,092	4,014
	\$ 50,902	19,375

	Other expenses	
	2018	2017
The ultimate controlling party—TOPPAN	\$ 43,693	20,838
Former parent company—CPT	-	18,735
Other related party	3,485	725
	\$ 47,178	40,298

(d) Transactions with key management personnel

	2018	2017
Short-term employee benefits	\$ 50,369	54,223

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying value of pledged assets were as follows:

<u>Assets</u>	<u>Purpose of Pledge</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Property, plant and equipment	Bank loan credit lines	\$ 4,965,703	5,449,407
Guarantee deposits paid(classified under other non-current assets)	Guarantee for property and tooling leases	6,827	12,323
		<u><u>\$ 4,972,530</u></u>	<u><u>5,461,730</u></u>

(9) Commitments and contingencies:

(a) Unused standby letters of credit

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
JPY	\$ 12,780	79,759

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:

GP Board of Directors has adopted the disposal of the subsidiary (KGP) shares on December 13, 2018, executed by selling to a non-related party. The strike price of the transaction was determined on March 19, 2019, amounted to 419 million CNY or 1.928 billion NTD. The gain or loss on disposal will not be determined until the transfer day. The actual gain or loss on disposal will be determined after the further calculation among its net value and relative cost for disposal on the transaction day.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the year ended December 31					
	2018			2017		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item						
Employee benefits						
Salary	1,453,276	303,586	1,756,862	1,750,385	381,142	2,131,527
Labor and health insurance	106,662	29,103	135,765	109,966	28,452	138,418
Pension	77,527	20,842	98,369	77,620	18,963	96,583
Remuneration of directors	-	3,302	3,302	-	14,828	14,828
Others	77,882	29,929	107,811	88,222	31,355	119,577
Depreciation	753,460	118,192	871,652	793,909	105,882	899,791
Amortization	2,124	8,586	10,710	3,062	12,026	15,088

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Kunshan Giantplus Optoelectronics Technology Co., Ltd	Kunshan Giantplus Optoelectronics Technology Co., LTD	Other receivables	Yes	467,120	399,295	399,295	3.40%-4.33%	2	-	Operating Capital	-	None	-	888,169	888,169
2	Giantplus (Samoa) Holding Co., Ltd	Kunshan Giantplus Optoelectronics Technology Co., LTD	Other receivables	Yes	183,630	92,145	92,145	4.42%	2	-	Operating Capital	-	None	-	947,429	1,263,239
2	Giantplus (Samoa) Holding Co., Ltd	The Company	Other receivables	Yes	616,600	614,300	614,300	3.17%-3.47%	2	-	Operating Capital	-	None	-	947,429	1,263,239

Note 1: For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 30% of its net asset value. Kunshan Giantplus Optoelectronics Technology Co., Ltd's total fund financing amount for cannot exceed 90% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value. Kunshan Giantplus Optoelectronics Technology Co., Ltd's total fund financing amount for cannot exceed 90% of its net asset value.

Note 4: Highest balance of financing to other party during the period.

Note 5: If the public company submits fund financing based on each transaction for a resolution by the Board of Directors in accordance with Article 14(1) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the funds have not been allocated, the amount approved by the board shall be included in the ending balance of loans of funds in the announcement to reflect that the company take risks

However, if the loans of funds are repaid, the balance of the repayment shall be disclosed to reflect the adjustment of risk.

If the public company authorizes the chairman of the board to allocate the loans of funds within particular amounts (authorized limits) and repaid over several installments in a year according to the resolution of the board of directors in accordance with Article 14(1) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall still disclose the amount approved by the board of directors.

Although the funds will be repaid afterwards, in the consideration of the possibilities of re-loan, the company shall still disclose the amount approved by the board of directors.

Note 6: The amount is based on foreign currency, please refer the spot exchange rate on financial statement date.

(ii) Guarantees and endorsements for other parties:None

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	Chenfeng Optronics Corporation		FVOCI	2,141,452	-	4.65 %	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(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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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd.	Grandson company	Purchase	621,900	15 %	60 Days	-		(206,591)	(11)%	
The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	Grandson company	Purchase	995,915	24 %	60 Days	-		(522,858)	(28)%	
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent's holding company	Sale	(621,900)	(100)%	60 Days	-		206,591	100%	
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent's holding company	Sale	(995,915)	(98) %	60 Days	-		522,858	100%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent company's holding company	234,124	-	-		73,133	-
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent company's holding company	523,096	-	-		523,096	-
Kunshan Giantplus Optoelectronics Technology Co., Ltd	Kunshan Giantplus Optronics Display Tech Co., Ltd	Related company	163,751	-	-		2,604	-

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: Contain Other non-operating receivables.

- (ix) Trading in derivative instruments:None

- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd	1	Purchase	621,900	Open Account 60 Days	6.29%
0	The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd	1	Accounts Payable	206,591	Open Account 60 Days	1.55%
0	The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	1	Purchase	995,915	Open Account 60 Days	10.07%
0	The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	1	Accounts Payable	522,858	Open Account 60 Days	3.92%
0	Kunshan Giantplus Optronics Display Tech Co., Ltd	Kunshan Giantplus Optoelectronics Technology Co., Ltd	3	Payables on equipment	149,503	Agreed Term	1.12%

Note 1: The labeling method is as follows:

- 1.Parent company labeled 0.
- 2.Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

- 1.Parent company to subsidiary
- 2.Subsidiary to parent company
- 3.Subsidiary to subsidiary

Note 3: The Group did not disclose transactions for which the dollar amount did not reach \$100,000 thousand. The Group did not disclose transactions for which

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2018 (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of ownership	Carrying value				
The Company	Giantplus (Samoa) Holding Co., Ltd	Samoa	Investment activities	1,397,086	1,397,086	44,000,000	100.00 %	3,158,099	- %	(10,830)	(10,830)	Subsidiary
The Company	D&Y INTELLIGENT CO., LTD.	Taiwan	Research and development, design, production and sales of medical device products	35,106	35,106	2,606,250	23.27 %	-	- %	-	-	Related Company(note)
Giantplus (Samoa) Holding Co., Ltd	Giantplus Holding L.L.C.	U.S.A	Investment activities	1,397,086	1,397,086	-	100.00 %	2,427,264	- %	(29,462)	(29,462)	Subsidiary

Note: There are all expected credit loss required after the management's assessment.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Highest Percentage of ownership	Accumulated remittance of earnings in current period
					Outflow	Inflow								
Kunshan Giantplus Optoelectronics Technology Co., Ltd	The assembly of liquid crystal displays	921,450	(2)	921,450	-	-	921,450	(60,061)	100.00%	100.00%	(60,061)	986,855	-	-
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The assembly of liquid crystal displays	368,580	(2)	368,580	-	-	368,580	19,340	100.00%	100.00%	19,340	854,536	-	-
Kunshan Giantplus Optronics Display Tech Co., Ltd	The assembly of liquid crystal displays and the production and sale business of touch panel	890,735	(2)	890,735	-	-	890,735	10,336	100.00%	100.00%	10,336	566,162	-	-

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,180,765	2,180,765	4,943,044

Note 1: Investments in Mainland China are differentiated by the following five methods:

1. Direct investment in Mainland China
2. Direct investment in Mainland China with remittance through a third region
3. Other methods

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

1. If the corporation is in the set-up phase, no investment gain or loss recognition is required
2. Recognition basis of investment gains or losses is determined by the following three types:
 - (1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - (2) Financial statements of the investee company were audited and certified by the external accountant of the parent company
 - (3) Others-financial statement compiled by investee.

Note 3: The upper limit on investment was the greatest of 60% of the consolidated total net worth based on "Principle of investment or Technical Cooperation in Mainland China".

Note 4: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate at the year ended December 31, 2018.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 6: Kunshan Giantplus Optoelectronics Technology Co., Ltd is the indirect investees of Giantplus Holding L.L.C..

Note 7: Shenzhen Giantplus Optoelec. Display Co., Ltd. is the investees of Giantplus Holding L.L.C..

Note 8: Kunshan Giantplus Optronics Display Tech Co., Ltd. is the investees of Giantplus Holding L.L.C..

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group's chief decision makers believe that the Group has only a single segment, mainly engaged in research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”)

(a) Geographic information

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

<u>Geographic information</u>	<u>2018</u>	<u>2017</u>
Revenue from external customers:		
Asia	\$ 8,405,158	10,990,144
Europe	1,045,264	1,058,021
America	436,587	414,053
Oceania	843	-
Total	<u><u>\$ 9,887,852</u></u>	<u><u>12,462,218</u></u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2018</u>	<u>2017</u>
Non-current assets:		
Asia	<u><u>\$ 7,865,003</u></u>	<u><u>8,409,992</u></u>

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(b) Major customers

The details of major customers comprised more than 5% of sales revenue were as follows:

	<u>2018</u>	<u>2017</u>
Customer A	\$ 461,546	1,093,622
Customer B	<u>445,975</u>	<u>947,168</u>
Total	<u><u>\$ 907,521</u></u>	<u><u>2,040,790</u></u>



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Giantplus Technology Co., Ltd:

Opinion

We have audited the financial statements of Giantplus Technology Co., Ltd("the Company"), which comprise the statement of financial position as of December 31, 2018 and 2017, and the statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the year ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the 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.

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(n) and Note 6(r) for the "Revenue" section of the financial statements.

Description of key audit matter:

Revenue of Giantplus is generated in accordance with the sellers and buyers' trading terms, and it is recognized when the obligation and the risk of loss are transferred from sellers to buyers. The revenue can be fluctuated during different season since the touch panel industry changes rapidly which will increase the risk of inappropriate revenue recognition timing, therefore, we identified revenue recognition as a key audit matter.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included understanding the internal control of revenue cycle and testing the effectiveness of related controls, selecting samples and verifying relevant documents to ensure the amount of revenue is accurate and the recognition timing is proper, understanding whether significant sales returns exist in subsequent period.

2. Inventory Valuation

Please refer to Note 4(g), 5(a) and 6(e) of the note to financial statement for the policies on measuring inventory, assumption used uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balance of impairment loss and obsolescence, respectively.

Description of key audit matter:

The techniques and products changes rapidly in display industry, the management should assess whether the inventory obsolescence or loss in valuation exists. Since the inventory is significant in value and the valuation loss depends on the management's judgment, we identified valuation of inventories as a key audit matter.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included testing the effectiveness of internal control of the obsolete and slow-moving inventory items. ; assessing the method and hypothesis of the loss in price and slow-moving inventories including testing the inventory slow-moving days, calculation of net realizable value and verifying the supporting documents to evaluate the accuracy of valuation.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Jung-Lin Lee.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2019

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017				December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,587,350	11	2,587,383	16	2100	Short-term borrowings (note 6(j))	\$ 400,000	3	350,000	2
1170	Accounts receivable, net (notes 6(c)&7)	1,653,320	11	2,013,063	13	2170	Accounts payable	1,103,108	7	1,716,641	10
1200	Other receivables (notes 6(d)&7)	141,096	1	68,741	-	2180	Accounts payable to related parties (note 7)	771,613	5	653,892	4
1310	Inventories (note 6(e))	946,357	7	827,142	5	2200	Other payables	759,202	5	1,078,655	7
1470	Other current assets	<u>215,183</u>	<u>1</u>	<u>189,410</u>	<u>1</u>	2220	Other payables to related parties (note 7)	665,521	5	331,512	2
Total current assets		<u>4,543,306</u>	<u>31</u>	<u>5,685,739</u>	<u>35</u>	2230	Current tax liabilities	39,619	-	174,964	1
Non-current assets:						2322	Long-term borrowings, current portion (note 6(k))	141,667	1	-	-
1550	Investments accounted for using equity method (note 6(f))	3,125,229	22	3,174,415	20	2399	Other current liabilities (note 6(r)&7)	<u>77,118</u>	<u>1</u>	<u>90,478</u>	<u>1</u>
1600	Property, plant and equipment (notes 6(h),7&8)	6,690,218	46	7,134,117	45	Total current liabilities		<u>3,957,848</u>	<u>27</u>	<u>4,396,142</u>	<u>27</u>
1780	Intangible assets (note 6(i))	18,698	-	25,300	-	Non-Current liabilities:					
1840	Deferred tax assets (note 6(o))	31,011	-	24,934	-	2540	Long-term borrowings (note 6(k))	2,125,000	15	3,000,000	19
1900	Other non-current assets (note 8)	<u>75,430</u>	<u>1</u>	<u>9,657</u>	<u>-</u>	2550	Non-current provisions (npote 6(m))	95,238	1	95,238	1
Total non-current assets		9,940,586	69	10,368,423	65	2640	Net defined benefit liability, non-current (note 6(n))	45,651	-	48,718	-
						2600	Other non-current liabilities	<u>21,748</u>	<u>-</u>	<u>13,763</u>	<u>-</u>
						Total non-current liabilities		<u>2,287,637</u>	<u>16</u>	<u>3,157,719</u>	<u>20</u>
						Total liabilities		<u>6,245,485</u>	<u>43</u>	<u>7,553,861</u>	<u>47</u>
						Share capital: (notes 4&6(p))					
						3110	Ordinary share	4,415,449	30	4,415,449	27
						3200	Capital surplus	2,618,982	18	2,618,982	16
						Retained earnings:					
						3310	Legal reserve	177,220	1	116,641	1
						3320	Special reserve	142,453	1	92,945	1
						3350	Unappropriated retained earnings	1,115,331	8	1,398,737	9
						Other equity interest:					
						3410	Exchange differences on translation of foreign financial statements	(184,992)	(1)	(142,453)	(1)
						3420	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	<u>(46,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>
						Total equity		<u>8,238,407</u>	<u>57</u>	<u>8,500,301</u>	<u>53</u>
Total assets		<u>\$ 14,483,892</u>	<u>100</u>	<u>16,054,162</u>	<u>100</u>	Total liabilities and equity		<u>\$ 14,483,892</u>	<u>100</u>	<u>16,054,162</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

GIANTPLUS TECHNOLOGY CO., LTD**Statements of Comprehensive Income****For the years ended December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars)**

		2018		2017	
		Amount	%	Amount	%
	Operating Revenues:				
4110	Sales revenue	\$ 9,978,288	101	12,516,932	101
4170	Less: Sales returns	36,400	-	49,538	-
4190	Sales discounts and allowances	<u>87,929</u>	<u>1</u>	<u>78,457</u>	<u>1</u>
	Operating revenue, net (note 6(r)&(s))	9,853,959	100	12,388,937	100
5110	Cost of sales (note 6(e))	<u>8,845,161</u>	<u>90</u>	<u>10,540,902</u>	<u>85</u>
	Gross profit from operations	1,008,798	10	1,848,035	15
5910	Unrealized profit (loss) from sales	(32,870)	-	(37,053)	-
5920	Realized profit (loss) on from sales	<u>37,053</u>	<u>-</u>	<u>20,512</u>	<u>-</u>
	Gross profit (loss) from operations	<u>1,012,981</u>	<u>10</u>	<u>1,831,494</u>	<u>15</u>
	Operating expenses:				
6100	Selling expenses	390,283	4	424,636	4
6200	Administrative expenses	225,347	2	260,907	2
6300	Research and development expenses	275,742	3	292,355	2
6450	Expected credit loss (note 6(c))	<u>76,847</u>	<u>1</u>	<u>-</u>	<u>-</u>
	Total operating expenses	<u>968,219</u>	<u>10</u>	<u>977,898</u>	<u>8</u>
	Net operating income (loss)	<u>44,762</u>	<u>-</u>	<u>853,596</u>	<u>7</u>
	Non-operating income and expenses:(note 6(u))				
7010	Other income	274,533	3	385,654	3
7020	Other gains and losses	(309,989)	(3)	(358,384)	(3)
7050	Finance costs	(49,905)	-	(51,153)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(e))	<u>(10,830)</u>	<u>-</u>	<u>(8,704)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(96,191)</u>	<u>-</u>	<u>(32,587)</u>	<u>-</u>
	(Loss) profit from continuing operations before tax	(51,429)	-	821,009	7
7950	Less: Tax expense(note 6(o))	<u>81,149</u>	<u>1</u>	<u>215,220</u>	<u>2</u>
	(Loss) profit for the year	<u>(132,578)</u>	<u>(1)</u>	<u>605,789</u>	<u>5</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	1,532	-	(6,184)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>1,532</u>	<u>-</u>	<u>(6,184)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation	(42,539)	-	(49,508)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(42,539)</u>	<u>-</u>	<u>(49,508)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(41,007)</u>	<u>-</u>	<u>(55,692)</u>	<u>-</u>
8500	Total comprehensive (loss) income	<u>\$ (173,585)</u>	<u>(1)</u>	<u>550,097</u>	<u>5</u>
	Earnings per share (note 6(q))				
9750	Basic earnings per share (NT dollars)	<u>\$ (0.30)</u>		<u>1.37</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ (0.30)</u>		<u>1.37</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Share capital	Capital surplus	Retained earnings			Total other equity interest		Total equity
	Ordinary shares		Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2017	\$ 4,415,449	2,618,982	53,415	-	1,043,612	(92,945)	-	8,038,513
Profit for the year	-	-	-	-	605,789	-	-	605,789
Other comprehensive income	-	-	-	-	(6,184)	(49,508)	-	(55,692)
Total comprehensive income	-	-	-	-	599,605	(49,508)	-	550,097
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	63,226	-	(63,226)	-	-	-
Special reserve appropriated	-	-	-	92,945	(92,945)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,309)	-	-	(88,309)
Balance at December 31, 2017	4,415,449	2,618,982	116,641	92,945	1,398,737	(142,453)	-	8,500,301
Effects of retrospective application	-	-	-	-	46,036	-	(46,036)	-
Equity at beginning of period after adjustments	4,415,449	2,618,982	116,641	92,945	1,444,773	(142,453)	(46,036)	8,500,301
Loss for the year	-	-	-	-	(132,578)	-	-	(132,578)
Other comprehensive income	-	-	-	-	1,532	(42,539)	-	(41,007)
Total comprehensive income	-	-	-	-	(131,046)	(42,539)	-	(173,585)
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	60,579	-	(60,579)	-	-	-
Special reserve appropriated	-	-	-	49,508	(49,508)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,309)	-	-	(88,309)
Balance at December 31, 2018	<u>\$ 4,415,449</u>	<u>2,618,982</u>	<u>177,220</u>	<u>142,453</u>	<u>1,115,331</u>	<u>(184,992)</u>	<u>(46,036)</u>	<u>8,238,407</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (51,429)	821,009
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	694,650	690,125
Amortization expense	7,735	9,809
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	76,847	(1,080)
Interest expense	49,905	51,153
Interest income	(29,561)	(21,354)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	10,830	8,704
Loss on disposal of property, plant and equipment	6,642	-
Impairment loss on non-financial assets	174,594	-
Total adjustments to reconcile profit	<u>991,642</u>	<u>737,357</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	282,896	306,831
Other receivable	(72,355)	48,828
Inventories	(119,215)	(187,106)
Other current assets	(25,773)	(32,026)
Total changes in operating assets	<u>65,553</u>	<u>136,527</u>
Changes in operating liabilities:		
Accounts payable	(613,533)	226,898
Accounts payable to related parties	117,721	(171,464)
Other payable	(319,562)	38,422
Other payable to related parties	334,009	297,767
Other current liabilities	(13,360)	(58,520)
Net defined benefit liability	(1,535)	(1,496)
Total changes in operating liabilities	<u>(496,260)</u>	<u>331,607</u>
Total changes in operating assets and liabilities	<u>(430,707)</u>	<u>468,134</u>
Total adjustments	<u>560,935</u>	<u>1,205,491</u>
Cash inflow generated from operations	509,506	2,026,500
Interest received	29,561	21,354
Interest paid	(49,820)	(46,310)
Income taxes paid	(222,571)	(120,206)
Net cash flows from operating activities	<u>266,676</u>	<u>1,881,338</u>
Cash flows used in investing activities:		
Acquisition of financial assets at amortized cost	(118,833)	-
Proceeds from disposal of financial assets at amortized cost	118,833	39,440
Proceeds from disposal of subsidiaries	-	15,532
Acquisition of property, plant and equipment	(291,249)	(3,922,686)
Acquisition of intangible assets	(1,133)	(2,688)
Other non-current assets	(210,671)	27,486
Net cash flows used in investing activities	<u>(503,053)</u>	<u>(3,842,916)</u>
Cash flows (used in) from financing activities:		
Increase in short-term borrowings	50,000	350,000
Increase in long-term borrowings	-	3,460,000
Repayments of long-term borrowings	(733,333)	(1,627,035)
Other non-current liabilities	7,986	8,894
Cash dividends paid	(88,309)	(88,309)
Net cash flows (used in) from financing activities	<u>(763,656)</u>	<u>2,103,550</u>
Net decrease (increase) in cash and cash equivalents	<u>(1,000,033)</u>	<u>141,972</u>
Cash and cash equivalents at beginning of period	<u>2,587,383</u>	<u>2,445,411</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,587,350</u></u>	<u><u>2,587,383</u></u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

GIANTPLUS TECHNOLOGY CO., LTD. (the “Company”) was incorporated on December 15, 1997, as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company’s registered office address is located at 15 Industrial Rd., Toufen, Miao-Li, Taiwan. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on December 27, 2006. The primary business scope of the Company (together referred to as the Company) includes the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”).

Ortus Technology Co., Ltd (Ortus) has completed the public tender offer to the Company during the first quarter of 2017. Ortus got 53.10% of the Company’s shares from Chunghwa Picture Tubes, Ltd.(CPT). From the date of the acquisition, Ortus is the parent company and Toppan is the ultimate controlling party.

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

These financial statements were authorized for issuance by the Board of Directors on March 21, 2019.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per 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
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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Company applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Company recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Company uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

For the sale of products, 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. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Impacts on financial statements

Impact on the changing of accounting policy mentioned above is not material.

(ii) IFRS 9 “Financial Instruments”

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

As a result of the adoption of IFRS 9, the 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 Company’s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the 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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out 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 Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(f).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with the ‘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(f).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points. 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 on 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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

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 Company's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and equivalents	Loans and receivables	2,587,383	Amortized cost	2,587,383
Equity instruments	Available-for-sale (note 2)	-	FVOCI	-
Trade and other receivables	Loans and receivables (note 1)	2,013,063	Amortized cost	2,013,063
Other financial assets (Guarantee deposits paid)	Loans and receivables(note 1)	6,789	Amortized cost	6,789

Note1: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of \$0 thousand in the allowance for impairment was recognized in opening retained earnings upon transition to IFRS 9 on January 1, 2018.

Note2: These equity securities (including financial assets measured at cost) represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. Accordingly, an increase of \$0 thousand in those assets recognized, and a decrease of \$46,036 thousand in the reserves, as well as the increase of \$0 thousand and \$46,036 thousand in retained earnings and non-controlling interests were recognized on January 1, 2018.

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.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Available for sale to FVOCI	\$ -	-	-	-	46,036	(46,036)
Total	\$ -	-	-	-	46,036	(46,036)

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require 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.

To satisfy the new disclosure requirements, the Company present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(y).

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

- (b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

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
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 for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

- (i) IFRS 16 “Leases”

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.

- 1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the 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 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 as leases in accordance with IAS 17 and IFRIC 4.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

2) Transition

As a lessee, the 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 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.

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 Company chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

- 3) So far, the most significant impact identified is that the Company will have to recognize the new assets and liabilities for the operating leases of its staff dormitories, vehicles, and factory facilities. The Company estimated that the right-of-use assets and the lease liabilities to increase by \$9,743 thousand and \$9,743 thousand, respectively, as well as the retained earnings to decrease by \$0 thousand on January 1, 2019. No significant impact is expected for the Company's finance leases. Besides, the 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.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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 Company assessed that the above IFRSs may not be relevant to the Company.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These 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 and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income (Available-for-sale financial assets)are measured at fair value;
- 3) The net defined benefit liabilities (or assets) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit assets as disclosed in Note 4(o).

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

(ii) Functional and presentation currency

The functional currency of each Company entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of 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 period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

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 the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be classified as other current and/or non-current financial assets.

(f) Financial instruments

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

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its 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 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.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

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. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex dividend date.

3) Fair value through profit or loss (FVTPL)

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

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.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The 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 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 Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

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

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on fair value through other comprehensive income”, in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial assets (policy applicable before January 1, 2018)

Financial assets are classified into the following categories: held to maturity financial assets, and loans and receivables.

1) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. 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, under non-operating income and expenses.

Dividend income is recognized in profit or loss on the date that the 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.

2) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short term receivables are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

3) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is 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 asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the 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 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 losses are likely to be greater or less than the those suggested by historical trends.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, 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. 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 profit or loss; impairment losses and recoveries of other financial assets are recognized in non-operating income and expenses.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on available-for-sale financial assets” in profit or loss, and included in non-operating income and expenses.

The Company separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

2) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss 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 included in non-operating income and expenses.

3) Derecognition of financial liabilities

The 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 non-operating income and expenses.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

4) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the 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.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. The Company recognizes any changes, proportionately with the shareholding ratio under capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Company has an obligation or has made payments on behalf of the associate.

(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 attributable to the acquisition of the asset.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

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 depreciation method of that significant part 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 is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Subsequent cost

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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.

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:

1) Buildings	3 ~ 36 years
2) Machinery	2 ~ 12 years
3) Miscellaneous equipment	2 ~ 11 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(j) Lease

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Lessee

Other leases are operating leases and are not recognized in the Company's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) Intangible assets

(i) Computer software

Computer software is measured at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value.

Except for goodwill, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows..

1) Computer software 1~ 10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(l) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, deferred tax assets, and non-current assets held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash generating unit (CGU).

An assessment is made at the end of each reporting period as to 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 recoverable amount of that asset is estimated.

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; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

An assessment is made at the end of each reporting period as to 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 recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the 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.

(i) Site restoration

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense is recognized when the land is contaminated.

(n) Revenue

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

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The 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 Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells the of liquid crystal displays along with module to ultimate producers. The 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, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

2) Financing components

The 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 Company does not adjust any of the transaction prices for the time value of money.

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

1) Goods sold

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 a discount will be granted or there are prior agreements of discount before sales. Sales is recognized as total at first. An assessment of the sales discount is made on transaction date or balance sheet date, 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.

(iii) Contract costs (policy applicable from January 1, 2018)

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(o) 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 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, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Company's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the 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. If the calculation results in a benefit to the 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 calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company recognized the defined benefit plan in retained earnings.

The 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 and any change in the present value of the defined benefit obligation.

(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 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.

(p) 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 are 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 are recognized except for the following:

- (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) arising from 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 are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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 below scenarios:
 - 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 is recognized for the carry forward of 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 are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(r) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements.

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

The preparation of the financial statements in conformity with the Regulations and 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 following period.

Accounting policy involves significant judgment, and no material impact on recognized amounts for financial report.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the 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) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates 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 net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(e) for further description of the valuation of inventories.

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(h) for further description of the key assumptions used to determine the recoverable amount.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	\$ 231	315
Cash in banks		
Checking and savings accounts	1,520,437	855,858
Time deposits	66,682	1,731,210
	<u>\$ 1,587,350</u>	<u>2,587,383</u>

Please refer to Note 6 (v) for the risk of credit and rate of financial assets of the Company.

Cash and cash equivalents of the Company were not pledged as collateral.

(b) Available-for-sale financial assets

The Company holds the stocks of domestic non-listed (cabinet) stock-Chenfeng Optronics Corporation, after assessing its recoverable amount, it has recognized the accumulated impairment loss for \$46,036 thousands. Until December 31, 2017, the value of available-for-sale financial assets is zero dollars.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The Company reclassified the available-for-sale financial assets to financial assets at fair value through other comprehensive income in accordance with IFRS 9 “Financial Instruments” on January 1, 2018 . Until December 31, 2018 ,the value of available-for-sale financial assets is zero dollars. Please refer to Note 3(a).

(c) Note and trade receivables

	December 31, 2018	December 31, 2017
Trade receivables—measured as amortized cost	\$ 1,718,265	2,013,063
Trade receivables –fair value through profit or loss	11,902	-
Less: Loss allowance	(76,847)	-
Total	<u>\$ 1,653,320</u>	<u>2,013,063</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision as of December 31, 2018 was determined as follows:

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,543,845	0.00%	-
1 to 30 days past due	14,441	0.00%	-
31 to 60 days past due	11,494	0.00%	-
61 to 90 days past due	5,122	0.00%	-
91 to 180 days past due	7,537	0.00%	-
	<u>\$ 1,582,439</u>		<u>-</u>

In addition, the Company recognized the allowance for losses of \$76,847 thousands for accounts receivable that could not reasonably be expected to be recoverable on December 31, 2018.

As of December 31, 2017, the Company applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Overdue 1 to 30 days	\$ 3,903
Overdue 31 to 90 days	47,236
Overdue 91 to 180 days	-
	<u>\$ 51,139</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The movement in the allowance for notes and trade receivable was as follows:

		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017 per IAS 39	\$ -	1,080	-
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018 per IFRS 9	-		
Impairment losses recognized	76,847	-	-
Impairment losses reversed	-	(1,080)	-
Balance on December 31, 2018 and 2017	<u>\$ 76,847</u>	<u>-</u>	<u>-</u>

Note and trade receivables of the Company were not pledged as collateral.

As of December 31, 2018 and 2017, the Company sold its trade receivable without recourse as follows:

Unit: thousand dollars

December 31, 2018					
Purchaser	Derecognition Amount	Factoring Line	Advanced Amount	Range of Interest Rat	Collateral
Financial institution	USD <u>2,338</u>	USD <u>5,000</u>	TWD <u>-</u>	-	None

(d) Other receivables

	December 31, 2018	December 31, 2017
Accounts receivable factoring	\$ 71,796	-
Tax refund	27,828	36,122
Others	41,472	32,619
	<u>\$ 141,096</u>	<u>68,741</u>

Other receivables of the Company were not past due and pledged as collateral.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(e) Net Inventories

	December 31, 2018	December 31, 2017
Raw materials and consumables	\$ 502,987	568,650
Work in progress	259,780	150,966
Finished goods	183,590	107,526
	<u>\$ 946,357</u>	<u>827,142</u>

In 2018, the Company recognized a provision on inventory market price decline of \$16,573 thousand, which was charged to cost of goods sold.

The factors that caused the net realizable value of inventories lower than the cost have disappeared in 2017, which resulted in the net realizable value has increased and the recognition of the inventory recovery benefit is \$19,687 thousand, which has been reported as the cost of goods sold.

Inventories of the Company were not past due and pledged as collateral.

(f) Investments accounted for using equity method

	December 31, 2018	December 31, 2017
Subsidiary of the Company	\$ 3,125,229	3,174,415
Associates	-	-
	<u>\$ 3,125,229</u>	<u>3,174,415</u>

(i) Subsidiary of the Company

Please refer to the consolidated financial statements.

(ii) Associates

The proportion of D&Y Intelligent Co., Ltd entity held by the Company is 23.27%. Since the recoverable amount is expected to be lower than the book value, the impairment loss has been recognized in 2014. The book value of the investment is zero.

(iii) Guarantee

As of December 31, 2018 and 2017, investments accounted for using equity method of the Company were not past due and pledged as collateral.

(g) Loss control of subsidiaries

Syu Heng Investment Co., Ltd. completed the liquidation on December 31, 2017. The company received the capital reduction amounting to \$15,532 thousand.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(h) Property, plant and equipment

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

	Land	Buildings and construction	Machinery and equipment	Other facilities	Construction in progress and testing equip	Total
Cost or deemed cost:						
Balance on January 1, 2018	\$ 4,133,511	3,483,622	8,166,249	426,322	61,317	16,271,021
Additions	-	30,491	22,973	104,884	132,924	291,272
Disposal	-	-	(120,419)	(2,800)	-	(123,219)
Transfer (out) in	-	15,418	48,780	311	76,206	140,715
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>3,529,531</u>	<u>8,117,583</u>	<u>528,717</u>	<u>270,447</u>	<u>16,579,789</u>
Balance on January 1, 2017	\$ 419,956	3,310,570	7,872,093	346,924	156,092	12,105,635
Additions	3,713,555	161,781	93,913	75,902	143,458	4,188,609
Disposal	-	-	(12,519)	(10,704)	-	(23,223)
Transfer (out) in	-	11,271	212,762	14,200	(238,233)	-
Balance on December 31, 2017	<u>\$ 4,133,511</u>	<u>3,483,622</u>	<u>8,166,249</u>	<u>426,322</u>	<u>61,317</u>	<u>16,271,021</u>
Depreciation and impairments loss:						
Balance on January 1, 2018	\$ -	1,732,577	7,081,015	323,312	-	9,136,904
Depreciation	-	222,001	375,019	97,630	-	694,650
Impairment loss	-	-	174,594	-	-	174,594
Disposal	-	-	(113,777)	(2,800)	-	(116,577)
Transfer (out) in	-	-	23	(23)	-	-
Balance on December 31, 2018	<u>\$ -</u>	<u>1,954,578</u>	<u>7,516,874</u>	<u>418,119</u>	<u>-</u>	<u>9,889,571</u>
Balance on January 1, 2017	\$ -	1,519,862	6,702,551	247,589	-	8,470,002
Depreciation	-	212,715	390,191	87,219	-	690,125
	-	-	(12,519)	(10,704)	-	(23,223)
Disposal	-	-	792	(792)	-	-
Balance on December 31, 2017	<u>\$ -</u>	<u>1,732,577</u>	<u>7,081,015</u>	<u>323,312</u>	<u>-</u>	<u>9,136,904</u>
Carrying amounts:						
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>1,574,953</u>	<u>600,709</u>	<u>110,598</u>	<u>270,447</u>	<u>6,690,218</u>
Balance on January 1, 2017	<u>\$ 419,956</u>	<u>1,790,708</u>	<u>1,169,542</u>	<u>99,335</u>	<u>156,092</u>	<u>3,635,633</u>
Balance on December 31, 2017	<u>\$ 4,133,511</u>	<u>1,751,045</u>	<u>1,085,234</u>	<u>103,010</u>	<u>61,317</u>	<u>7,134,117</u>

Due to the economic downturn and growing competition within the industry. The Company expects that the future cash inflow of some machinery will decline, which results in that its recoverable amount is less than the carrying amount. Therefore, the Company recognized the impairment loss of \$174,594 thousand in 2018, which is recognized in non-operating income and expense.

The estimate of value in use was determined using a pre-tax discount rate of 9.40% percent in 2018.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

As of December 31, 2018 and 2017, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

The Company has purchased both the land and building of a factory from a related party, please refer to note 7

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2018 and 2017, were as follows:

	Computer software
Costs :	
Balance at January 1, 2018	\$ 110,186
Acquired separately	<u>1,133</u>
Balance at December 31, 2018	<u>\$ 111,319</u>
Balance at January 1, 2017	\$ 107,498
Acquired separately	<u>2,688</u>
Balance at December 31, 2017	<u>\$ 110,186</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2018	\$ 84,886
Amortization for the year	<u>7,735</u>
Balance at December 31, 2018	<u>\$ 92,621</u>
Balance at January 1, 2017	\$ 76,432
Amortization for the year	<u>8,454</u>
Balance at December 31, 2017	<u>\$ 84,886</u>
Carrying value:	
Balance at December 31, 2018	<u>\$ 18,698</u>
Balance at January 1, 2017	<u>\$ 31,066</u>
Balance at December 31, 2017	<u>\$ 25,300</u>

(iv) Amortization

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income in 2018 and 2017:

	2018	2017
Operating Costs	<u>\$ 560</u>	<u>\$ 586</u>
Operating expenses	<u>\$ 7,175</u>	<u>\$ 7,868</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(j) Short-term borrowings

	December 31, 2018	December 31, 2017
Secured bank loans	\$ 150,000	-
Unsecured bank loans	250,000	350,000
Total	<u>\$ 400,000</u>	<u>350,000</u>
Unused short-term credit lines	<u>\$ 2,007,354</u>	<u>2,070,098</u>
Range of interest rates	<u>0.66%~1.25%</u>	<u>0.69%~0.92%</u>

(k) Long-term borrowings

December 31, 2018				
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.30%	2027.4.10	\$ 2,266,667
Less: current portion				(141,667)
Total				<u>\$ 2,125,000</u>
Unused long-term credit lines				<u>\$ 100,000</u>

December 31, 2017				
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.40%	2037.4.10	\$ 3,000,000
Less: current portion				-
Total				<u>\$ 3,000,000</u>
Unused long-term credit lines				<u>\$ -</u>

(i) Loan repayable

The Company had a secured bank loan with a carrying amount of \$3,000,000 thousand in April, 2017. According to the terms of the agreement, this loan was repayable in tranches over the next 68 periods, once every three months.

According to the terms of the agreement, this loan is repayable from 2020 to 2037. The Company had paid the debt \$733,333 thousand in advance due to capital operation and the high costs of loan. Modifying the terms of the agreement, this loan is repayable in tranches over the next 32 periods from July, 2019, once every three months.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

Please refer to Note 6(u) for interest expense of the Company.

Please refer to Note 6(v) for the risk information of the liquidity risk of the Company.

(ii) Collateral for bank loan

For the collateral for long-term borrowings, please refer to note 8.

(l) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018	December 31, 2017
Less than one year	\$ 8,978	9,888
Between one and five years	5,206	7,886
	\$ 14,184	17,774

The Company leases a number of vehicles and staff dormitories under operating leases. The leases typically run for a period of 1 to 4 years, without an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

During the year, an amount of \$7,156 thousand was recognized as an expense in profit or loss in respect of operating leases (2017: \$7,731 thousand)

(ii) Leases as lessor

The Company leases out its properties. The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	\$ 41,212	31,338
Between one and five years	95,822	94,808
More than five years	145,454	167,207
	\$ 282,488	293,353

Rental income from operating leases was \$33,624 thousand. (2017: \$46,760 thousand).

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(m) Provisions

	December 31, 2018	December 31, 2017
Site restoration	\$ 95,238	95,238

A provision of \$95,238 thousand was made during 2017 in respect of the Company's obligation to restore the land.

Due to the nature of long-term liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Company has assumed that the site will be restored using technology and materials that are available currently. The Company has been provided with a range of reasonably possible outcomes of the total cost. The rehabilitation is expected to occur in the future.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2018	December 31, 2017
Present value of the defined benefit obligations	\$ 114,193	114,406
Fair value of plan assets	(68,542)	(65,688)
Net defined benefit liabilities (assets)	\$ 45,651	48,718

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The 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 two-year time deposits with interest rates offered by local banks.

The Company Bank of Taiwan labor pension reserve account balance amounted to \$68,542 thousand 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.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	2018	2017
Defined benefit obligations at January 1	\$ 114,406	106,788
Current service costs and interest cost	1,607	1,774
Remeasurement on the net defined benefit liabilities (assets)		
— Experience adjustments arising on the actuarial gains or losses	(4,170)	516
— Actuarial loss (gain) arising from:		
- demographic assumptions	606	1,357
— Actuarial loss (gain) arising from changes in financial assumptions	3,814	3,971
Benefits paid	(2,070)	-
Defined benefit obligations at December 31	\$ 114,193	114,406

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2018	2017
Fair value of plan assets at January 1	\$ (65,688)	(62,758)
Interest income	(835)	(959)
Remeasurement on the net defined benefit liabilities (assets)		
— Financial assumption	(1,782)	340
Contribution made	(2,307)	(2,311)
Benefits paid	2,070	-
Fair value of plan assets at December 31	\$ (68,542)	(65,688)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2018	2017
Current service costs	\$ 178	173
Net interest of net liabilities for defined benefit obligations	594	642
	\$ 772	815

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
Cost of sales	\$ 374	394
Operating cost	<u>398</u>	<u>421</u>
	<u>\$ 772</u>	<u>815</u>

- 5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

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

	<u>2018</u>	<u>2017</u>
Accumulated amount at January 1	\$ 26,931	20,747
Recognized during the period	<u>(1,532)</u>	<u>6,184</u>
Accumulated amount at December 31	<u>\$ 25,399</u>	<u>26,931</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	1.00 %	1.25 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$2,307 thousand.

The weighted average lifetime of the defined benefits plans is 13 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	<u>Increased0.25%</u>	<u>Decreased0.25%</u>
December 31, 2018:		
Discount rate	\$ (3,838)	4,010
Future salary increasing rate	3,921	(3,774)

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

	Influences of defined benefit obligations	
	Increased0.25%	Decreased0.25%
December 31, 2017:		
Discount rate	\$ (4,026)	4,213
Future salary increasing rate	4,130	(3,969)

(ii) Defined contribution plans

The 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 these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's subsidiaries in Mainland China make contributions at certain percentages of the basic salary of their employees according to the local government regulations. The insurance would be deposit to the labor pension personal account after paying to relevant government departments.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$61,773 thousand and \$62,489 thousand for the years ended December 31, 2018 and 2017, respectively.

(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 corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018.

(i) Income tax expense recognized in profits or losses

The amount of income tax was as follows:

	2018	2017
Current income tax expense:		
Current period	\$ 76,931	202,407
Adjustment for prior periods	<u>10,295</u>	<u>12,272</u>
	<u>87,226</u>	<u>214,679</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(6,077)</u>	<u>541</u>
Income tax expense from continuing operations	<u>\$ 81,149</u>	<u>215,220</u>

No Income tax expense (benefit) recognized directly in other comprehensive income.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

Reconciliation of income tax and profit before tax for 2018 and 2017 is as follows.

	2018	2017
Profit excluding income tax	\$ (51,429)	821,009
Income tax using the Company's domestic tax rate	\$ (10,286)	139,571
Adjustment in tax rate	(4,400)	-
Tax-exempt losses	-	5
Non-deductible expenses	-	(929)
Change in unrecognized temporary differences	55,878	25,934
Recognition of previously unrecognized tax losses	(10,459)	-
Change in provision in prior periods	10,295	12,272
Undistributed earnings additional tax	40,121	38,367
Income tax expense	\$ 81,149	215,220

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2018 and 2017. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2018	December 31, 2017
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 2,006,491	2,006,728
Unrecognized deferred tax liabilities	\$ 401,298	341,144

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2018	December 31, 2017
Tax effect of deductible Temporary Differences	\$ 134,888	68,870

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

3) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2018 and 2017 were as follows:

	Unrealized Gain (Loss) of Inventories	Others	Total
Deferred tax assets:			
Balance at January 1, 2018	\$ 22,450	2,484	24,934
Recognized in profit or loss	<u>7,277</u>	<u>(1,200)</u>	<u>6,077</u>
Balance at December 31, 2018	<u><u>\$ 29,727</u></u>	<u><u>1,284</u></u>	<u><u>31,011</u></u>
Balance at January 1, 2017	\$ 25,797	(322)	25,475
Recognized in profit or loss	<u>(3,347)</u>	<u>2,806</u>	<u>(541)</u>
Balance at December 31, 2017	<u><u>\$ 22,450</u></u>	<u><u>2,484</u></u>	<u><u>24,934</u></u>

(iii) Assessment of tax

The Company's tax returns for the years through 2016 were examined and approved by the Taipei National Tax Administration.

(p) Capital and other equity

(i) Normal ordinary shares

As of December 31, 2018 and 2017, the total value of nominal ordinary shares amounted to \$6,500,000 thousand. The face value of each share is \$10. In total, there were both 441,545 in thousands of ordinary shares issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

	December 31, 2018	December 31, 2017
Share capital	\$ 2,308,555	2,308,555
From conversion of convertible bonds	286,921	286,921
Lapsed employee share options	17,253	17,253
Stock options— fair value differences of associates and joint ventures under equity method	5,832	5,832
Treasury share transactions	<u>421</u>	<u>421</u>
	<u><u>\$ 2,618,982</u></u>	<u><u>2,618,982</u></u>

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In order to bring about stability in the payment of dividends, the Board of Directors distributes dividends depending on the level of earnings and the funding needs. The cash dividends shall not be less than 10% of total dividends. If no earnings to be distributed, earnings are far less than the amount distributed in the previous year, or the Company considers its finance, business and operating factors, all surplus can be distributed, or be distributed under law or regulations of the authority.

1) Legal reserve

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special 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 special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and 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

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

3) Earnings distribution

Earnings distribution for 2017 and 2016 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2018 and June 14, 2017, respectively. The relevant dividend distributions to shareholders were as follows:

	2017		2016	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.20	<u><u>88,309</u></u>	0.20	<u><u>88,309</u></u>

(iv) Other equity

	Exchange difference on translation of foreign financial statements
Balance at January 1, 2018	\$ (142,453)
Exchange differences on foreign operations	(42,539)
Balance at December 31, 2018	<u><u>\$ (184,992)</u></u>
Balance at January 1, 2017	\$ (92,945)
Exchange differences on foreign operations	(49,508)
Balance at December 31, 2017	<u><u>\$ (142,453)</u></u>

- 1) Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income

(q) Earnings per share

The details of basic and diluted earnings per share for the year ended December 31, 2018 was as follows:

	2018	2017
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ (132,578)</u></u>	<u><u>605,789</u></u>
Weighted average number of ordinary shares	<u><u>441,545</u></u>	<u><u>441,545</u></u>
Basic earnings per share (NT dollars)	<u><u>\$ (0.30)</u></u>	<u><u>1.37</u></u>

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
Diluted earnings per share		
Profit/(loss) attributable to ordinary shareholders of the Company (diluted)	\$ <u>(132,578)</u>	<u>605,789</u>
Weighted average number of ordinary shares	\$ 441,545	441,545
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	<u>-</u>	<u>1,525</u>
Weighted average number of ordinary shares (diluted) at December 31	441,545	443,070
Diluted earnings per share (NT dollars)	\$ <u>(0.30)</u>	<u>1.37</u>

The following items have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

	<u>2018</u>	<u>2017</u>
Effect of employee stock compensation	\$ <u>312</u>	<u>-</u>

Note: Assume that employee bonuses are allotted in stock.

(r) Revenue from contracts with customers

(i) Details of revenue

	<u>2018</u>
Primary geographical markets:	
China	\$ 3,761,065
Taiwan	1,995,457
Japan	781,404
Other	<u>3,316,033</u>
	\$ <u>9,853,959</u>
Major products:	
LCD panel and module	\$ <u>9,853,959</u>

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

(ii) Contract balances

	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Notes and accounts receivable	\$ 1,730,167	2,013,063
Less: allowance for impairment	<u>(76,847)</u>	<u>-</u>
	\$ <u>1,653,320</u>	<u>2,013,063</u>
Contract liabilities	\$ <u>55,990</u>	<u>81,008</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

The amount of revenue recognized for the year ended December 31, 2018 that was included in the contract liability balance at the beginning of the period was \$81,008 thousand.

(s) Revenue

The details of revenue for the year ended December 31, 2017 was as follows:

	2017
Sale of goods	\$ 12,388,937

Details of Revenue for 2018; please refer to note 6(r).

(t) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 1.5% 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. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company incurred losses before tax for the year ended December 31, 2018, therefore, there were no remuneration allocated to employees, directors and supervisors. For the year ended December 31, 2017, the Company estimated its employee remuneration amounting to \$25,791 thousand, and directors' and supervisors' remuneration amounting to \$12,895 thousand, respectively. Articles of incorporation of the estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remunerations to employees, directors and supervisors. These remunerations were expensed under operating costs or operating expenses during 2018 and 2017.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2018 and 2017.

(u) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	2018	2017
Interest income	\$ 29,561	21,354
Rent income	33,624	46,760
Gains on doubtful debt recoveries	-	1,080
Other	211,348	316,460
	\$ 274,533	385,654

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

	2018	2017
Foreign exchange gains (losses)	\$ 22,124	(168,114)
Gains (Losses) on disposals of property, plant and equipment	(6,642)	-
Impairment loss on non-financial assets	(174,594)	-
Others	(150,877)	(190,270)
	<u>\$ (309,989)</u>	<u>(358,384)</u>

(iii) Finance costs

The details of finance costs were as follows:

	2018	2017
Interest expense	\$ 35,428	47,973
Other	14,477	3,180
	<u>\$ 49,905</u>	<u>51,153</u>

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk

2) Concentration of credit risk

The Company's major customers are engaged in producing panel. In order to reduce the credit risk of accounts receivable, the Company evaluating the financial status of customers, assessing the possibility of receivables recovery, and providing allowance for bad debts regularly. The impairment is always within the management's expectations. The Company's receivables accounted for 40% and 41% of the total receivables, respectively, on December 31, 2018 and December 31, 2017. The concentration of credit risk of other receivables is relatively insignificant.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

3) Receivables

For credit risk exposure of note and trade receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables and time deposits (previously classified as held-to-maturity investments and bond investment without an active market on December 31, 2017). For the details of investments on December 31, 2018, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2018							
Non derivative financial liabilities							
Secured loans	\$ 2,416,667	2,548,510	165,204	155,863	308,963	904,790	1,013,690
Unsecured loans	250,000	250,366	250,366	-	-	-	-
Accounts payable	1,103,108	1,103,108	1,103,108	-	-	-	-
Accounts payable-related party	771,613	771,613	771,613	-	-	-	-
Other payable	759,202	759,202	759,202	-	-	-	-
Other payable-related party	<u>665,521</u>	<u>665,521</u>	<u>665,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,966,111</u>	<u>6,098,320</u>	<u>3,715,014</u>	<u>155,863</u>	<u>308,963</u>	<u>904,790</u>	<u>1,013,690</u>
December 31, 2017							
Non derivative financial liabilities							
Secured loans	\$ 3,000,000	3,460,250	21,000	21,000	42,000	559,199	2,817,051
Unsecured loans	350,000	350,383	350,383	-	-	-	-
Accounts payable	1,716,641	1,716,641	1,716,641	-	-	-	-
Accounts payable-related party	653,892	653,892	653,892	-	-	-	-
Other payable	1,078,655	1,078,655	1,078,655	-	-	-	-
Other payable-related party	<u>331,512</u>	<u>334,778</u>	<u>30,756</u>	<u>304,022</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,130,700</u>	<u>7,594,599</u>	<u>3,851,327</u>	<u>325,022</u>	<u>42,000</u>	<u>559,199</u>	<u>2,817,051</u>

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2018				December 31, 2017		
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	72,962	30.715	2,241,028	134,649	29.760	4,007,154
JPY		427,759	0.278	119,003	1,045,319	0.264	275,964
CNY		22,029	4.475	98,587	53,643	4.555	244,344
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	65,609	30.715	2,015,180	66,089	29.760	1,966,809
JPY		725,212	0.278	201,754	988,146	0.264	260,871

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets measured at amortized cost (available-for-sale financial assets); and trade and other payables that are denominated in foreign currency. The analysis is performed on the same basis for each year.

A weakening or strengthening of 1% of the NTD against the USD as of December 31, 2018 and 2017 would have increased or decreased the net profit (loss) by \$1,807 thousand and \$16,935 thousand.

A weakening or strengthening of 1% of the NTD against the JPY as of December 31, 2018 and 2017 would have decreased or increased the net profit (loss) by \$662 thousand and increased or decreased the net profit (loss) by \$125 thousand.

A weakening or strengthening of 1% of the NTD against the CNY as of December 31, 2018 and 2017 would have increased or decreased the net profit after tax by \$789 thousand and \$2,028 thousand.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2018 and 2017, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$22,124 thousand and \$(168,114) thousand, respectively.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased / decreased by 10 basis points, the Company's net profit (loss) would have increased / decreased by \$717 thousand and \$2,070 thousand for the year ended 2018 and 2017, respectively, with all other variable factors remaining constant. This is mainly due to the variable rates of the Company's borrowing and bank deposits.

(v) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

		December 31, 2018			
			Fair Value		
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,587,350				
Notes and trade receivable	1,653,320				
Other receivables	141,096				
Guaranteed deposits paid	<u>1,403</u>				
Total	<u><u>\$ 3,383,169</u></u>				
Financial liabilities measured at amortized cost					
Bank loan	\$ 2,666,667				
Accounts payable	1,103,108				
Accounts payable-related party	771,613				
Other payables	759,202				
Other payables-related party	665,521				
Guarantee deposits received	<u>18,898</u>				
Total	<u><u>\$ 5,985,009</u></u>				

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

		December 31, 2017				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	2,587,383				
Notes and trade receivable		2,013,063				
Other receivables		68,741				
Guarantee deposits paid		<u>6,789</u>				
Total	\$	<u><u>4,675,976</u></u>				
Financial liabilities measured at amortized cost						
Bank loan	\$	3,350,000				
Accounts payable		1,716,641				
Accounts payable-related party		653,892				
Other payables		1,078,655				
Other payables-related party		331,512				
Guarantee deposits received		<u>13,763</u>				
Total	\$	<u><u>7,144,463</u></u>				

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

- a) Financial assets measured at amortized cost (debt investment that has no active markets)

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument..

4) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2018 and no transfers in either direction in 2017.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(w) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the 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 Company's activities.

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

(iii) Credit risk

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

1) Trade and other receivable

Each business unit manages customer credit risk by following the policies, procedures and controls of the customer's credit risk of the Company. The credit risk assessment of all customers is based on factors such as the financial status of the customer, the evaluation of the credit rating agency, past historical trading experience, current economic environment and internal company evaluation criteria. The Company also uses certain credit enhancement tools (such as advance sales receipts) at appropriate times to reduce the credit risk of specific customers.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2018, no other guarantees were outstanding (2017: none).

(iv) Liquidity risk

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

The Company's unused credit line please refer to note 6(j) and (k).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, expenditures, and net investment in a foreign operation that are denominated in a currency other than the respective functional currencies of the Company.

Part of the Company's receivables and payables are the same currency. Meanwhile, a considerable portion will have a natural hedging effect. For some foreign currency payments, forward exchange agreements are used to manage currency risk based on the aforementioned natural hedging. Thus the Company does not comply hedge accounting. Otherwise, the net investment in a foreign operation is considered strategic investment, so the Company has not hedged against this.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

2) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flows due to changes in market interest rates. The interest rate risk of the Company is mainly derived from floating rate investments classified as loans and receivables and floating rate borrowings.

3) Other market price risk

The Company holds unlisted equity securities. The price of such equity securities is affected by the uncertainty of the future value of these investment targets. The unlisted equity securities held by the Company are all available for sale. The Company manages the market price risk of equity securities by diversifying investments and setting limits on single and overall equity securities investments. The portfolio information of equity securities is required to be regularly provided to the senior management of the Company, and the board of directors must review and approve all equity securities investment.

(x) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's debt-to-equity ratio at the end of the reporting period, is as follows:

	December 31, 2018	December 31, 2017
Total liabilities	\$ 6,245,485	7,553,861
Less: cash and cash equivalents	<u>(1,587,350)</u>	<u>(2,587,383)</u>
Net debt	4,658,135	4,966,478
Total equity	<u>8,238,407</u>	<u>8,500,301</u>
Adjusted equity	<u>\$ 12,896,542</u>	<u>13,466,779</u>
Debt-to-equity ratio at 31 December	<u>36.12 %</u>	<u>36.88 %</u>

There were no significant changes on the Company's capital management for the year ended December 31, 2018.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2018 and 2017, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2018	Cash flows	Non-cash changes			December 31, 2018
			Acquisition	Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 3,000,000	(733,333)	-	-	-	2,266,667
Short-term borrowings	350,000	50,000	-	-	-	400,000
Total liabilities from financing activities	<u>\$ 3,350,000</u>	<u>(683,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,666,667</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Ortus Technology Co., Ltd. is the parent company of the Company, and Toppan Printing Co., Ltd. is the ultimate controlling party of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Toppan Printing Co., Ltd.(TOPPAN)	The ultimate controlling party
Tatung Co.(TATUNG)	Former ultimate controlling party (Note1)
Ortus Technology Co., Ltd.(Ortus)	The parent company
Chunghwa Picture Tubes, Ltd.(CPT)	Former parent company (Note1)
Toppan Chunghwa Electronics Co., Ltd.(TCE)	Other related party
Tatung Co. of Japan Inc.	Other related party(Note1)
Tatung System Technologies Inc.	Other related party(Note1)
CPT TPV Optical (Fujian) Co., Ltd.	Other related party(Note1)
CPTF Optronics CO.,LTD	Other related party(Note1)
Giantplus (Samoa) Holding Co., Ltd	Subsidiary of the Company
Syu Heng Investment Co., Ltd	Subsidiary of the Company(Note2)
Giantplus Holding L.L.C.	Subsidiary of the Company
Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Subsidiary of the Company
Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Subsidiary of the Company
Kunshan Giantplus Optronics Display Technology Co., Ltd.	Subsidiary of the Company

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

Note1: Since March 30, 2017, CPT has lost control due to the sale of the Company's equity. Since that date, it has not been the parent company of the Company. TATUNG is not the ultimate controlling party. The related-party transactions only revealed the information before March 30, 2017.

Note2: The Company has no power to govern the financial and operating policies of Syu Heng Investment Co., Ltd., starting from June 30, 2017, due to the loss of power to cast the majority of votes in the meeting of the Board Directors. The related-party transactions only revealed the information before June 30, 2017.

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	2018	2017
The ultimate controlling—TOPPAN	-	-
Former parent company—CPT	\$ -	355,904
The parent company—Ortus	5,986	446
Subsidiary of the Company	<u>19,820</u>	<u>33,779</u>
	<u>\$ 25,806</u>	<u>390,129</u>

There were no significant differences between the terms and pricing of transactions with related parties and those carried out with other normal customers. The trading terms for related parties ranged from T/T in advanced to 2 months, while the terms for routine sales ranged from T/T in advanced to 3 months. Amounts receivable from related parties were uncollateralized, and no expected credit loss (provisions for doubtful debt) was required after the management's assessment.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	2018	2017
The ultimate controlling party—TOPPAN	\$ 8,296	31,507
Former parent company—CPT	<u>-</u>	<u>158,931</u>
	<u>\$ 8,296</u>	<u>190,438</u>

There were no significant differences between the terms and pricing of transactions with related parties and those carried out with other normal vendors. The payment terms for related parties' transaction ranged from 40 days to 3 months, while the terms for routine purchases ranged from T/T in advance to 4 months.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2018	December 31, 2017
Accounts receivable	The ultimate controlling— TOPPAN	\$ 4,681	1,741
Accounts receivable	The parent company—Ortus	1,008	313
Accounts receivable	Subsidiary of the Company	-	2,193
Other receivables	Subsidiary of the Company	5,346	5,647
Other receivables	Other related party—TCE	9,201	9,286
Other current assets	The ultimate controlling party —TOPPAN	14,059	10,091
Other current assets	Other related party	360	875
		\$ 34,655	30,146

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2018	December 31, 2017
Accounts payable	The ultimate controlling party —TOPPAN	\$ 41,587	30,327
Accounts payable	Subsidiary of the Company	730,026	623,565
Other payables	The ultimate controlling party —TOPPAN	16,644	23,541
Other payables	The parent company—Ortus	1,878	155
Other payables	Subsidiary of the Company	27,771	5,250
Other payables	Other related party	1,360	1,811
Other current liabilities	The parent company—Ortus	2,356	4,025
		\$ 821,622	688,674

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(v) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	2018	2017
The ultimate controlling party – TOPPAN	\$ 20,521	-
Former parent company – CPT	-	9,734
The parent company – Ortus	-	35
Subsidiary of the Company	28,795	12,700
Other related party	1,670	450
	\$ 50,986	22,919

On November 25, 2016, the Company purchased both the land and building of a factory located in Bade from a related party CPT amounting to \$3,837,249 thousand. As of April 10, 2017, all arrears were paid.

(vi) Others

	Production overheads	
	2018	2017
Subsidiary of the Company	1,618,206	1,943,539

	Production overheads	
	2018	2017
The ultimate controlling party – TOPPAN	\$ 108,109	13,020
The parent company – Ortus	1,938	211
Former parent company – CPT (Note)	-	2,382
Subsidiary of the Company	399	216
Other related party	-	1,585
	\$ 110,446	17,414

Note: The Company rented a factory facilities from related party-CPT. As of March 31, 2017, rental income was \$2,147 thousand. It was set by the mutual agreement, and was paid once a month.

	Operating expenses	
	2018	2017
Former parent company – CPT	\$ -	52
The parent company – Ortus	326	-
	\$ 326	52

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

	Other income	
	2018	2017
The parent company – Ortus	\$ 44,810	10,915
Former parent company – CPT	-	4,446
Subsidiary of the Company	19,950	23,267
Other related party	6,092	4,014
	\$ 70,852	42,642

	Other expenses	
	2018	2017
The ultimate controlling party – TOPPAN	\$ 43,693	20,838
Former parent company – CPT	-	18,735
Other related party	3,485	725
	\$ 47,178	40,298

	Interest expenses	
	2018	2017
Subsidiary of the Company	\$ 14,451	3,156

(vii) Borrowings from Related Parties

The borrowings from related parties were as follows: :

	December 31, 2018	December 31, 2017
Subsidiary of the Company	\$ 618,172	300,755

The interest charged to the Company is calculated based on the average interest rate imposed on related parties' borrowings by external financial institutions. The interest-bearing borrowings provided from related parties are unsecured.

(d) Transactions with key management personnel

	2018	2017
Short-term employee benefits	\$ 49,094	53,032

(8) Pledged assets:

The carrying value of pledged assets were as follows:

Assets	Purpose of Pledge	December 31, 2018	December 31, 2017
Property, plant and equipment	Bank loan credit lines	\$ 4,965,703	5,449,407
Guarantee deposits paid(classified under other non-current assets)	Guarantee for leases property and tooling	1,403	6,789
		\$ 4,967,106	5,456,196

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(9) Commitments and contingencies:

- (a) Unused standby letters of credit

	December 31, 2018	December 31, 2017
JPY	\$ 12,780	79,759

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:

GP Board of Directors has adopted the disposal of the subsidiary (KGP) shares on December 13, 2018, executed by selling to a non-related party. The strike price of the transaction was determined on March 19, 2019, amounted to 419 million CNY or 1.928 billion NTD. The actual gain or loss on disposal will be determined after the further calculation among its net value and relative cost for disposal on the transaction day.

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	By function	For the year ended December 31					
		2018			2017		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
By item							
Employee benefits							
Salary		957,067	276,963	1,234,030	1,107,031	339,914	1,446,945
Labor and health insurance		92,595	26,929	119,524	97,467	26,900	124,367
Pension		47,290	15,255	62,545	48,414	14,890	63,304
Remuneration of directors		-	3,302	3,302	-	14,828	14,828
Others		41,538	14,426	55,964	44,925	15,306	60,231
Depreciation		582,393	112,257	694,650	591,438	98,687	690,125
Amortization		1,103	7,175	8,278	1,941	7,868	9,809

As of December 31, 2018 and 2017, the Company had 1,622 and 1,943 employees , both including 6 independent directors.

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

(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 Company:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Kunshan Giantplus Optoelectronics Technology Co., Ltd	Kunshan Giantplus Optoelectronics Technology Co.LTD	Other receivables	Yes	467,120	399,295	399,295	3.40%~4.33%	2	-	Operating Capital	-	None	-	888,169	888,169
2	Giantplus (Samoa) Holding Co., Ltd	Kunshan Giantplus Optoelectronics Technology Co.LTD	Other receivables	Yes	183,630	92,145	92,145	4.42%	2	-	Operating Capital	-	None	-	947,429	1,263,239
2	Giantplus (Samoa) Holding Co., Ltd	The Company	Other receivables	Yes	616,600	614,300	614,300	3.17%~3.47%	2	-	Operating Capital	-	None	-	947,429	1,263,239

Note 1: For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 30% of its net asset value. Kunshan Giantplus Optoelectronics Technology Co., Ltd's total fund financing amount for cannot exceed 90% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value. Kunshan Giantplus Optoelectronics Technology Co., Ltd's total fund financing amount for cannot exceed 90% of its net asset value.

Note 4: Highest balance of financing to other party during the period.

Note 5: If the public company submits fund financing based on each transaction for a resolution by the Board of Directors in accordance with Article 14(1) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the funds have not been allocated, the amount approved by the board shall be included in the ending balance of loans of funds in the announcement to reflect that the company take risks

However, if the loans of funds are repaid, the balance of the repayment shall be disclosed to reflect the adjustment of risk.

If the public company authorizes the chairman of the board to allocate the loans of funds within particular amounts (authorized limits) and repaid over several installments in a year according to the resolution of the board of directors in accordance with Article 14(1) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall still disclose the amount approved by the board of directors.

Although the funds will be repaid afterwards, in the consideration of the possibilities of re-loan, the company shall still disclose the amount approved by the board of directors.

Note 6: The amount is based on foreign currency, please refer the spot exchange rate on financial statement date.

(ii) Guarantees and endorsements for other parties:None

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Chenfeng Optronics Corporation		FVOCI	2,141,452	-	4.65 %	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd.	Grandson company	Purchase	621,900	15 %	60 Days	-		(206,591)	(11)%	
The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	Grandson company	Purchase	995,915	24 %	60 Days	-		(522,858)	(28)%	
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent's holding company	Sale	(621,900)	(100)%	60 Days	-		206,591	100%	
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent's holding company	Sale	(995,915)	(98) %	60 Days	-		522,858	100%	

Note: The aforementioned inter-company transactions have been eliminated in the financial statements.

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent company's holding company	234,124	-	-		73,133	-
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent company's holding company	523,096	-	-		523,096	-
Kunshan Giantplus Optoelectronics Technology Co., Ltd	Kunshan Giantplus Optronics Display Tech Co., Ltd	Related company	163,751	-	-		2,604	-

Note 1: The aforementioned inter-company transactions have been eliminated in the financial statements.

Note 2: Contain Other non-operating receivables.

- (ix) Trading in derivative instruments:None

- (b) Information on investees:

The following is the information on investees for the years ended December 31, 2018 (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of ownership	Carrying value			
The Company	Giantplus (Samoa) Holding Co., Ltd	Samoa	Investment activities	1,397,086	1,397,086	44,000,000	100.00 %	3,158,099	(10,830)	(10,830)	Subsidiary
The Company	D&Y INTELLIGENT CO., LTD.	Taiwan	Research and development, design, production and sales of medical device products	35,106	35,106	2,606,250	23.27 %	-	-	-	Related Company (note)
Giantplus (Samoa) Holding Co., Ltd	Giantplus Holding L.L.C.	U.S.A	Investment activities	1,397,086	1,397,086	-	100.00 %	2,427,264	(29,462)	(29,462)	Subsidiary

Note: There are all expected credit loss required after the management's assessment.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Giantplus Optoelectronics Technology Co., Ltd	The assembly of liquid crystal displays	921,450	(2)	921,450	-	-	921,450	(60,061)	100.00%	(60,061)	986,855	-
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The assembly of liquid crystal displays	368,580	(2)	368,580	-	-	368,580	19,340	100.00%	19,340	854,536	-
Kunshan Giantplus Optronics Display Tech Co., Ltd	The assembly of liquid crystal displays and the production and sale business of touch panel	890,735	(2)	890,735	-	-	890,735	10,336	100.00%	10,336	566,162	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (note 3)
2,180,765	2,180,765	4,943,044

Note 1: Investments in Mainland China are differentiated by the following five methods:

1. Direct investment in Mainland China
2. Direct investment in Mainland China with remittance through a third region
3. Other methods

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

1. If the corporation is in the set-up phase, no investment gain or loss recognition is required
2. Recognition basis of investment gains or losses is determined by the following three types:
 - (1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - (2) Financial statements of the investee company were audited and certified by the external accountant of the parent company
 - (3) Others-financial statement compiled by investee.

Note 3: The upper limit on investment was the greatest of 60% of the total net worth based on "Principle of investment or Technical Cooperation in Mainland China".

Note 4: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate at the year ended December 31, 2018.

Note 5: The aforementioned inter-company transactions have been eliminated in the financial statements.

Note 6: Kunshan Giantplus Optoelectronics Technology Co., Ltd is the indirect subsidiary of the Company.

Note 7: Shenzhen Giantplus Optoelec. Display Co., Ltd. is the indirect subsidiary of the Company.

Note 8: Kunshan Giantplus Optronics Display Tech Co., Ltd. is the indirect subsidiary of the Company.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(14) Segment information:

Please refer to the consolidated financial statements.

The Company's chief decision makers believe that the Company has only a single segment, mainly engaged in research, development, production and sale of thin film transistor liquid crystal displays ("TFT-LCDs")

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of cash and cash equivalents

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand		\$ 231	Note
Checks and saving accounts	Checking accounts	1,520,437	
	Savings accounts		
	Foreign currency deposits		
	USD28,344		
	JPY400,657		
	HKD42		
	RMB7,124		
	EUR112		
Time deposits	RMB14,900	66,682	
		<u>\$ 1,587,350</u>	

Note : Exchange rate, December 31,2018

USD1=NTD30.715

JPY1=NTD0.278

HKD1=NTD3.921

RMB1=NTD4.475

EUR1=NTD35.200

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of trade receivables

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
Others	Payment	\$ <u>5,689</u>	Note
Non-related parties:			
Flextronics Shah Alam Sdn.Bhd.	"	155,199	
Chunghwa Picture Tubes, Ltd.	"	147,728	
Others	"	<u>1,421,551</u>	Note
Subtotal		1,724,478	
Less : Allowance for impairment loss		<u>(76,847)</u>	
Net amount		<u>1,647,631</u>	
Total		<u><u>\$ 1,653,320</u></u>	

Note : The amount of individual client included in others does not exceed 5% of the account balance.

Statement of other receivables

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other receivables-related party			
Toppan Chunghwa Electronics Co., Ltd.	Advance money	\$ 9,201	
Others	"	<u>5,346</u>	Note
Subtotal		<u>14,547</u>	
Other receivables- non-related party			
Financial institutions	Others	71,796	
Henghao Technology Co., Ltd.	"	10,664	
Others		<u>44,089</u>	Note
Subtotal		<u>126,549</u>	
Total		<u><u>\$ 141,096</u></u>	

Note : The amount of individual client included in others does not exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of inventories

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw material	\$ 559,232	508,876	
Work in process	345,735	309,494	
Finished goods	<u>190,022</u>	<u>228,004</u>	
Total	1,094,989	<u>1,046,374</u>	
Less : Allowance for inventory market decline and obsolescence	<u>(148,632)</u>		
Net value	<u>\$ 946,357</u>		

Statement of other current assets

Item	Description	Amount	Note
Other prepaid expenses	Prepaid premium	\$ 109,737	
Temporary payments	Molding equipment expense	47,055	
Office supplies	Hardware parts etc.	55,735	
Others		<u>2,656</u>	Note
		<u>\$ 215,183</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

<u>Name of Company</u>	<u>Balance, January 1, 2018</u>		<u>Additions</u>		<u>Decrease</u>		<u>Balance, December 31, 2018</u>			<u>Market Price or Net Asset (Note)</u>		<u>Collateral</u>	<u>Note</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>%</u>	<u>Amount</u>	<u>Unit price</u>	<u>Total Amount</u>		
<u>Equity Method</u>													
Giantplus (Samoa) Holding Co., Ltd	44,000,000	\$ 3,211,468	-	-	-	53,369	44,000,000	100.00 %	3,158,099	71.8	3,158,099	None	
D&Y Intelligent Co., Ltd.	2,606,250	-	-	-	-	-	2,606,250	23.27 %	-	-	-	"	
Subtotal		3,211,468		-		53,369			3,158,099		3,158,099		
Less: Deferred credits		37,053		-		4,183			32,870		-		
		<u>\$ 3,174,415</u>		<u>-</u>		<u>49,186</u>			<u>3,125,229</u>		<u>3,158,099</u>		

Note : When there is no open market price at the December 31, 2018, the market price is determined by the net assets.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of other non-current assets

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments for equipment		\$ 73,846	
Refundable deposits		1,403	
Others		<u>181</u>	
		<u><u>\$ 75,430</u></u>	

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of short-term borrowings

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

<u>Type</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Financing line</u>	<u>Collateral</u>	<u>Note</u>
Unsecured loans	Operating turnover	\$ 250,000	2019.1.9~2019.3.28	0.66%~0.69%	2,295,000		
Collateral loans	Operating turnover	150,000	2019.3.28	1.25%	250,000	Land and Buildings	Five year credit lines
Total		<u>\$ 400,000</u>					

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of trade payables

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Name of Client	Description	Amount	Note
Related parties:			
Kunshan Giantplus Optronics Display Tech Co. Ltd	Payment	\$ 522,858	
Shenzhen Giantplus Optoelec. Display Co., Ltd	"	206,591	
Others	"	<u>42,164</u>	Note
Subtotal		<u>771,613</u>	
Non-related parties:			
Shian Yih Electronic Industry Co., Ltd.	"	209,171	
Others	"	<u>893,937</u>	Note
Subtotal		<u>1,103,108</u>	
Total		<u><u>\$ 1,874,721</u></u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of other payables

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Related parties:		
Giantplus (Samoa) Holding Co., Ltd	Loaning of funds	\$ 618,172
Others		<u>47,349</u>
Subtotal		<u>665,521</u>
Non-related parties:		
Other accrued expenses payable	Acquisition of material and premium	415,900
Annual bonus payable		126,800
Salaries payable		93,611
Others		<u>122,891</u>
Subtotal		<u>759,202</u>
Total		<u><u>\$ 1,424,723</u></u>

Statement of other current liabilities

Item	Description	Amount	Note
Unearned sales revenue		\$ 55,991	
Others		<u>21,127</u>	Note
		<u><u>\$ 77,118</u></u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of long-term borrowings

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Rate</u>	<u>Collateral</u>	<u>Note</u>
Chang Hwa Commercial Bank, Ltd.		\$ 2,266,667	2027.04.10	1.30 %	Land and buildings	
Less : Within one year or one operating cycle		<u>(141,667)</u>				
Total		<u><u>\$ 2,125,000</u></u>				

GIANTPLUS TECHNOLOGY CO., LTD.
Statement Of Other Non-current Liabilities
December 31, 2018
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposit received	Guarantee deposit	\$ <u><u>18,898</u></u>	

Statement of operating revenue
For the year ended December 31, 2018

<u>Item</u>	<u>Quantity(thousand square foot)</u>	<u>Amount</u>	<u>Note</u>
Display	Note	\$ <u><u>9,853,959</u></u>	

Note : Due to the variety of products, it is difficult to statistically classify.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of operating costs

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Raw material, January 1	\$ 621,054	
Add: Purchase	3,733,121	
Less: Transferred to other expenses	(5,299)	
Sales of raw material	(253,592)	
Obsolescence	(3,751)	
Raw material, December 31	(559,232)	
Direct material	\$	3,532,301
Direct Labor		371,366
Manufacturing expenses		<u>4,398,951</u>
Cost of manufacturing		8,302,618
Work in process, January 1		223,531
Add: Purchases		493,174
Less: Sales of work in process		(1,773,788)
Transferred to other expenses		(19,709)
Obsolescence		(5,305)
Work in process, December 31		<u>(345,735)</u>
Cost of finished goods		6,874,786
Finished goods, January 1		114,616
Less: Transferred to other expenses		(7,228)
Obsolescence		(3,657)
Finished goods, December 31		<u>(190,022)</u>
Cost of goods		6,788,495
Add: Cost of raw material		253,592
Sales of work in process		1,773,788
Allowance for inventory obsolescence		12,713
Allowance for inventory market decline		<u>16,573</u>
Operating costs	\$	<u><u>8,845,161</u></u>

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of selling expenses

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Premium		\$ 173,338	
Salary and wages expenses		81,250	
Commission expense		60,969	
Transportation expense		30,654	
Others		<u>44,072</u>	Note
		<u>\$ 390,283</u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

Statement of administrative expenses

Item	Description	Amount	Note
Salary and wages expenses		\$ 102,998	
Miscellaneous Expenses		11,700	
Depreciations expense		19,609	
Taxes		13,093	
Others		<u>77,947</u>	Note
		<u>\$ 225,347</u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.
STATEMENT OF COMMISSIONS EXPENSE
For the year ended December 31, 2018
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expenses		\$ 107,970	
Depreciation expense and depletion		92,378	
Material requisition		21,081	
Molding equipment expense		22,475	
Others		31,838	
		<u>\$ 275,742</u>	

Statement of changes in property, plant and equipment refer to note 6(h).

Statement of changes in depreciation and impairments loss refer to note 6(h).

Statement of changes in cost, amortization and impairment of the intangible assets refer to note 6(i).

Statement of changes in total other income, other gains and losses and finance costs refer to note 6(u).

Statement of changes in finance costs refer to note 6(u).