UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(mark one)

[X] Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2018

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _______________ to _______________

Commission file number: __________

COLORSTARS GROUP
(Exact name of registrant as specified in its charter)

Nevada	**06-1766282**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10F, No. 566 Jung Jeng Rd. Sindian District , New Taipei City 231, Taiwan, R.O.C.
(Address of Principal Executive Offices)(Zip Code)

(+886) 2-8667-6600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $0.001 par value per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [X]	Smaller reporting company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) or the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.)

Yes [ ] No [X]

As of June 30, 2018, the registrant had 102,274,515 shares of Common Stock, $0.001 par value, issued and outstanding. The aggregate market value of the registrant’s voting and non-voting common stock held by non-affiliates of the registrant on June 30, 2018 was $22,627,802.

As of March 28, 2019, the registrant had 102,274,515 shares of Common Stock, $0.001 par value, issued and outstanding.

NO DOCUMENTS INCORPORATED BY REFERENCE

COLORSTARS GROUP

2018 FORM 10-K ANNUAL REPORT

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PART I

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This 2018 Annual Report on Form 10-K, including the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," contains "forward-looking statements" that include information relating to future events, future financial performance, strategies, expectations, competitive environment, regulation and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new products or services; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management's goals and objectives; trends affecting our financial condition, results of operations or future prospects; our financing plans or growth strategies; and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes" and "estimates," and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause these differences include, but are not limited to:

- our inability to raise additional funds to support operations and capital expenditures;
- our inability to achieve greater and broader market acceptance of our products and services in existing and new market segments;
- our inability to successfully compete against existing and future competitors;
- our inability to manage and maintain the growth of our business;
- our inability to protect our intellectual property rights; and
- other factors discussed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

Forward-looking statements speak only as of the date they are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

ITEM 1. BUSINESS

With respect to this discussion, the terms "we" "us" "our" and the "Company" refer to ColorStars Group.

(a) General.

We were initially incorporated in the Province of Ontario, Canada on January 21, 2005. On November 3, 2005, we converted to a Nevada corporation.

(b) Significant Business Transactions Overview.

On July 24, 2005, we entered into an acquisition agreement with ColorStars, Inc., a Taiwanese corporation ("ColorStars Taiwan"), pursuant to which, on February 14, 2006, the shareholders of ColorStars Taiwan were issued shares of our Company in exchange for their shares of ColorStars Taiwan. This resulted in ColorStars Taiwan becoming a wholly owned subsidiary of the Company. Specifically, for each share of common stock outstanding of ColorStars Taiwan (1,500,000 shares of ColorStars Taiwan were issued and outstanding at such time), 20 shares of our common stock were issued in exchange for each such share (the aggregate of 30,000,000 shares of our common stock).

In 2004, ColorStars, Inc. based in Taiwan acquired 20% of the outstanding common shares of Anteya Technology Corporation. Anteya provides the OEM service to us for the TRISTAR, EZSTAR, R4, LUXMAN, and HB series of product lines. On August 16, 2012, Anteya increased its share capital from 5,000,000 shares to 6,500,000 shares, and we subscribed for 300,000 additional shares at par value. The Company now holds a total of 1,300,000 shares in Anteya representing a total investment of NTD $27,304,000 (USD $910,492) representing 20% equity. Anteya Technology issued an additional of 1,000,000 shares to 7,500,000 shares during 2014 and an additional 2,000,000 shares in 2015. The Company decided not to subscribe any of these newly issued shares. As a result, the equity interest decreased to 13.68% for the period ended December 31, 2015. Anteya Technology was given cessation of operations from April 28, 2017. As a result, the investment was deducted by full impairment on December 31, 2015.

On October 13, 2008, we acquired 2,800 shares in a German company, Phocos AG. On May 27, 2013, the Company sold its 2,800 shares of Phocos AG to MUUS Horizen Fund 1, LP for $30 EU per share ($84,000 EU in total). The Company has no remaining stake in Phocos AG.

On March 20, 2009, ColorStars Taiwan acquired 50.4% of the outstanding common shares of Fin-Core Corporation, a Taiwanese corporation ("Fin-Core") for a cash consideration of US $468,262. This resulted in Fin-Core becoming a subsidiary of ours. The purchase price for the common shares of Fin-Core was determined through private negotiations between the parties and was not based upon any specific criteria of value. Fin-Core is principally engaged in the design and manufacturing of thermal management devices, the design and manufacturing of electrical and lighting devices and trade, and the import and export of electrical and lighting devices.

On August 5, 2009, ColorStars Taiwan acquired a 51% equity interest in Jun Yee Industrial Co., Ltd., a Taiwanese corporation ("Jun Yee") for a cash consideration of US $536,000. The purchase price for the equity interest in Jun Yee was determined through private negotiations between the parties and was not based upon any specific criteria of value. Upon acquiring the equity interest, Jun Yee became a subsidiary of ours. The principal activity of Jun Yee is the manufacturing of LED light.

On July 7, 2010, ColorStars Taiwan sold 30.4% of its common shares of Fin-Core to Meiloon Industrial Co., Ltd., a publicly traded company on the Taiwan Stock Exchange, for a cash offering of US $429,000. As a result of this transaction, ColorStars Taiwan owned only 20% of the outstanding common shares of Fin-Core.

On November 26, 2010, ColorStars Taiwan entered into two related stock purchase agreements whereby ColorStars Taiwan sold all of its shares of Jun Yee common stock to Mr. Ming-Chun Tung and Ms. Ming-Fong Tung. Pursuant to the stock purchase agreement entered into with Mr. Ming-Chun Tung, ColorStars Taiwan sold 265,000 shares of its Jun Yee common stock to Mr. Ming-Chun Tung at a price per share of NTD $23 (USD $0.76) for a total purchase price of NTD $6,095,000 (USD $200,427). Furthermore, pursuant to the stock purchase agreement entered into with Ms. Ming-Fong Tung, ColorStars Taiwan sold 500,000 shares of its Jun Yee common stock to Ms. Ming-Fong Tung at a price per share of NTD $23 (USD $0.76) for a total purchase price of NTD $11,500,000 (USD $378,165). As a result of the transactions consummated above, Jun Yee is no longer our subsidiary.

In October 2011, Fin-Core decided to increase its capital by issuing 3,000,000 new shares at par value of NTD10 per share. The Company was entitled to subscribe for up to 600,000 shares for NTD 6,000,000. However, the Company chose not to participate in the subscription of any newly issued shares of Fin-Core. As a result, on November 4, 2011, the Company's equity interest in Fin-Core decreased to 11.43% from 20% after issuance of 3,000,000 new shares.

On Dec. 20, 2012, Fin-Core Corporation decreased its total shares from 7,000,000 to 500,000. The Company's invested cost and percentage of shareholding were unchanged after the share consolidation. The Company held 57,143 shares in Fin-Core after the consolidation.

On December 28, 2012, Fin-Core increased its total shares to 1,100,000 shares with a new capital injection. The Company decided to not participate in the new share subscription and kept its total shares at 57,143. As a result, on December 31, 2012, the Company's equity interest in Fin-Core decreased to 5.19%. As a result of the consolidation and subsequent increase in outstanding shares, Fin-Core is no longer deemed our subsidiary.

(c) Business of Issuer.

Overview

The Company, through its wholly owned subsidiary, has historically been primarily engaged in manufacturing, designing and selling light-emitting diode ("LED") and lighting equipment. We developed and retrofitted LED lamps and bulbs for lighting fixtures designed for general and special lighting applications. Our website can be found at www.colorstarsgroup.com and www.colorstars.com .

As LED lighting business has become very competitive, during 2017 the Company began planning for a transformation into a holding company to seek investment opportunities in other business lines.

Products

ColorStars' historical line of products included a variety of lighting product lines and technologies for consumer and commercial applications. As we have stopped designing and manufacturing new products since late 2017, the company is mainly selling the inventory while there is a need from the customers. The company has been negotiating the transfer of the tehcnology to an enitity in the Kingdom of Saudi Arabia and form a joint venture for the continuation of the LED lighting product lines.

Manufacturers

The Company currently has no manufacturing activities in the LED ligthing product lines and is only selling the existing inventory on demand.

Distributors and Suppliers

We granted a small number of certain distributors the right in defined territories to distribute our products. We have not entered into any written agreements with these distributors. As such, if our distributors are not adequately performing, we have the option to terminate our relationship at any time with them. Our distributors could also discontinue marketing and distributing our products with little or no notice.

We are not dependent on, nor expect to become dependent on, any one or a limited number of suppliers for essential raw materials or other items. Our manufacturing operations, which are outsourced to various companies, are located in Taiwan where there is an extensive infrastructure of companies supplying raw materials to the LED lighting industry. As the company is transforming to a holding company there is none or limited manufacturng activities in 2018.

Customers

We have historically sold our products primarily to professional wholesale lighting distribution companies, some of whom are companies with many years of experience distributing traditional lighting products and some of whom are strictly distributors of LED lighting products and have fewer years of experience. We also distribute our LED lighting to lighting engineers engaged in specific lighting projects. Typically, we do not sell our products directly to end-users. O

As the company is transforming to a holding company and seeking a joint venture for the continuation of the LED lighting product lines. The company will also re-direct its customers to this joint venture company in the very near future.

Since 2015 we began to experience an overall decrease in the number of customers globally, as global competition increased. At this time, the LED market is being flooded with low-priced products from China. Many of our customers are either evaluating or switching to low-priced suppliers as opposed to opting for premium quality products with superior engineering and design.

Product Research and Development

We are not currently engaged in any research and development activities.

Competition

We have historically sold our products globally primarily to lighting distributors selling LED lamps and lighting fixtures for commercial lighting. Competition in the market in which we sell our products is primarily based on price and the frequent introduction of new products to the market using the latest available technology. Our outsourced manufacturing operations in Taiwan, as well as the location of our research and development staff in Taiwan, allows us to take full advantage of a well-developed infrastructure of high-technology companies and well-trained engineers in the SSL industry.

Our principal competitors are Revolution Lighting Technologies, Inc. (NASDAQ: RVLT) and Lighting Science Group (OTC: LSCG) in U.S.A., Philips and Osram in Europe, and Toshiba, and Panasonic in Japan. We also expect increased competition from major traditional lighting companies such as General Electric (NYSE: GE), Westinghouse, and Acuity Brands who have or are developing LED lighting products.

Strategy

As low-priced competitors from China greatly affected our 2018 performance, we have been more conservative in selecting projects and have attempted to avoid transactions with low margins and high risk. We have also decreased our promotional and selling expenses, such as costs associated with attending trade shows. Further, we have decided not to sell our products through retail channels, since payment terms can be long, and the shelf life of our products may be limited as less expensive products follow us into the same stores.

Intellectual Property

(a) Patents.

We have been issued patents for “high power LED color bulb with infrared remote function” in Taiwan, UK, Germany, France, and the USA. This patent covers the technology in the TriStar series of RGB lamp. We designed a new line of the R5 series of LED lamps in 2011. All of the associated safety marks and certificates were granted for the R5s for their sales into the North American European markets. A total of three different patents were awarded around the new R5 series of lamps in various countries. The R5-PAR38 lamp was also awarded with the reputable Red Dot Award in Germany. We would expect the new R5 to replace the old BOBBY lines. There are a total of 22 patents filed and granted in various countries as of to date.

(b) Trademarks and Service Marks.

We use the trademarks “ColorStars”, “TriStar”, “StarStream”, and “PAVO” which are registered trademarks in various countries worldwide. All trademarks, service marks and copyright registrations associated with the business are registered in the name ColorStars Group and expire over various periods of time. We intend to vigorously defend against infringements of our trademarks, service marks and copyrights.

Government Regulations and Standards

The largest segment of the lighting industry consists of incandescent light bulbs. Governments, throughout the world, have passed measures to phase out incandescent light bulbs. In some jurisdictions, this has been done through legislation, while others, through voluntary measures. The aim is to encourage the use of more energy efficient lighting alternatives such as the CFL and the LED lamps.

CFL's, like all fluorescent lamps contain small amounts of mercury as vapor inside the glass tubing. This does have an element of environmental concern and although it does not pose any significant health risk to exposed adults or children, there has been some worry within the lighting industry with respect to this matter. We claim our overall compliance costs to not be material and are similar to our competitors. Because our products are designed to meet energy efficiency targets greater than are now in effect in our markets, we expect tighter environmental and energy regulations to increase demand for our products.

Environmental Regulations

Our products are subject to the ENERGY STAR program. ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices. The Energy Star is awarded to only certain bulbs that meet strict efficiency, quality, and lifetime criteria.

Employees

As of December 31, 2018, we had a total of 2 full-time employees and 1 part-time employee. There are no collective bargaining agreements between us and our employees. We do not have any supplemental benefits or incentive arrangements for employees at the present time.

Reports to Security Holders

The public may read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, which can be found at http://www.sec.gov.

ITEM 1A. RISK FACTORS

As we are a smaller reporting company, we are not required to provide the information required by this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own any property, real or otherwise. We currently lease the following properties:

We lease our principal office from Mr. Wei-Rur Chen, our president, at a consideration of NTD $120,000 (USD $3,933) per month (NTD $1,440,000 (USD $47,196) annually). The initial lease term for the agreement was from November 2005 to November 2010. The lease was extended for another five (5) years to November 2015. The lease was then extended for another five (5) years to November 2020. This office is the main operational office in Taiwan with the address of 10F, No. 566 and 568 Jungjeng Road, Sindian District, New Taipei City, Taiwan 231.

We believe that our current facilities are adequate for our needs through the next twelve months, and that, should it be needed, suitable additional space will be available to accommodate expansion of our operations on commercially reasonable terms, although there can be no assurance in this regard. There are no written agreements. We have no plans to acquire any property in the immediate future.

ITEM 3. LEGAL PROCEEDINGS

There are no legal proceedings that have occurred within the past year concerning our directors, or control persons which involved a criminal conviction, a criminal proceeding, an administrative or civil proceeding limiting one's participation in the securities or banking industries, or a finding of securities or commodities law violations.

On September 17, 2018, the U.S. Securities and Exchange Commission ("Commission") announced the temporary suspension of trading in the securities of the Company, commencing at 9:30 a.m. EDT on September 18, 2018 and terminating at 11:59 p.m. EDT on October 1, 2018. The Commission temporarily suspended trading in the securities of the Company due to a lack of current and accurate information about the Company because it has not filed certain periodic reports with the Commission. This order was entered pursuant to Section 12(k) of the Securities Exchange Act of 1934 ("Exchange Act") and was accompanied by an Order Instituting Administrative Proceedings and Notice of Hearing (the "Proceeding") pursuant to Section 12(j) of the Exchange Act. The stated purpose of the order and hearing is for the Commission to determine whether it is necessary and appropriate to continue the suspension in the trading of the securities of the Company for a period not exceeding twelve months, or to revoke the registration of the Company's securities pursuant to Section 12 of the Exchange Act. The Company filed an Answer in the Proceeding on September 26, 2018.

On October 18, 2018, the Company had a pre-hearing telephone conference with the Commission regarding the Proceeding. During the pre-hearing conference, it was agreed that the Commission's motion for summary disposition against the Company was due on November 15, 2018; the Company's opposition brief was due on December 13, 2018; and that the Commission's reply brief was due on December 20, 2018, and such filings were made. The Commission offered the Company the alternative to consent to the revocation of the registration of the Company's securities pursuant to Section 12 of the Exchange Act to avoid the time and cost associated with contesting the Proceeding. If the Company were to consent to the revocation of its registration, the Company would then need to file a registration statement (with two years of audited financials) with the Commission and cause that registration statement to become effective in order to reinstate the registration of the Company's securities. It is the Company's understanding from the pre-hearing conference with the Commission that the only remedy the Commission has for delinquent filers such as the Company, even if the filer becomes current by the date of the hearing, is the revocation of the registration of the Company's securities pursuant to Section 12 of the Exchange Act. Therefore, the Company cannot provide any assurances that it will be able to avoid the revocation of the registration of the Company's securities pursuant to Section 12 of the Exchange Act due to the Company becoming delinquent in its filings. If the registration of the Company's securities is revoked, the Company intends to file a registration statement with the Commission to reinstate the registration of the Company's securities. The Company cannot provide any assurances as to the timing of the filing and effectiveness of such a registration statement.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our Common Stock was trading on the OTC Bulletin Board under the symbol "CSTU". On September 17, 2018, the U.S. Securities and Exchange Commission ("Commission") announced the temporary suspension of trading in the securities of the Company, commencing at 9:30 a.m. EDT on September 18, 2018. The Commission temporarily suspended trading in the securities of the Company due to a lack of current and accurate information about the Company because it has not filed certain periodic reports with the Commission. This order was entered pursuant to Section 12(k) of the Securities Exchange Act of 1934 ("Exchange Act") and was accompanied by an Order Instituting Administrative Proceedings and Notice of Hearing pursuant to Section 12(j) of the Exchange Act. The stated purpose of the order and hearing is for the Commission to determine whether it is necessary and appropriate to continue the suspension in the trading of the securities of the Company for a period not exceeding twelve months, or to revoke the registration of the Company's securities pursuant to Section 12 of the Exchange Act. The Company filed an Answer in the Proceeding on September 26, 2018.

The following table sets forth, for the periods indicated, the high and low bid information for our Common Stock as determined from sporadic quotations on the OTC Bulletin Board. The following quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	High	Low
Year Ended December 31, 2018		
First Quarter	$ 1.05	$ 0.251
Second Quarter	$ 1.03	$ 0.101
Third Quarter	$ 0.255	$ 0.11
Fourth Quarter (Trading Suspended)	$ N.A.	$ N.A.

	High	Low
Year Ended December 31, 2017		
First Quarter	$ 0.02	$ 0.011
Second Quarter	$ 0.039	$ 0.019
Third Quarter	$ 0.382	$ 0.023
Fourth Quarter	$ 1.25	$ 0.11

Security Holders

As of December 31, 2018, there were 555 record holders of 102,274,515 shares of our Common Stock

Dividends

Dividends, if any, will be contingent upon our revenues and earnings, capital requirements and financial conditions. The payment of dividends, if any, will be within the sole discretion of our Board of Directors. We presently intend to retain all earnings, if any, for use in our business operations.

Securities authorized for issuance under equity compensation plans

We have never and have no current plans to issue securities under any equity compensation plans.

Common Stock

The authorized capital stock of our Company consists of 450,000,000 shares of Common Stock, par value $0.001 per share, of which there are 102,274,515 issued and outstanding as of December 31, 2018.

All outstanding shares of Common Stock are of the same class and have equal rights and attributes. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. Our stockholders are entitled to share equally in dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available. In the event of liquidation, the holders of our Common Stock are entitled to share ratably in all assets remaining after payment of all liabilities. Our stockholders do not have cumulative or preemptive rights.

Preferred Stock

Our Certificate of Incorporation authorizes the issuance of up to 50,000,000 shares of Preferred Stock, par value $0.001 per share, with designations, rights and preferences including rights to dividend, liquidation, conversion, voting, or other rights determined from time to time by our Board of Directors, without shareholder approval. Up to this point in time, we have not designated or issued any shares of Preferred Stock.

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide the information required by this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Liquidity and Capital Resources.

Our revenues are primarily derived from sales of the LED devices and systems described above. Although our financial results are mainly dependent on sales, general and administrative, compensation and other operating expenses, our financial results have also been dependent on the level of market adoption of LED technology as well as general economic conditions.

Lighting products remained relatively static for 50 years until recently, when lighting became one of the last major markets to be transformed substantially by new technology. Because LED technology remains an emerging and expensive technology that has only recently become more economically viable, market adoption has been slow. Given the current economic downturn, liquidity has been constrained forcing institutions and individuals to substantially reduce capital spending to focus only on critical path expenditures. LED lighting products have been a discretionary rather than mandatory investment, and as a result, sales of our devices and systems have been negatively impacted. We believe that as the global economy grows and provides institutions and individuals with greater liquidity, sales of our devices and systems will increase.

Increased market awareness of the benefits of LED lighting, increasing energy prices and the social movement influencing individuals and institutions towards greater investment in energy-efficient products and services will have, we believe, an increasingly positive impact on our sales in the future. Additionally, we intend to utilize our strategic partnerships to help us reduce the component and production costs of our devices and systems in order to offer them at competitive prices. Further, we believe our ability to provide attractive financing options to our clients with respect to the purchase of our devices and systems will positively affect our sales.

Net cash (used in) provided by operating activities. During the fiscal year ended December 31, 2018, net cash used in operating activities was $(500,320) compared with $(73,744) used in operating activities for the fiscal year ended December 31, 2017. The cash flow used in operating activities in the fiscal year ended December 31, 2018 was primarily the result of increase in net loss and decrease in accounts payable and transfer of temporarily held proceeds from new issuance of shares. The cash flow used in operating activities in the fiscal year ended December 31, 2017 was primarily the result of net loss and accounts payable.

Net cash (used in) provided by investing activities. During the fiscal year ended December 31, 2018, net cash used in investing activities was $0 compared with $7,917 used in investing activities for the fiscal year ended December 31, 2017.

Net cash (used in) provided by financing activities. During the fiscal year ended December 31, 2018, net cash provided by financing activities was $159,400 compared with $403,307 provided by financing activities for the fiscal year ended December 31, 2017. Net cash flow generated in financing activities in the fiscal year ended December 31, 2018 was primarily from the completion of a private placement of Company common stock in February 2018 resulting in $410,258 of proceeds to the Company and the Company made a repayment of $260,818 to shareholder loans. Net cash flow generated in financing activities in the fiscal year ended December 31, 2017 was primarily from the completion of a private placement of Company common stock in November 2017 resulting in $669,856 of proceeds to the Company.

The Company needs to raise additional capital from external sources or from shareholder loans to support its operation. There is no assurance that the Company will be able to obtain funding with acceptable terms.

(b) Results of operations.

Comparison of Fiscal Year Ended December 31, 2018 to Fiscal Year Ended December 31, 2017

Net Sales. Net sales decreased to $3,291 for the year ended December 31, 2018 from $18,851 for the year ended December 31, 2017. The decrease in sales was due to market share loss and uncompetitive product range.

Cost of Goods Sold. Cost of goods sold decreased to $583 for the year ended December 31, 2018 from $21,840 for the year ended December 31, 2017. The decrease in cost of goods sold was due to decrease in overall sales.

Gross Profit. Gross profit increased to $2,708 for the year ended December 31, 2018 from $(2,989) for the year ended December 31, 2017. The increase was due to reclaim of written-off inventory items. The Company's gross profit margin percentage increased to 82.28% for the year ended December 31, 2018 compared to (15.86)% for the year ended December 31, 2017. The increase in gross profit margin is due to reclaim of written-off inventory items.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $321,918 for the year ended December 31, 2018 from $219,159 for the year ended December 31, 2017. The increase in selling, general and administrative expenses was primarily related to payment of professional fees for the review and audit of fiscal years of 2015, 2016 and 2017. The total professional fees paid in 2018 for such reviews and audits was $180,353.

Research and Development. R&D expense was $0 for the year ended December 31, 2018 and $0 for the year ended December 31, 2017.

Depreciation, Amortization, and Depletion. Depreciation, amortization, and depletion decreased to $1,704 for the year ended December 31, 2018 from $6,277 for the year ended December 31, 2017, mainly due to less overall value of fixed property after years of use.

Interest Expense. Interest expense decreased to $11,077 for the year ended December 31, 2018 compared with $20,627 for the year ended December 31, 2017. The decrease in interest expense was due to decrease of a long-term loan.

Net Loss. For the year ended December 31, 2018, we incurred a net loss of $(334,986) as compared to a net loss of $(239,594) for the year ended December 31, 2017. The net loss was primarily a result of insufficient revenue from sales and low profit margin due to competition and price erosion.

Inflation

We do not believe that inflation in the cost of our raw materials has had in the past or will have in the future any significant negative impact on our operations. However, no assurance can be given that we will be able to offset such inflationary cost increases in the future.

(c) Off-balance sheet arrangements.

Financial instruments that potentially expose concentrations of credit risk primarily consist of cash and cash equivalents, investments and accounts receivable. Management believes there are no significant off-balance-sheet risks such as those associated with foreign exchange contracts, option contracts or other foreign exchange hedging arrangements. With respect to concentration of credit risk, the Company has cash investment policies which, among other things, limit investments to investment-grade securities. Ongoing credit evaluations of the customers are performed and allowances for potential credit losses are maintained.

(d) Contractual Obligations.

Below is a table which presents our contractual obligations and commitments as of December 31, 2018:

Contractual Obligation	Less than 1 Year (US$)	1-3 years (US$)	3-5 years (US$)	After 5 years (US$)
Operating Leases(1)	47,916	36,626	0	0
Total contractual cash obligations	47,916	36,626	0	0

(1) Operating Leases: Office leases (main office) in Taiwan.

Foreign Currency Exchange Rates

The financial statements of our foreign operations are translated into U.S. dollars for financial reporting purposes. The assets and liabilities of foreign operations, as well as the equity accounts whose functional currencies are not in U.S. dollars are translated at the period-end exchange rates, while revenues and expenses are translated at weighted-average exchange rates during the fiscal year. The cumulative translation effects are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

COLORSTARS GROUP

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

COLORSTARS GROUP
CONSOLIDATED FINANCIAL STATEMENTS
(Audited)

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FRUCI & ASSOCIATES II

A Professional Limited Liability Company

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of ColorStars Group

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ColorStars Group ("the Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive loss, stockholders' (deficit) equity, and cash flows for the two years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the two years then ended, in conformity with accounting principles generally accepted in the United States of America

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has recurring operating losses resulting in increased working capital deficits and lack of operational funding. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Fruci & Associates II, PLLC

We have served as the Company's auditor since 2017.

Spokane, Washington
April 12, 2019

COLORSTARS GROUP
CONSOLIDATED BALANCE SHEETS
(IN US$)

		December 31, 2018		December 31, 2017
Assets				
Current assets:				
Cash and equivalents	$	18,054	$	359,403
Accounts receivable, net of allowance for doubtful accounts of $148,336 at December 31, 2018 and $152,883 at December 31, 2017.		-		-
Prepaid expenses and other current assets		3,025		18,056
Total current assets		21,079		377,459
Equipment, net of accumulated depreciation		41,554		44,554
Other assets		982		11,802
Total assets	$	63,615	$	433,815
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable		20,537		15,524
Advance from shareholder		269,198		441,603
Accrued expenses- related party		5,614		3,708
Other current liabilities		159		199,967
Notes Payable - Current		-		87,538
Total current liabilities		295,508		748,340
Total liabilities	$	295,508	$	748,340
Commitments and contingencies		-		-
Stockholders' equity				
Common Stock –Par Value $0.001 102,274,515 and 90,274,515 shares issued and outstanding, 450,000,000 shares are authorized at December 31, 2018 and December 31, 2017		102,275		90,275
Additional paid in capital		4,157,518		3,759,260
Accumulated other comprehensive income		147,185		139,825
Accumulated deficit		(4,638,871)		(4,303,885)
Total stockholders equity		(231,893)		(314,525)
Total liabilities and stockholders' equity	$	63,615	$	433,815

The accompanying notes are an integral part of the financial statements.

COLORSTARS GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN US$)

	For the year ended December 31, 2018	2017
Net sales	$ 3,291	$ 18,851
Cost of goods sold	583	21,840
Gross profit	2,708	(2,989)
Operating expenses		
Selling, general and administrative	111,149	151,658
Professional fees	180,353	32,630
Rent	28,712	28,594
Depreciation & Amortization	1,704	6,277
Total operating expenses	321,918	219,159
Loss from operations	(319,210)	(222,148)
Other income (expenses)		
Interest expense (net)	(11,077)	(20,627)
Loss on impairment of investments	-	7,058
Gain (loss) on foreign exchange, net	(3,906)	-
Gain on reversal of bad debts	-	12,982
Other income	7	15,595
Other expenses	-	(29,056)
Loss before income tax	(334,186)	(236,196)
Income tax benefit (expense)	(800)	(3,398)
Net loss	(334,986)	(239,594)
Earnings per share attributable to common stockholders:		
Basic and diluted per share	$ (0.00)	$ (0.00)
Weighted average shares outstanding:		
Basic and diluted	101,274,515	71,883,561
Comprehensive gain/(loss):		
Net loss	(334,986)	(239,594)
Other comprehensive loss:		
Foreign currency translation gain(loss), net of taxes	7,360	(60,298)
Comprehensive loss	$ (327,626)	$ (299,892)

The accompanying notes are an integral part of the financial statements.

COLORSTARS GROUP
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(IN US$)

	Shares	Value	Additional Paid in capital	Accumulated deficit	Accumulated other comprehensive income	Total Stockholder's equity
Balance, December 31, 2016	67,448,890	$ 67,449	$ 3,112,230	$ (4,064,291)	$ 200,123	$ (684,489)
Capital increase	22,825,625	22,826	647,030	-	-	669,856
Foreign currency translation	-	-	-	-	(60,298)	(60,298)
Net loss	-	-	-	(239,594)	-	(239,594)
Balance, December 31, 2017	90,274,515	$ 90,275	$ 3,759,260	$ (4,303,885)	$ 139,825	$ (314,525)
Capital increase	12,000,000	12,000	398,258	-	-	410,258
Foreign currency translation	-	-	-	-	7,360	7,360
Net loss	-	-	-	(334,986)	-	(334,986)
Balance, December 31, 2018	102,274,515	$ 102,275	$ 4,157,518	$ (4,638,871)	$ 147,185	$ (231,893)

The accompanying notes are an integral part of the financial statements

COLORSTARS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN US$)

	For the year ended December 31,			
		2018		2017
Cash flows from operating activities				
Net (loss)	$	(334,986)	$	(239,594)
Depreciation and amortization		1,704		6,277
Loss on disposal of investments		-		(7,058)
Gain on reversal of bad debts				(12,982)
Accounts receivable				12,982
Prepaid expenses and other current assets		25,851		24,080
Accounts payable		5,013		(29,444)
Accrued expenses		1,906		(8,807)
Receipts in advance and other current liabilities		(199,808)		180,802
Cash flows (used in) operating activities		(500,320)		(73,744)
Cash flows from investing activities				
Sale of fixed assets		-		7,917
Cash provided by investing activities		-		7,917
Cash flows from financing activities				
Advance from shareholder		97,498		367,224
Repay advance from shareholder		(260,818)		-
Increase (decrease) in short-term loans		(87,538)		(573,246)
Increase (decrease) in long-term loans		-		(60,527)
Increase (decrease) in capital		410,258		669,856
Cash flows provided from financing activities		159,400		403,307
Effect of exchange rate changes on cash and cash equivalents		(429)		(10,510)
Net increase(decrease) in cash and cash equivalents		(341,349)		326,970
Beginning cash and cash equivalents		359,403		32,433
Ending cash and cash equivalents	$	18,054		359,403
Supplemental disclosure of cash flow information Cash paid during the period for:				
Interest	$	11,113	$	20,674
Tax paid	$	800	$	800

The accompanying notes are an integral part of the financial statements.

Note 1 – Nature of Business and Basis of Presentation

Nature of Business –Circletronics Inc., now ColorStars Group ("the Company"), was incorporated in Canada on January 21, 2005. Circletronics Inc.- was redomiciled to Nevada and its name changed to ColorStars Group on November 3, 2005. ColorStars Group owns 100% of the shares of ColorStars Inc.

Color Stars Inc. ("Color Stars TW", "the Subsidiary") was incorporated as a limited liability company in Taiwan, Republic of China in April 2003 and commenced its operations in May 2003. The Company through its wholly owned Subsidiary is mainly engaged in manufacturing, designing and selling light-emitting diode and lighting equipment.

The company will be transformed into a holding company due to environmental changes in 2018. The company is seeking investment opportunities in various business lines, including solar power projects, waste tire to oil systems, and LNG trading projects.

Basis of Presentation - The accompanying audited consolidated financial statements of ColorStars Group and Color Stars Inc. ("the Company") have been prepared in accordance with accounting principles generally accepted in the United States for annual financial information and with the instructions to the Annual Report on Form 10-K and Rule 10-01 of Regulation S-X. Accordingly, they include all of the information and footnotes required by accounting principles generally accepted in the United States for a complete presentation of the financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair statement of the financial position, results of operations and cash flows for the year ended December 31, 2018 and 2017 have been included. Operating results for the year ended December 31, 2018 are not necessarily indicative of the results to be expected for any subsequent interim period.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Going Concern - The Company incurred a loss of approximately $334,986 in 2018 and continued to experience certain decreases in working capital. As a result, the Company may lack operational funding to continue as a going concern at least 12 months" from the date the financial statements are issued. The Company is evaluating the disposal of certain assets and inventory, raising new capital for future operations, and seeking short-term loans from shareholders or banks. However, there can be no assurance that the Company will be successful in achieving its objectives. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern; however, the above conditions raise substantial doubt about the Company's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates –The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates these estimates on a regular basis and bases them on historical experience and on various assumptions that the Company believes are reasonable. Actual results could differ from the estimates.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash on deposits and all short-term highly liquid investments purchased with remaining maturities of three months or less. The Company currently maintains substantially all of its day-to-day operating cash balances with major financial institutions.

Plant and Equipment – Equipment is recorded at cost. Provision for depreciation is computed using the straight-line method on all depreciable assets over the estimated useful lives of the related assets (five years for machinery equipment, three and half years for transportation equipment and three years for computer and office equipment and other equipment).The depreciable base of the assets = cost – estimated scrap value. Upon sale or retirement of assets, the cost and related accumulated depreciation or amortization is eliminated from the respective amounts and any resulting gains or losses are reflected in operations. Expenditures for repairs and maintenance costs are expensed as incurred.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are recorded at net realizable value. The Company provides for the possibility of customers' inability to make required payments by recording an allowance for doubtful accounts. The Company writes-off an account when it is considered to be uncollectible. The Company evaluates the collectability of its accounts receivable on an on-going basis. The Company records an allowance for doubtful accounts based on the length of time the receivables are past due, the current business environment and the Company's historical experience. As of December 31, 2018 and 2017, the allowance for doubtful accounts was $148,336 and $152,883 respectively.

Inventory – Inventory is stated at the lower of cost or market (weighted average method). Any write-down of inventory to the lower of cost or market at the close of a fiscal period creates a new cost basis that subsequently would not be marked up based on changes in underlying facts and circumstances. Inventories on hand are evaluated on an on-going basis to determine if any items are obsolete or in excess of future needs. Items determined to be obsolete are reserved for. The Company provides for the possible inability to sell its inventories by providing an excess inventory reserve. As of December 31, 2018 and 2017, the allowance for obsolete inventory was $776,441 and $800,246 respectively.

Intangible Assets - Intangible assets with finite lives are amortized over their respective estimated useful lives. The amount of intangible assets to be amortized shall be the amount initially assigned to that asset less any residual value. Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate long-lived described below.

Investments – If the Company determines an unrealized loss is other-than-temporary, the Company recognizes the loss in earnings.

At December 31, 2018 and 2017, the Company has investments stated at cost method, and further discussions at Note 7.

Impairment of long-lived assets - The Company reviews the recoverability of its long-lived assets, such as property and equipment and intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets.

Fair Value of Financial Instruments - The Company values financial assets and liabilities using fair value measurements. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount of cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued liabilities, and other current liabilities in the Consolidated Financial Statements approximates fair value because of the short-term nature of the instruments.

The Company adopted the provisions of ASC 820, which require us to determine the fair value of financial assets and liabilities using a specified fair-value hierarchy. The objective of the fair-value measurement of our financial instruments is to reflect the hypothetical amounts at which we could sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Revenue Recognition - Revenue is recognized in connection with sales of products.To achieve the core principle, an entity should apply the following five-step model:

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies its performance obligations.

In addition to the five-step model, the standard provides implementation guidance on warranties, customer options, licensing, and other topics discussed in ASC 606-10-55-3. In 2017 and 2018, the FASB issued some ASUs to clarify certain matters related to FASB ASC 606, the modified retrospective adoption did not have a material effect because there were no contracts outstanding at the end of the reporting period. The Company had immaterial revenue during 2018 and will evaluate the potential recognition impacts of ASC 606 as it continues to evaluate its current business model and potential projects.

Income taxes - The Company adopted the provisions of ASC 740,which the asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect when the difference is expected to reverse. Valuation allowances are provided against deferred tax assets that are not likely to be realized.

Foreign Currency - The financial statements of the company's foreign operations are translated into U.S. dollars for financial reporting purposes. The assets and liabilities of foreign operations whose functional currencies are not in U.S. dollars are translated at the period-end exchange rates, and equity accounts at historical exchange rates, while revenues and expenses are translated at weighted-average exchange rates during the fiscal year. The cumulative translation effects are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity in the consolidated balance sheets.

Comprehensive income - Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The primary components of comprehensive income for the Company include net income and foreign currency translation adjustments arising from the consolidation of the Company's foreign subsidiaries.

Net income per common share - Net income per common share-basic is computed by dividing the net income attributable to the Company less any preferred dividends for the period by the basic weighted-average number of outstanding common shares. Diluted EPS is computed by dividing the net income less any preferred dividends, divided by the weighted average number of shares outstanding, plus diluted shares, which is the total of convertible preferred shares, options, warrants, and any other dilutive securities. The company does not have any preferred stocks, options, warrants, or any other form of dilutive securities.

The calculation of net income per common share attributable to the Company is presented in Note 5.

Shipping and Handling Costs - Shipping and handling costs incurred by the Company for the delivery of products to customers are included in selling, general and administrative expenses.

Advertising Costs - Advertising costs are expensed when incurred and are included in selling, general, and administrative expenses. The Company incurred advertising costs of $0 and $0 during 2017 and 2018, respectively

Research and development costs — Research and development costs are expensed as incurred. The Company incurred research and development costs of $0 and $0 during 2017 and 2018, respectively

Note 3 - Recently Issued Accounting Pronouncements

Lease - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”), which requires an entity to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, including operating leases, with a term greater than twelve months. Expanded disclosures with additional qualitative and quantitative information will also be required. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The new standard must be adopted using a modified retrospective transition. The Company is currently evaluating the impact of ASU 2016-02 on its condensed consolidated financial statements and related disclosures. The company believes there will have a significant impact on the condensed consolidated balance sheets.

Share-based payments for non-employees - The FASB has issued Accounting Standards Update (ASU) No. 2018-07, “Improvements to Nonemployee Share-Based Payment Accounting.” The ASU 2018-07 supersedes ASC 505-50 and explains the scope of ASC 718 to account for awards to nonemployees in the same manner as awards granted to employees for goods and services. Public companies must adopt the ASU by the first fiscal year beginning after December 15, 2018 including interim periods within those fiscal years. ASU 2018-07 generally requires the company to use a modified retrospective transition approach, with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year, for all liability-classified nonemployee awards that have not been settled as of the adoption date and equity-classified nonemployee awards for which a measurement date has not been established. The company believes there is no significant impact for adopting this ASU at the reporting period.

Note 4 – Concentration of Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of accounts receivable, cash and cash equivalents. The Company’s cash and cash equivalents are maintained with high quality institutions, the compositions and maturities of which are regularly monitored by management. Through December 31, 2018, the Company had not experienced any losses on such deposits.

Accounts receivable include amounts due from customers primarily in the manufacturing industry. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of the receivable portfolio, the existence of a limited amount of credit insurance and specifically identified customer risks. Through December 31, 2018, such losses have been within management's expectations.

For the year ended December 31, 2018, products sold to the largest one customer accounted for approximately 60% of total revenue. Products purchased from the largest (only one) supplier accounted for approximately 100% of the total purchases during the year ended December 31, 2018.

For the year ended December 31, 2017, products sold to the largest one customer accounted for approximately 29% of total revenue. Products purchased from two suppliers accounted for approximately 66% and 28% of the total purchases during the year ended December 31, 2017.

Note 5 - Earnings Per Share

Basic net loss per share is computed by dividing net loss for the period by the weighted average number of shares of common stock outstanding during the period.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated:

	The year ended December 31,	
	2018	2017
Net loss attributable to common stockholders	$ (334,986)	$ (239,594)
Weighted average common stock outstanding – Basic and diluted	101,274,515	71,883,561
Earnings per share attributable to common stockholder Basic and diluted	$ (0.00)	$ (0.00)

Note 6 - Accumulated Other Comprehensive loss

The components of accumulated other comprehensive losses were as follows:

	Foreign currency translation
Balance, December 31, 2016	200,123
Foreign currency translation, net of taxes	(60,298)
Balance, December 31, 2017	$ 139,825
Balance, December 31, 2017	139,825
Foreign currency translation, net of taxes	7,360
Balance, December 31, 2018	$ 147,185

Note 7 - Long Term Investments

The Company adopted the provisions of ASC 820, which require us to determine the fair value of financial assets and liabilities using a specified fair-value hierarchy. The objective of the fair-value measurement of our financial instruments is to reflect the hypothetical amounts at which we could sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date (exit price). ASC 820 describes three levels of inputs that may be used to measure fair value, as follows:

Level 1 value is based on observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 value is based on inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 values are driven by models with one or more significant inputs or significant value drivers that are unobservable.

Anteya Technology Corp (Anteya) is a private company incorporated in Taiwan. The equity interest held by the Company is 13.68% on December 31, 2018.

Anteya Technology ceased operations in April 2017 and, as a result, no future economic benefit was considered realizable by the Company and, as a result, the investment was fully impaired in the year ended December 31, 2015 resulting in a loss of $113,177.

Note 8- Inventory

Inventories stated at the lower of cost or market value are as follows:

	December 31, 2018	December 31, 2017
Finished goods	$ 776,441	$ 800,246
Allowance for Inventory Valuation and Obsolescence Losses	(776,441)	(800,246)
Total	$ -	$ -

The Company decided to shift in operational focus and that it was determined the remaining inventory had little-to-no value, thus was fully impaired on December 31, 2018 and 2017.

Note 9 – Equipment

Equipment and the related accumulated depreciation consisted of the following at December 31:

	2018	2017
Plant and equipment:		
Machinery equipment	$ 168,468	$ 173,633
Office equipment	70,631	72,796
* Leasehold improvements	49,465	50,981
Other	9,718	10,016
Total cost	298,282	307,426
Accumulated depreciation:		
Machinery equipment	145,353	149,809
Office equipment	64,257	66,131
Leasehold improvements	41,221	42,484
Other	5,897	4,448
Total accumulated depreciation	256,728	262,872
Plant and equipment – net	$ 41,554	$ 44,554

Depreciation was $1,704 and $6,277 for the years ended December 31, 2018 and 2017 respectively.

Straight line depreication method is used for calculating fixed assets depreciation. For office equipment and general machinery, the useful life time is 3 to 5 years. If improvements or extra maintenance is applied for the extension of its useful life of certain assets, the extra cost may be added to its initial acquisition cost and the total cost will be used as basis for depreciation calculation.

*Leasehold improvements was classified as “other assets” prior to year 2018, and is reclassified as “fixed assets” in this reporting period.

Note 10 - Income Taxes

The Company is subject to U.S. federal income tax as well as income tax in states and foreign jurisdictions(Taiwan). For the major taxing jurisdictions, the tax years 2016 through 2018 remain open for state and federal examination. The Company believes assessments, if any, would be immaterial to its consolidated financial statements. With respect to the foreign jurisdiction, the Company is no longer subject to income tax audits for the year 2017 (inclusive).

The effects of the Tax Cuts and Jobs Act on our business have not yet been fully analyzed and could have an adverse effect on our net income.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was signed into law. We are in the process of analyzing the Act and its possible effects on the Company and the Bank. The Act reduces the corporate tax rate to 21 percent from 35 percent, among other things. It could also require us to write down our deferred tax assets, which would reduce our net income during the first quarter of fiscal 2018. We cannot determine at this time the amount of any such write down, or the full effects of the Act on our business and financial results.

The income tax provision information is provided as follows:

	For the year ended December 31,	
	2018	2017
Component of income (loss) before income taxes:		
United States	$ (186,769)	$ (14,325)
Foreign	(147,417)	(221,871)
Net loss before taxes	$ (334,186)	$ (236,196)
Provision for income taxes		
Current		
U.S. federal	-	-
State and local	(800)	(800)
Foreign	-	$ (2,598)
Income tax benefit/(loss)	$ (800)	$ (3,398)

The income tax section listed above are taxes charged by the US federal, State and Local, and Foreign authorities for income taxes and taxes associated with doing business in the region. The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. The sources and tax effects of the differences, for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Federal income taxes at applicable statutory rates	$ (116,965)	$ (18,454)
Adjustment resulting from the tax effect of:		
State income tax	(800)	(800)
Foreign tax rate differential	26,535	8,133
Decrease in deferred tax assets	-	(2,598)
Loss with no tax benefit provided	90,430	28,550
Non-deductible expenses and other	-	(18,229)
	$ (800)	$ (3,398)

As of December 31, 2017, there was gross U.S. federal net operating loss carry forwards of $1,293,039, which may be available to offset future federal income tax liabilities. The net operational loss of 2018 is estimated to $334,186. As of December 31, 2018, the total gross U.S. Federal net operating loss carry forwards is approximately $1,627,225, which may be available to offset future federal income tax liabilities. All of the gross federal net operating losses are limited by certain provisions of the U.S. tax code which restricts their utilization in the future. Given the uncertainty of the future benefit from the utilization of the Company's NOL carryforwards, a full valuation allowance has been recorded.

The federal net operating losses expire at various dates through 2027 to 2035.

Note 11 - Bank Short Term Debt

	December 31, 2018	December 31, 2017
Bank loan payable to Taiwan banks	$ -	$ -

The Company signed revolving credit agreements with a lending institution.. All loans were fully repaid on December 5, 2017.

Note 12 - Long Term Loan

The Company signed sales with buyback agreement of 5 million New Taiwan Dollars (US$164,542) with Chailease Finance Co., Ltd. in July 2016. The loan is amortized to 36 months and the monthly repayment amount is based on the remaining principal at the beginning of each 12 months. The interest rate is fixed at 6.37% per annum over the term of the agreement. For the first 12 months of the term the monthly repayment was $196,000 NTD (US$6,450) beginning in July 2016, and fixed for the following 12 months until June 2017. The monthly repayment was reduced to $168,000 NTD (US$5,529) beginning in July 2017, and fixed for the following 12 months until June 2018. However, the company made an overall repayment of the remaining amounts due of $2,283,954 NTD (US$75,161) on Feb. 13, 2018 and terminated this loan agreement. An imputed effective interest of $11,113 on this pay off was recognized as interest expense for the reporting period ended December 31, 2018. There is no more long term loans as of December 31, 2018.

Note 13 – Issuance of New Shares and Proceeds

The Company issued a total of 12,000,000 shares of Company common stock to 23 investors at a price per share of US $0.034188 for a total proceeds of US $410,256.38 on February 5, 2018. Part of this total proceeds of $199,967 was collected and deposited by the Company in the reporting period ended December 31, 2017 and was recorded as current liabilities. Upon the issuance of these new shares the current liabilities were reduced by the same amount for this reporting period. The proceeds were used for the repayment of the short-term loan and some of the shareholder's personal loan to the Company and fund for operations.

Note 14 – Account Payable, Accrued Expenses and Other Current Liabilities

The Account Payable (AP) of $20,537 as of December 31, 2018 was mainly for the payments due to a street light pole manufacturer (DongShieShin Limited) and accrued legal fees. The Account Payable (AP) of $15,524 as of December 31, 2017 was mainly for the payment due to a street light pole manufacturer (DongShieShin Limited).

The Accrued Expenses of $5,614 and 3,708 as of December 31, 2018 and 2017 consist mainly the salary to Mr. Wei-Rur Chen and health insurance fees.

The Other Current Liabilities of $199,967 as of December 31, 2017 consist mainly the temporary deposit of proceeds from shareholders subscribing new shares.

Note 15 - Geographic Information

Product revenues for the year ended December 31, 2018 and 2017 are as follows:

	For the year ended December 31,	
	2018	2017
Customers based in:		
Europe	$ -	$ 10,995
Asia	2,133	2,337
United States	1,158	5,519
Others	-	-
	$ 3,291	$ 18,851

Note 16 - Related Party Transactions

The Company has recorded expenses for the following related party transactions for the year ended December 31, 2018 and 2017:

	For the year ended December 31,	
	2018	2017
Purchase from Anteya Technology Corp	$ -	$ 8,331
Rent paid to Mr. Wei-Rur Chen	11,979	23,599

Mr. Chen was willing to exempt the rent payment of the Company for the 9-month period ended September 30, 2018, as the Company was going through transformation and seeking new business opportunities. The rent payment will be forgiven only for the 9-month period ended September 30, 2018.

As of the balance sheet date indicated, the Company had the following receivable and liabilities recorded with respect to related party transactions:

	December 31, 2018	December 31, 2017
Anteya Technology Corp		
Due (to) from affiliate	$ 13,365	$ 13,774
Mr. Wei-Rur Chen		
Payable to Shareholder	$ (269,198)	$ (441,603)
Accrued expenses (wages paid to Mr. Chen)	(4,709)	(2,664)

The Company conducted business with a related party company Anteya Technology Corp. The Company owns 13.68% of the outstanding common stock of Anteya Technology Corp as of December 31, 2018. All transactions were at market-based prices.No (or very little) business activity took place between the Company and Anteya in the 2 years presented

Mr. Wei-Rur Chen made various advances to the Company as personal loan. This personal loan carried no interest and was payable upon request. For the year ended December 31, 2018, advances from Mr. Chen was $97,498 and repayment to Mr. Chen totaled $260,818 and the net repayment was $163,320. The balance of advance from Mr. Chen was $269,198 as of December 31, 2018.

Note 17 - Commitments

	For the year ended December 31,	
	2018	2017
Rent expenses	$ 28,712	$ 28,594

The company leases offices in Taiwan. The main office is relocated in New Taipei City with monthly rental of NTD$120,000, and the term is from 11-7-2015 to 10-6-2020 . The company rented a branch office located in Taipei City with a monthly rental of NTD$160,000 on 11-11-2017, and the term is from 12-1-2017 to 11-30-2019. However this branch office is closed on April 10, 2018 and the lease is cancelled. The lease of the main office remains in effect.

Below is a table which presents our contractual obligations and commitments as of December 31, 2018:

Contractual Obligation	Less than 1 Year (US$)	1-3 years (US$)	3-5 years (US$)	After 5 years (US$)
Operating Leases	47,916	36,626	0	0
Total contractual cash obligations	47,916	36,626	0	0

Note 18 - Subsequent Events

The Company evaluated all events subsequent to December 31, 2018 through the date of the issuance of the financial statements, there are no other significant or material transactions to be reported except as follows:

On Feb. 26, 2019, the company signed a joint venture agreement (JVA) with an entity in the Kingdom of Saudi Arabia (KSA). According to this JVA, the company shall make transfer of its patents, trade marks, and customer list to the new joint company to be formed. The company will also help to build an electronic manufacturing facilities in the KSA, and to provide training of its staff and operators for the engineering, manufacturing, and selling of LED lighting products. For the IPs and trade marks granted in the JVA, the company shall be compensated with US$1.5 million dollars. For the technology and training support, the company shall be awarded with US$2.65 million dollars in the form of shares in the new joint venture company, calculated based on fair price. The closing conditions for the cash payment and the shares greanted for the joint venture company are mainly (1) government approvals for the investment in the joint venture company for both parties, (2) formation of the joint company, and (3) board approval of the joint venture company to undertake activities in the JVA. We are not sure when the Company will start the execution of the JVA and will receive the cash payment and share grants of the joint venture company.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

At this time, we do not have any changes in and disagreements with accountants and financial disclosure to report.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) that are designed to assure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. As required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of that date.

(b) Management’s annual report on internal control over financial reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s chief executive and chief financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s consolidated financial statements for external purposes in accordance with the U.S. generally accepted accounting principles. The Company’s internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the Company’s financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only a management’s report in its annual report.

(c) Changes in internal control over financial reporting.

There was no change in our internal control over financial reporting during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following persons are our executive officers and directors. Directors are elected to hold offices until the next annual meeting of shareholders and until their successors are elected or appointed and qualified. Officers are appointed by the board of directors until a successor is elected and qualified or until resignation, removal or death.

NAME	AGE	OFFICES HELD
Wei-Rur Chen	57	Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President and Director
Wilson Chen	44	Secretary and Director, Chief Strategic Officer
Michael W. Chung	63	Director

Wei Rur Chen has served as our Chief Executive Officer and President since 2003. Prior to joining us, Mr. Chen was Executive Vice President of Primo Lite Co., Ltd. from 2002 to 2003, Executive Vice President of Tinya Engineering Co., Ltd. from 2000 to 2002, Vice President of Hi-Doer Power Co., Ltd. from 1997 to 2000, Manager of Sales and Marketing of Westinghouse Elec. from 1991 to 1997 and Manufacturing Engineer of Westinghouse Elec. from 1984 to 1989. Mr. Chen earned a Master of Science, Industrial Engineering from Clemson University SC, USA in 1990 and resides in Taipei, Taiwan.

Wilson Chen serves on the Company's Board of Directors and Chief Strategic Officer commencing on February 21, 2018. Mr. Chen is the founder and owner of YuSen Int'l Co., Ltd, an import & export and distribution company of kitchen equipment. Mr. Chen is also the co-founder of Wilson Int'l Holding Company. Mr. Chen has worked as the Sr. manager of business development & strategic planning for Xpress Holding (Singapore company) from Jan. 2007 to Dec. 2010. Mr. Chen was the founder and owner of European Imports & Performance (US company) from Dec. 2005 to Oct. 2006. Mr. Chen worked as the associated Asia Pacific business manager for IDEXX, Taiwan (US company) from Jan. 2003 to Mar. 2004 and the sales executive of greater China for Rhodia, Taiwan (French company) from Jan. 1998 to Dec. 2002. Prior to that, Mr. Chen had held various sales positions in Bridgewood Textile, Taiwan, and DaiShong America, USA companies. Mr. Chen graduated from University of Southern California with a Bachelor's degree of Science, majoring in Economics in 1995 and a Bachelor's degree of Arts majoring in Architecture from University of Cal Poly Pomona in 1993.

Michael W. Chung has served as a director since November 29, 2018. Mr. Chung is the co-founder and owner of Number ONE Seafood Company, an import and export and distribution company of seafood, which he co-founded in October 1995. Mr. Chung is also the co-founder and currently co-chairman of XL Investment Group, which is an international investment company he co-founded in September. Since August 2018, Mr. Chung has also been the Chief Executive Officer of International Markets of Glauben Besitz, LLC, an LNG exporting company located in Tampa, Florida. Mr. Chung's career experience includes over 13 years in the finance industry, providing solutions for business development and helping to build portfolios for small business' to expand; over 13 years as Co-Founder and Chief Financial Officer, International Trading, in the seafood market which did business across 10 countries; 11 years as founder and Chief Executive Officer in the trucking business with truck fleets of over 60 trucks; and over 17 years as an operator in the logistics and warehousing business with a Japanese Company located in New York.

The business address for each of our officers and directors is 10F, No. 566 Jung Jeng Rd., Sindian District, New Taipei City 231, Taiwan, R.O.C.

Our bylaws authorize no less than one (1) and no more than seven (7) directors. We currently have three (3) Directors.

Involvement in Certain Legal Proceedings.

There have been no events under any bankruptcy act, criminal proceedings, judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any director, executive officer, promoter or control person of our Company during the past five years.

Significant Employees .

None.

ITEM 11. EXECUTIVE COMPENSATION

Board of Directors

All of our directors hold office until the next annual meeting of stockholders and the election and qualification of their successors. Our executive officers are elected annually by the board of directors to hold office until the first meeting of the board following the next annual meeting of stockholders and until their successors are chosen and qualified.

Directors' Compensation

We reimburse our directors for expenses incurred in connection with attending board meetings but we do not pay our directors fees or other cash compensation for services rendered as a director

Our executive officers are currently earning compensation. Set forth below is the aggregate compensation for services rendered in all capacities to us during our fiscal years ended December 31, 2018 and 2017 by our executive officers. Except as indicated below, none of our executive officers were compensated in excess of $100,000.

On March 1, 2007, we entered into an employment agreement with our CEO, Mr. Wei-Rur Chen (the "Original Employment Agreement"). The Original Employment Agreement was for a term of five years from the effective date, March 1, 2007. Under the Original Employment Agreement, Mr. Chen agreed to serve as our Chairman, President, and CEO. Mr. Chen was granted such authority and responsibility as may reasonably be assigned to him by our board of directors. Pursuant to the Original Employment Agreement, Mr. Chen was eligible to receive a salary no higher than $120,000 per annum, and Mr. Chen was entitled to participate in any and all deferred compensation, 401(k) or other retirement plans, medical insurance, dental insurance, group health, disability insurance, pension and other benefit plans that are made generally available by us to our executives who have similar responsibilities and perform similar functions as Mr. Chen.

As the term of the Employment Agreement expired, we entered into a new employment agreement (the "Employment Agreement") with Mr. Chen on on May 1, 2018. The Employment Agreement has a term of five years from the effective date, May 1, 2018, subject to the termination provisions contained therein. Under the Employment Agreement, Mr. Chen shall have such authority and responsibility as may be assigned to him by the Company's board of directors. Furthermore, under the Employment Agreement, Mr. Chen is subject to certain non-competition, non-solicitation and confidentiality covenants, the terms and conditions of which are described in further detail therein. Pursuant to the Employment Agreement, Mr. Chen shall receive the following compensation in exchange for his services: (i) an annual base salary in the amount of US$120,000.

Mr. Chen shall also be entitled to participate in any and all deferred compensation, 401(k) or other retirement plans, medical insurance, dental insurance, group health, disability insurance, pension and other benefit plans that are made generally available by the Company to such executives who have similar responsibilities and perform similar functions as Mr. Chen

We have no pension, health, annuity, bonus, insurance, stock options, profit sharing or similar benefit plans. No stock options or stock appreciation rights were granted to any of our directors or executive officers. We have no equity incentive plans.

As the Company is undergoing difficult conditions and transforming into other business areas, Mr. Chen was willing to accept a lower compensation with annual salary in total of US$36,164 without any other bonus, vehicle allowance or stock options in 2018.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary ($)(c)	Bonus ($) (d)	Stock Awards ($)(e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Nonqualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i)	Total ($)(j)
Wei-Rur Chen— CEO, President and CFO	2018	$36,164	—	—	—	—	—	—	$36,164
	2017	$19,666	—	—	—	—	—	—	$19,666
Mei-Ying (Easter) Chiu—Secretary *and Director*	2018	$ 0	—	—	—	—	—	—	$ 0
	2017	$24,582	—	—	—	—	—	—	$24,582

Options/SAR Grants In the Last Fiscal Year

None.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year End Option/SAR Values

None.

Compensation Committee

At this time, we do not have a compensation committee. The salaries of our executive officers are determined by our board of directors. Our board of directors determines the compensation of our executive officers based on our financial and operating performance and success. As we continue to grow, we may form a compensation committee charged with the oversight of our executive compensation plans, policies and programs, and the authority to determine and approve the compensation of our executive officers and make recommendations with respect to the same.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information known to us with respect to the beneficial ownership of our common stock as of December 31, 2018 by:

- all persons who are beneficial owners of five percent (5%) or more of our common stock;
- each of our directors;
- each of our executive officers; and
- all current directors and executive officers as a group.

Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table below have sole voting and investment power with respect to all shares of common stock held by them.

Applicable percentage ownership in the following table is based on 102,274,515 shares of common stock outstanding as of December 31, 2018.

Title of Class	Name and Address of Owner	Title	Amount of Beneficial Ownership	Percentage of Common Stock Owned
Common Stock	Wei-Rur Chen 7, Mayhua 1 st Road Sindian District, New Taipei City 231, Taiwan, R.O.C.	President, Chief Executive Officer, Chief Financial Officer, and Chairman of the Board	11,299,800	12.52
Common Stock	Michael Chung 10F, No. 566 Jung Jeng Rd., Sindian City, Taipei County 231, Taiwan, R.O.C.	Director	0	0
Common Stock	Wilson Chen 8F-5 No. 222, ZhiYu Road Section 1, Taipei, Taiwan	Secretary and Director	100,000	0.11
Common Stock	All executive officers and directors as a group	Executive officers and directors as a group	11,399,800	12.63

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company leases office space from Mr. Wei-Rur Chen. Mr. Wei-Rur Chen is the President, Chief Executive Officer, Chief Financial Officer, and Chairman of the Board of the Company, as well as beneficial owner of more than five percent (5%) of the Company's common stock. The current term for the lease agreement is from November 2015 to November 2020. During 2018, the Company paid USD $11,979 in rent pursuant to this lease agreement. Mr. Wei-Rur Chen owns one hundred percent (100%) interest in the lease agreement.

The Company also conducted business with a related party company Anteya Technology Corp. The Company owns 13.68% of the outstanding common stock of Anteya Technology Corp as of December 31, 2018. All transactions were at market-based prices. For the year ended December 31, 2018, the Company has purchased from Anteya for a total of USD$0 and has sold to Anteya for a total of USD$0 of goods and services.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees billed to us by Fruci & Associates II, PLLC, the Company's independent registered public accountant, for fiscal years ended December 31, 2018 and 2017:

	2018	2017
Audit Fees (1)	$ 79,996	$ 18,375
Audit Related Fees (2)	0	0
Tax Fees (3)	0	0
All Other Fees (4)		0
Total Fees paid to auditor	$ 79,996	$ 18375

(1) Audit fees consist of fees billed for professional services rendered for the audit of the Company's annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services in connection with statutory and regulatory filings or engagements.

(2) Audit-Related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees".

(3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.

(4) There were no fees that were classified as All Other Fees as of the fiscal years ended December 31, 2018 and 2017.

As the Company does not have a formal audit committee, the services described above were not approved by the audit committee under the de minimus exception provided by Rule 2-01(c)(7)(i)(C) under Regulation S-X. Further, as the Company does not have a formal audit committee, the Company does not have audit committee pre-approval policies and procedures.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. The information required by this item is included in Item 8 of Part II of this annual report.

2. The information required by this item is included in Item 8 of Part II of this annual report.

3. Exhibits: See Index to Exhibits, which is incorporated by reference in this Item. The Exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this annual report.

(b) Exhibits. See Index to Exhibits, which is incorporated by reference in this Item. The Exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this annual report.

(c) Not applicable.

INDEX TO EXHIBITS

Exhibit	Description
31.1	Certification of our Chief Executive Officer pursuant to Rule 13(a)-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of our Chief Financial Officer pursuant to Rule 13(a)-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of our Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2	Certification of our Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ColorStars Group

Dated: April 12, 2019

By: */s/ Wei-Rur Chen*
Wei-Rur Chen
President and Chief Executive Officer, Chief Financial Officer, Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title(s)	Date
/s/ Wei-Rur Chen Wei-Rur Chen	President and Chief Executive Officer (principal executive officer), Chief Financial Officer (principal financial officer and principal accounting officer), Chairman of the Board of Directors	April 12, 2019
/s/ Michael W. Chung Michael W. Chung	Director	April 12, 2019
/s/ Wilson Chen Wilson Chen	Secretary and Director	April 12, 2019

CERTIFICATION

I, Wei-Rur Chen, certify that:

1. I have reviewed this annual report on Form 10-K of ColorStars Group;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I, being the sole certifying officer in my capacity as both CEO and CFO, am responsible for disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I, being the sole certifying officer in my capacity as both CEO and CFO, have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 12, 2019

/s/ Wei-Rur Chen

Wei-Rur Chen, President and CEO

CERTIFICATION

I, Wei-Rur Chen, certify that:

1. I have reviewed this annual report on Form 10-K of ColorStars Group;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I, being the sole certifying officer in my capacity as both CEO and CFO, am responsible for disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I, being the sole certifying officer in my capacity as both CEO and CFO, have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 12, 2019

/s/ Wei-Rur Chen

Wei-Rur Chen, CFO

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the 10-K of ColorStars Group (the “Company”) for the quarterly period ended December 31, 2018 (the “Report”), I, Wei-Rur Chen, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods expressed in the Report.

/s/ Wei-Rur Chen
Wei-Rur Chen
Chief Executive Officer

April 12, 2019

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Form 10-K of ColorStars Group (the "Company") for the quarterly period ended December 31, 2018 (the "Report"), I, Wei-Rur Chen, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods expressed in the Report.

/s/ Wei-Rur Chen
Wei-Rur Chen
Chief Financial Officer

April 12, 2019

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.