

UPC Technology Corp.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
UPC Technology Corp.

Opinion

We have audited the accompanying financial statements of UPC Technology Corp. (collectively referred to as the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the financial statements for the year ended December 31, 2018 are stated as follows:

Assessments of Inventory write-downs

The inventory write-downs are subject to the management's estimation and judgment, and the actual results may significantly affect the amount of the profit and loss, so the assessments of inventory write-downs is deemed to be a key audit matter. Our key audit procedures performed in respect of the abovementioned assessments of inventory write-downs included understanding the accounting policies used in the evaluation of inventories and testing the calculation method of inventory costs. We also attended the annual inventory count, observed the list of slow moving inventories, and assessed the appropriateness of the net realizable value of inventory to market as estimated by the management. Refer to Note 12 of the financial statements for details on the assessments of inventory write-downs.

Recognition of Deferred Tax Assets

The recognition of deferred tax assets are subject to the management's estimation and judgment, and the actual results may significantly affect the amount of the profit and loss, so the recognition of deferred tax assets is deemed to be a key audit matter. Our key audit procedures performed in respect of the above mentioned the recognition of deferred tax assets included performing our own calculation to verify the accuracy of the calculation of deferred tax assets. We also tried to understand if the Company has enough future profitability to realize deferred tax assets. Refer to Note 24 of the financial statements for details on the evaluation of the recognition of deferred tax assets.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Wen-Chi Kuo and Zhen-Ming Li.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

UPC TECHNOLOGY CORP.

BALANCE SHEETS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 321,948	1	\$ 284,644	1
Notes receivable (Note 11)	86,576	-	68,743	-
Trade receivables (Notes 11 and 30)	355,323	1	314,754	1
Other receivables (Note 30)	4,513	-	4,792	-
Current tax assets (Note 24)	4,965	-	2,470	-
Inventories (Note 12)	1,498,495	5	1,053,629	3
Other current assets (Note 15)	<u>82,238</u>	<u>-</u>	<u>34,565</u>	<u>-</u>
Total current assets	<u>2,354,058</u>	<u>7</u>	<u>1,763,597</u>	<u>5</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	5,053,607	15	-	-
Available-for-sale financial assets (Note 9)	-	-	5,806,396	18
Financial assets measured at cost (Note 10)	-	-	95,677	-
Investments accounted for using the equity method (Note 13)	25,146,338	73	24,078,488	72
Property, plant and equipment (Note 14)	1,832,501	5	1,581,872	5
Deferred income tax assets (Note 24)	67,140	-	66,950	-
Other non-current assets (Note 15)	<u>44,467</u>	<u>-</u>	<u>29,289</u>	<u>-</u>
Total non-current assets	<u>32,144,053</u>	<u>93</u>	<u>31,658,672</u>	<u>95</u>
TOTAL	<u>\$ 34,498,111</u>	<u>100</u>	<u>\$ 33,422,269</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ -	-	\$ 2,340,000	7
Short-term bills payable (Note 16)	-	-	2,099,184	6
Trade payables (Notes 18 and 30)	526,795	2	552,257	2
Other payables (Note 19)	181,622	1	247,364	1
Current tax liabilities (Note 24)	-	-	11,100	-
Other current liabilities (Note 19)	<u>158,767</u>	<u>-</u>	<u>19,200</u>	<u>-</u>
Total current liabilities	<u>867,184</u>	<u>3</u>	<u>5,269,105</u>	<u>16</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	5,977,858	17	-	-
Long-term borrowings (Note 16)	7,460,000	22	6,510,000	19
Provisions (Note 20)	4,853	-	3,630	-
Deferred tax liabilities (Note 24)	209,418	1	182,638	-
Net defined benefit liabilities (Note 21)	190,422	-	187,173	1
Guarantee deposits received (Note 30)	<u>14,313</u>	<u>-</u>	<u>5,817</u>	<u>-</u>
Total non-current liabilities	<u>13,856,864</u>	<u>40</u>	<u>6,889,258</u>	<u>20</u>
Total liabilities	<u>14,724,048</u>	<u>43</u>	<u>12,158,363</u>	<u>36</u>
EQUITY (Note 22)				
Ordinary shares	<u>12,939,216</u>	<u>37</u>	<u>11,995,571</u>	<u>36</u>
Capital surplus	<u>1,301,779</u>	<u>4</u>	<u>1,147,117</u>	<u>4</u>
Retained earnings				
Legal reserve	2,263,793	7	2,029,552	6
Special reserve	341,773	1	341,773	1
Unappropriated earnings	<u>2,585,164</u>	<u>7</u>	<u>3,667,231</u>	<u>11</u>
Total retained earnings	<u>5,190,730</u>	<u>15</u>	<u>6,038,556</u>	<u>18</u>
Other equity	<u>533,639</u>	<u>2</u>	<u>2,400,287</u>	<u>7</u>
Treasury shares	<u>(191,301)</u>	<u>(1)</u>	<u>(317,625)</u>	<u>(1)</u>
Total equity	<u>19,774,063</u>	<u>57</u>	<u>21,263,906</u>	<u>64</u>
TOTAL	<u>\$ 34,498,111</u>	<u>100</u>	<u>\$ 33,422,269</u>	<u>100</u>

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

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2018		2017	
	Amount	%	Amount	%
SALES (Note 30)	\$ 4,589,175	100	\$ 4,727,014	100
COST OF GOODS SOLD (Notes 12, 23 and 30)	<u>4,105,038</u>	<u>89</u>	<u>4,149,442</u>	<u>88</u>
GROSS PROFIT	<u>484,137</u>	<u>11</u>	<u>577,572</u>	<u>12</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	122,586	3	142,082	3
General and administrative expenses	268,237	6	272,650	5
Expected credit loss	<u>949</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>391,772</u>	<u>9</u>	<u>414,732</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>92,365</u>	<u>2</u>	<u>162,840</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries account for using the equity method	533,074	12	1,983,398	42
Other income (Notes 23 and 30)	294,382	6	344,338	7
Other gains and losses (Note 23)	(20,640)	-	(30,347)	(1)
Finance costs (Note 23)	<u>(127,621)</u>	<u>(3)</u>	<u>(103,933)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>679,195</u>	<u>15</u>	<u>2,193,456</u>	<u>46</u>
PROFIT BEFORE INCOME TAX	771,560	17	2,356,296	50
INCOME TAX EXPENSE (Note 24)	<u>17,950</u>	<u>-</u>	<u>13,883</u>	<u>-</u>
NET PROFIT	<u>753,610</u>	<u>17</u>	<u>2,342,413</u>	<u>50</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 21 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,877	-	(5,724)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(863,732)	(19)	-	-
Share of other comprehensive loss of associates accounted for using the equity method	(359,989)	(8)	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,750</u>	<u>-</u>	<u>970</u>	<u>-</u>
	<u>(1,219,094)</u>	<u>(27)</u>	<u>(4,754)</u>	<u>-</u>

(Continued)

UPC TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (270,730)	(6)	\$ (548,068)	(12)
Unrealized gain on available-for-sale financial assets	-	-	1,764,740	37
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	1,227	-	(132,527)	(3)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(7,220)</u>	<u>-</u>	<u>27,940</u>	<u>1</u>
	<u>(276,723)</u>	<u>(6)</u>	<u>1,112,085</u>	<u>23</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(1,495,817)</u>	<u>(33)</u>	<u>1,107,331</u>	<u>23</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (742,207)</u>	<u>(16)</u>	<u>\$ 3,449,744</u>	<u>73</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.59</u>		<u>\$ 1.87</u>	
Diluted	<u>\$ 0.59</u>		<u>\$ 1.86</u>	

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

(Concluded)

UPC TECHNOLOGY CORP.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity			Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gains (Losses) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
BALANCE AT JANUARY 1, 2017	\$ 11,712,366	\$ 1,111,644	\$ 1,920,671	\$ 341,773	\$ 2,401,350	\$ 4,663,794	\$ 582,195	\$ 706,007	\$ -	\$ 1,288,202	\$ (367,552)	\$ 18,408,454
Appropriation of 2016 earnings												
Legal reserve	-	-	108,881	-	(108,881)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(679,692)	(679,692)	-	-	-	-	-	(679,692)
Share dividends distributed by the Company	283,205	-	-	-	(283,205)	(283,205)	-	-	-	-	-	-
Net profit in 2017	-	-	-	-	2,342,413	2,342,413	-	-	-	-	-	2,342,413
Other comprehensive income (loss) in 2017, net of income tax	-	-	-	-	(4,754)	(4,754)	(523,912)	1,635,997	-	1,112,085	-	1,107,331
Total comprehensive income (loss) in 2017	-	-	-	-	2,337,659	2,337,659	(523,912)	1,635,997	-	1,112,085	-	3,449,744
Treasury shares transferred to employees	-	35,473	-	-	-	-	-	-	-	-	49,927	85,400
BALANCE AT DECEMBER 31, 2017	11,995,571	1,147,117	2,029,552	341,773	3,667,231	6,038,556	58,283	2,342,004	-	2,400,287	(317,625)	21,263,906
Effect of retrospective application and retrospective restatement	-	-	-	-	517,140	517,140	-	(2,342,004)	1,975,800	(366,204)	-	150,936
BALANCE AT JANUARY 1, 2018 AS RESTATED	11,995,571	1,147,117	2,029,552	341,773	4,184,371	6,555,696	58,283	-	1,975,800	2,034,083	(317,625)	21,414,842
Appropriation of 2017 earnings												
Legal reserve	-	-	234,241	-	(234,241)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,179,558)	(1,179,558)	-	-	-	-	-	(1,179,558)
Share dividends distributed by the Company	943,645	-	-	-	(943,645)	(943,645)	-	-	-	-	-	-
Net profit in 2018	-	-	-	-	753,610	753,610	-	-	-	-	-	753,610
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	4,627	4,627	(276,723)	-	(1,223,721)	(1,500,444)	-	(1,495,817)
Total comprehensive income (loss) in 2018	-	-	-	-	758,237	758,237	(276,723)	-	(1,223,721)	(1,500,444)	-	(742,207)
Treasury shares transferred to employees	-	154,662	-	-	-	-	-	-	-	-	126,324	280,986
BALANCE AT DECEMBER 31, 2018	<u>\$ 12,939,216</u>	<u>\$ 1,301,779</u>	<u>\$ 2,263,793</u>	<u>\$ 341,773</u>	<u>\$ 2,585,164</u>	<u>\$ 5,190,730</u>	<u>\$ (218,440)</u>	<u>\$ -</u>	<u>\$ 752,079</u>	<u>\$ 533,639</u>	<u>\$ (191,301)</u>	<u>\$ 19,774,063</u>

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

UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 771,560	\$ 2,356,296
Adjustments for:		
Depreciation expenses	48,100	51,172
Amortization expenses	10,377	10,659
Expected credit loss on trade receivables	949	-
Impairment loss reversed on trade receivables	-	(522)
Finance costs	127,621	103,933
Interest income	(288)	(235)
Dividend income	(257,207)	(312,317)
Compensation costs of treasury shares transferred to employees	149,860	32,345
Share of profit or loss of subsidiaries accounted for using the equity method	(533,074)	(1,983,398)
(Gain) loss on disposal of property, plant and equipment	(2,010)	136
Reversal of write-downs of inventories	(833)	(5,542)
Changes in operating assets and liabilities:		
Notes receivable	(18,107)	(11,602)
Trade receivables	(41,244)	25,701
Other receivables	279	(16)
Inventories	(444,033)	(234,477)
Other current assets	(47,673)	(11,960)
Trade payables	(25,462)	183,490
Other payables	(77,988)	105,508
Provisions	1,223	484
Other current liabilities	60,279	(5,531)
Net defined benefit liabilities	5,126	4,290
Cash (used in) generated from operations	(272,545)	308,414
Interest received	288	235
Income tax (paid) received	(9,425)	17,907
Net cash (used in) generated from operating activities	(281,682)	326,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through the other comprehensive income	7,940	-
Increase in investment for using the equity method	(1,476,340)	(2,208,809)
Purchase of property, plant and equipment	(284,754)	(82,554)
Proceeds from disposal of property, plant and equipment	2,093	230
Increase in refundable deposits	(265)	(1,638)
Decrease in refundable deposits	512	5,355
Increase in other non-current assets	(29,391)	(1,055)
Dividends received	697,009	339,880
Net cash used in investing activities	(1,083,196)	(1,948,591)

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UPC TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds payable	\$ 5,977,858	\$ -
Proceeds from (repayments of) short-term bills payable	(2,099,184)	1,399,384
Proceeds from short-term borrowings	10,140,000	8,930,000
Repayments of short-term borrowings	(12,480,000)	(7,990,000)
Proceeds from long-term borrowings	18,250,000	9,650,000
Repayments of long-term borrowings	(17,300,000)	(9,550,000)
Increase in guarantee deposits received	8,558	652
Decrease in guarantee deposits received	(62)	(603)
Cash dividends paid	(1,179,558)	(679,692)
Proceeds from treasury shares transferred to employees	210,414	53,055
Interest paid	<u>(125,844)</u>	<u>(100,327)</u>
Net cash generated from financing activities	<u>1,402,182</u>	<u>1,712,469</u>
NET INCREASE IN CASH	37,304	90,434
CASH AT THE BEGINNING OF THE YEAR	<u>284,644</u>	<u>194,210</u>
CASH AT THE END OF THE YEAR	<u>\$ 321,948</u>	<u>\$ 284,644</u>

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

(Concluded)

UPC TECHNOLOGY CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except As Stated Otherwise)

1. GENERAL

UPC Technology Corp. (the “Company”), incorporated in August 1976, mainly manufactures and sells petrochemical products such as phthalic anhydride (PA) and plasticizer (DEHP). The Company’s shares have been listed on the Taiwan Stock Exchange since March 1989.

The financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 22, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies:

IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Company has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Company's financial assets as of January 1, 2018.

Financial Assets	Measurement Category		Carrying Amount		Remark	
	IAS 39	IFRS 9	IAS 39	IFRS 9		
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 284,644	\$ 284,644		
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	5,806,396	5,806,396	1)	
Equity securities	Financial assets measured at cost	FVTOCI - equity instruments	95,677	118,883	1)	
Notes receivables, trade receivables and other receivables	Loans and receivables	Amortized cost	388,289	388,289	2)	
Refundable deposits	Loans and receivables	Amortized cost	20,730	20,730		
Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018
<u>FVTOCI</u>	\$ -					
Add: Reclassification from available-for-sale (IAS 39)						
Required reclassification		\$ 5,902,073	\$ 23,206	\$ 5,925,279	\$ 263,042	\$ (239,836)
<u>Amortized cost</u>	-					
Equity instruments						
Add: Reclassification from available-for-sale (IAS 39)	-	693,663	-	693,663	-	-
<u>Investments accounted for using the equity method</u>						
Add: Reclassification from loans and receivables (IAS 39)	24,078,488	-	127,730	24,206,218	254,098	(126,368)
	\$ 24,078,488	\$ 6,595,736	\$ 150,936	\$ 30,825,160	\$ 517,140	\$ (366,204)

- 1) The Company elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of \$2,342,004 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of \$23,206 thousand, \$127,730 thousand and \$150,936 thousand was recognized in financial assets at FVTOCI, investments accounted for using the equity method and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

The Company recognized under IAS 39 impairment loss on certain investments in equity securities previously classified as available-for-sale and measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$517,140 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$517,140 thousand in retained earnings on January 1, 2018.

- 2) Notes receivable, trade receivables and other receivables that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

- b. The IFRSs endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Company will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

Upon initial application of IFRS 16, the Company will recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for both the principal portion and the interest portion of lease liabilities are classified within financing activities. Currently, payments under operating lease contracts, are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Company anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedients which are to be applied, the Company will apply IAS 36 to all right-of-use assets.

The Company expects to apply the following practical expedients:

- a) The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Company will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.
- c) The Company will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- d) The Company will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- e) The Company will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 will be determined as at the carrying amounts of the respective leased assets and finance lease payables as of December 31, 2018.

The Company as lessor

The Company will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity on January 1, 2019

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use assets	\$ -	\$ 48,427	\$ 48,427
Total effect on assets	\$ -	\$ 48,427	\$ 48,427
Lease liabilities - current	\$ -	\$ 11,167	\$ 11,167
Lease liabilities - non-current	-	37,260	37,260
Total effect on liabilities	\$ -	\$ 48,427	\$ 48,427

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Company expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company will apply the above amendments prospectively.

Except for the above impacts, as of the date the financial statements were authorized for issue, the Company continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Company’s financial position and financial performance and will disclose these other impacts when the assessment is completed.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are Group into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and

- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary item arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currencies are not translated.

For the purpose of presenting financial statements of the Company, the functional currencies of the Company are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of reporting period; income and expense items are translated at the average exchange rates for the period, except for, translated at the exchange rates the day of transaction when the exchange rate fluctuates widely. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of merchandise inventories, raw materials, supplies, finished goods, semi-finished goods and work in progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in The Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The Company recognized directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interest that in substance, from part of the Company's net investment in the subsidiary), the Company continues recognized its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful life, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest Group of cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

2018

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivables, trade receivables, and other receivables at amortized cost, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: Available-for-sale financial assets and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value of such financial assets is recognized in other comprehensive income. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables including cash, notes receivables, trade receivables, other receivables and refundable deposits are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

b) Impairment of financial assets and contract assets

2018

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience with collecting payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date on which the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of such an investment can be objectively related to an event occurring after the recognition of the impairment loss.

For a financial asset measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a Company entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method:

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Before 2018, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. Starting from 2018, derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

j. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

k. Revenue recognition

2018

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of petrochemical products. Sales of petrochemical products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. The Company recognized revenue and trade receivables concurrently.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

Dividend income from investments is recognized when a shareholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Company and that the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the applicable effective interest rate.

l. Leasing

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company assessed all leases belong to operating leases.

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Company as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (even if the assets must take a long time to ready for their intended use or sale) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans.

o. Share-based payment arrangement

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the employees are informed.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Inventory write-downs

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH

	December 31	
	2018	2017
Cash on hand	\$ 169	\$ 169
Checking accounts and demand deposits	<u>321,779</u>	<u>284,475</u>
	<u>\$ 321,948</u>	<u>\$ 284,644</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2018	2017
Bank balance	0.01%-0.48%	0.01%-0.28%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate denominated assets and liabilities. As of December 31, 2017, the Company has no outstanding foreign exchange forward contracts.

The Company recognized net gain of 168 thousand on foreign exchange forward for the year ended December 31, 2017.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENTS IN EQUITY INSTRUMENTS - 2018

	December 31, 2018
<u>Non-current</u>	
Domestic investments	
Listed shares	\$ 4,937,378
Unlisted shares	<u>116,229</u>
	<u>\$ 5,053,607</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, Note 9 and Note 10 for information relating to their reclassification and comparative information for 2017.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

**December 31,
2017**

Non-current

Domestic investments
Listed shares

\$ 5,806,396

10. FINANCIAL ASSETS MEASURED AT COST - 2017

**December 31,
2017**

Non-current

Domestic unlisted ordinary shares

\$ 95,677

Classified according to financial asset measurement categories
Available-for-sale financial assets

\$ 95,677

Management believed that the above unlisted equity investments held by the Company had fair values which cannot be reliably measured, because the range of reasonable fair value estimates was so significant. Therefore, they were measured at cost less impairment at the end of the reporting period.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2018	2017
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 87,770	\$ 69,663
Less: Allowance for impairment loss	<u>(1,194)</u>	<u>(920)</u>
	<u>\$ 86,576</u>	<u>\$ 68,743</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 360,204	\$ 318,960
Less: Allowance for impairment loss	<u>(4,881)</u>	<u>(4,206)</u>
	<u>\$ 355,323</u>	<u>\$ 314,754</u>

In 2018

The average credit period of sales of goods was 30 days. Historical experience had been that receivables past due beyond 1 year were not recoverable. For the receivables past due beyond 1 year, the Company recognized 100% of the amount as allowance for impairment loss. For the receivables past due within 1 year, allowance for impairment loss was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Before accepting any new customer, the Company used an internal credit scoring system to assess the potential customer's credit quality and defined credit limits. The credit limits and rating would be evaluated twice a year.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all receivables. The expected credit losses on receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The provision for loss allowance base on the Company's different customer base.

The Company recognized 100% of the amount as allowance for impairment loss when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 1 year past due. For trade receivables that recognized 100% of the amount as allowance for impairment loss, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

In 2018

	Credit Rating A	Credit Rating B	Credit Rating C	Credit Rating D	Credit Rating E	Total
Gross carrying amount	\$ 99,976	\$ 123,096	\$ 118,721	\$ 18,411	\$ 87,770	\$ 447,974
Loss allowance (Lifetime ECL)	<u>(886)</u>	<u>(1,846)</u>	<u>(1,781)</u>	<u>(368)</u>	<u>(1,194)</u>	<u>(6,075)</u>
Amortized cost	<u>\$ 99,090</u>	<u>\$ 121,250</u>	<u>\$ 116,940</u>	<u>\$ 18,043</u>	<u>\$ 86,576</u>	<u>\$ 441,899</u>

The aging of receivables was as follows:

	December 31, 2018
No past due	\$ 359,412
Less than 30 days	<u>792</u>
	<u>\$ 360,204</u>

The movements of the loss allowance of trade receivables were as follows:

	2018
Balance at January 1, 2018 per IAS 39	\$ 4,206
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	4,206
Add: Impairment losses recognized	1,007
Less: Impairment losses reversed	<u>(332)</u>
Balance at December 31, 2018	<u>\$ 4,881</u>

The movements of the loss allowance of Notes receivables were as follows:

	2018
Balance at January 1, 2018 per IAS 39	\$ 920
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	920
Add: Impairment losses recognized	1,008
Less: Impairment losses reversed	<u>(734)</u>
Balance at December 31, 2018	<u>\$ 1,194</u>

In 2017

The Company applied the same credit policy in 2018 and 2017. The Company recognized an allowance for impairment loss of 100% against all receivables over 1 year because historical experience was that receivables that are past due beyond 1 year are not recoverable. Allowance for impairment loss was recognized against trade receivables under 1 year based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	December 31, 2018
No past due	\$ 313,304
Less than 30 days	<u>5,656</u>
	<u>\$ 318,960</u>

The above aging schedule was based on past due days from the end of the credit term.

The Company based on historical experience and considering clients' credit quality, and assessed for the past due but not impaired part of trade receivables are not in the condition of impairment.

The movements of the allowance for doubtful trade receivables were as follows:

	Collectively Assessed for Impairment 2017
Balance at January 1, 2017	\$ 4,835
Less: Impairment losses reversed	<u>(629)</u>
Balance at December 31, 2017	<u>\$ 4,206</u>

The movements of the allowance for doubtful notes receivables were as follows:

	Collectively Assessed for Impairment 2017
Balance at January 1, 2017	\$ 813
Add: Impairment losses recognized	<u>107</u>
Balance at December 31, 2017	<u>\$ 920</u>

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	\$ 552,106	\$ 311,064
Semi-finished goods	146,163	47,784
Work in progress	25,111	16,545
Raw materials	378,190	378,871
Supplies	68,044	28,084
Merchandise inventory	3,289	3,289
Inventory in transit	<u>332,008</u>	<u>275,241</u>
	1,504,911	1,060,878
Less: Allowance for loss	<u>(6,416)</u>	<u>(7,249)</u>
	<u>\$ 1,498,495</u>	<u>\$ 1,053,629</u>

The Company recognized cost of goods sold are all related to inventories.

The cost of goods sold included reversal of inventory write-downs \$833 thousand and \$5,542 thousand. The reversal of previous write-downs resulted from increased selling prices in certain markets.

As of December 31, 2018 and 2017, The inventory of the Company are not expected to be recovered after more than 12 months.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Name of Subsidiaries	December 31	
	2018	2017
Not-listed company		
Constant Holding Ltd. (CHL)	\$ 21,667,919	\$ 20,112,509
Glory Ace	2,096,514	1,971,293
Union Venture Capital Corp. (UVC)	258,444	227,972
Wei Chen Investment Co. (WCI)	211,953	172,329
Taiwan Union International Investment Corporation (TUI)	<u>911,508</u>	<u>1,594,385</u>
	<u>\$ 25,146,338</u>	<u>\$ 24,078,488</u>

As the end of the reporting period, the proportion of ownership and voting rights in subsidiaries and associates held by the Company were as follows:

	December 31	
	2018	2017
CHL	100.00%	100.00%
Glory Ace	100.00%	100.00%
UVC	100.00%	100.00%
WCI	100.00%	100.00%
TUI	100.00%	100.00%

For the information of financial guarantee the Company provided to its directly or indirectly hold subsidiaries, please refer to Note 31 and Table 2.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2018 and 2017 was based on the subsidiaries' financial statements which have been audited for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Warehousing Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2017	\$ 1,126,898	\$ 704,304	\$ 992,154	\$ 470,505	\$ 669,064	\$ 13,174	\$ 3,976,099
Additions	-	-	3,205	-	16,423	53,598	73,226
Disposals	-	(78)	(7,358)	-	(12,271)	-	(19,707)
Reclassification	-	11,544	7,044	734	11,286	(30,608)	-
Balance at December 31, 2017	<u>\$ 1,126,898</u>	<u>\$ 715,770</u>	<u>\$ 995,045</u>	<u>\$ 471,239</u>	<u>\$ 684,502</u>	<u>\$ 36,164</u>	<u>\$ 4,029,618</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2017		\$ 408,779	\$ 948,141	\$ 443,980	\$ 615,015		\$ 2,415,915
Disposals		(78)	(7,246)	-	(12,017)		(19,341)
Depreciation expense		17,043	12,755	6,384	14,990		51,172
Balance at December 31, 2017		<u>\$ 425,744</u>	<u>\$ 953,650</u>	<u>\$ 450,364</u>	<u>\$ 617,988</u>		<u>\$ 2,447,746</u>
Carrying amounts at December 31, 2017	<u>\$ 1,126,898</u>	<u>\$ 290,026</u>	<u>\$ 41,395</u>	<u>\$ 20,875</u>	<u>\$ 66,514</u>	<u>\$ 36,164</u>	<u>\$ 1,581,872</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Warehousing Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2018	\$ 1,126,898	\$ 715,770	\$ 995,045	\$ 471,239	\$ 684,502	\$ 36,164	\$ 4,029,618
Additions	-	-	16	-	37,990	260,806	298,812
Disposals	-	(82)	(4,246)	-	(6,374)	-	(10,702)
Reclassification	-	3,587	5,566	226	(29,349)	19,970	-
Balance at December 31, 2018	<u>\$ 1,126,898</u>	<u>\$ 719,275</u>	<u>\$ 996,381</u>	<u>\$ 471,465</u>	<u>\$ 686,769</u>	<u>\$ 316,940</u>	<u>\$ 4,317,728</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2018		\$ 425,744	\$ 953,650	\$ 450,364	\$ 617,988		\$ 2,447,746
Disposals		(82)	(4,234)	-	(6,303)		(10,619)
Depreciation expense		16,570	11,362	4,835	15,333		48,100
Balance at December 31, 2018		<u>\$ 442,232</u>	<u>\$ 960,778</u>	<u>\$ 455,199</u>	<u>\$ 627,018</u>		<u>\$ 2,485,227</u>
Carrying amounts at December 31, 2018	<u>\$ 1,126,898</u>	<u>\$ 277,043</u>	<u>\$ 35,603</u>	<u>\$ 16,266</u>	<u>\$ 59,751</u>	<u>\$ 316,940</u>	<u>\$ 1,832,501</u>

(Concluded)

There was no indication of impairment for the year ended December 31, 2018 and 2017.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

Building	
Main buildings	50 years
Road construction	15-40 years
Others	3-50 years
Machinery and equipment	5-15 years
Warehousing equipment	5-15 years
Other equipment	3-20 years

15. OTHER ASSETS

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Current</u>		
Prepayments to suppliers	\$ 212	\$ 838
Input VAT and excess business tax paid	55,752	23,359
Prepaid expense	<u>26,274</u>	<u>10,368</u>
	<u>\$ 82,238</u>	<u>\$ 34,565</u>
<u>Non-current</u>		
Refundable deposits	\$ 20,483	\$ 20,730
Long-term prepaid expenses	21,680	2,666
Prepayment for equipment	<u>2,304</u>	<u>5,893</u>
	<u>\$ 44,467</u>	<u>\$ 29,289</u>

16. BORROWINGS

a. Short-term borrowings

	December 31, 2017
<u>Unsecured borrowings</u>	
Bank credit loans	<u>\$ 2,340,000</u>
Fixed rate loans	\$ 2,340,000
Floating rate loans	<u>-</u>
	<u>\$ 2,340,000</u>

The range of interest rates on bank credit loans was 0.95%-1.10% as of December 31, 2017.

b. Short-term bills payable

	December 31, 2017
Commercial paper	\$ 2,100,000
Less: Unamortized discount on bills payable	<u>(816)</u>
	<u>\$ 2,099,184</u>
Interest rates	0.63%-0.81%

c. Long-term borrowings

	December 31	
	2018	2017
<u>Unsecured borrowings</u>		
Bank credit loans	\$ 960,000	\$ 960,000
Revolving credit loans	<u>6,500,000</u>	<u>5,550,000</u>
	<u>\$ 7,460,000</u>	<u>\$ 6,510,000</u>

The carrying amounts of long-term borrowings of the Company were as follows:

		Effective Interest Rate	December 31	
Maturity Day			2018	2017
Fixed interest rate loan				
Unsecured loans (NTD)	Used in revolving credit before August 2019	1.22%	\$ -	\$ 500,000
	Used in revolving credit before July 2020	1.22%	500,000	-
	Used in revolving credit before May 2019	1.21%	-	300,000
	Used in revolving credit before November 2019	1.10%	-	500,000
	Used in revolving credit before July 2020	1.21%	500,000	-
	Used in revolving credit before November 2020	1.10%	1,000,000	-
	Used in revolving credit before October 2019	0.98%	-	600,000
	Used in revolving credit before October 2020	1.06%	600,000	-
	Used in revolving credit before May 2019	1.22%	-	500,000
	Used in revolving credit before May 2020	1.10%	500,000	-
	Used in revolving credit before June 2020	1.28%	300,000	600,000
	Used in revolving credit before May 2019	0.96%	-	150,000
	Used in revolving credit before August 2020	1.20%	500,000	500,000
	Used in revolving credit before August 2020	1.15%	300,000	-
	Used in revolving credit before December 2019	1.20%	500,000	-
	Used in revolving credit before May 2021	1.20%	600,000	-
	Used in revolving credit before June 2021	1.20%	<u>300,000</u>	<u>-</u>
	Total of fixed interest rate loan			<u>5,600,000</u>
Floating interest rate loan				
Unsecured loans (NTD)	Repaid in batches before September 2022	1.36%	500,000	500,000
	Used in revolving credit before May 2020	1.09%	900,000	900,000
	Used in revolving credit before July 2019	1.15%	-	500,000
	Repaid in batches before November of 2021	1.35%	460,000	460,000
	Used in revolving credit before April 2020	1.25%	<u>-</u>	<u>500,000</u>
	Total of floating interest rate loan		<u>1,860,000</u>	<u>2,860,000</u>
Total of long-term borrowing			<u>\$ 7,460,000</u>	<u>\$ 6,510,000</u>

17. BONDS PAYABLE

	December 31, 2018
Secured domestic bonds	\$ 6,000,000
Less: Discount of bonds	<u>(22,142)</u>
	<u>\$ 5,977,858</u>

The major terms of the secured domestic bonds as below:

Issuance	Issuance Period	Total Amount	Coupon Rate	Repayment and Interest Payment
107-1	December 2018 to December 2023	\$ 6,000,000	0.95%	Bullet repayment; interest payable annually

18. NOTES PAYABLE AND TRADE PAYABLES

Notes payable and trade payables of the Company were generated from operating. The average credit period on purchases was 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER LIABILITIES

	<u>December 31</u>	
	2018	2017
<u>Current</u>		
Other payables		
Payables for purchases of equipment	\$ 14,515	\$ 4,046
Payables for salaries or bonuses	56,485	131,818
Payables for compensation of employees	47,000	53,000
Payables for compensation of directors	6,400	8,000
Interest payables	6,396	4,619
Payables for utilities	6,421	5,867
Payables for freight	10,593	3,714
Others	<u>33,812</u>	<u>36,300</u>
	<u>\$ 181,622</u>	<u>\$ 247,364</u>
Other liabilities		
Contract liabilities	\$ 76,760	\$ -
Receipts in advance	-	16,751
Treasury shares transfer to employees collected in advance	79,288	-
Others	<u>2,719</u>	<u>2,449</u>
	<u>\$ 158,767</u>	<u>\$ 19,200</u>

20. PROVISIONS

	December 31	
	2018	2017
<u>Non-current</u>		
Employee benefits	\$ <u>4,853</u>	\$ <u>3,630</u>

The provision for employee benefits is based on the Company's employee pension. The present value of the long-term employee benefit were carried out by qualified actuaries.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2018	2017
Present value of defined benefit obligation	\$ 563,493	\$ 583,441
Fair value of plan assets	<u>(373,071)</u>	<u>(396,268)</u>
Net defined benefit liabilities	\$ <u>190,422</u>	\$ <u>187,173</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2017	<u>\$ 622,049</u>	<u>\$ (444,890)</u>	<u>\$ 177,159</u>
Current service cost	7,323	-	7,323
Net interest expense (income)	<u>6,161</u>	<u>(4,404)</u>	<u>1,757</u>
Recognized in profit or loss	<u>13,484</u>	<u>(4,404)</u>	<u>9,080</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	460	460
Actuarial (gain) loss - changes in demographic assumptions	2,715	-	2,715
Actuarial (gain) loss - experience adjustments	<u>2,549</u>	<u>-</u>	<u>2,549</u>
Recognized in other comprehensive income	<u>5,264</u>	<u>460</u>	<u>5,724</u>
Contributions from the employer	-	(3,007)	(3,007)
Benefits paid	<u>(57,356)</u>	<u>55,573</u>	<u>(1,783)</u>
Balance at December 31, 2017	<u>\$ 583,441</u>	<u>\$ (396,268)</u>	<u>\$ 187,173</u>
Balance at January 1, 2018	<u>\$ 583,441</u>	<u>\$ (396,268)</u>	<u>\$ 187,173</u>
Current service cost	6,183	-	6,183
Net interest expense (income)	<u>5,027</u>	<u>(3,226)</u>	<u>1,801</u>
Recognized in profit or loss	<u>11,210</u>	<u>(3,226)</u>	<u>7,984</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,315)	(13,315)
Actuarial (gain) loss - changes in demographic assumptions	445	-	445
Actuarial (gain) loss - changes in financial assumptions	5,046	-	5,046
Actuarial (gain) loss - experience adjustments	<u>5,947</u>	<u>-</u>	<u>5,947</u>
Recognized in other comprehensive income	<u>11,438</u>	<u>(13,315)</u>	<u>(1,877)</u>
Contributions from the employer	-	(2,858)	(2,858)
Benefits paid	<u>(42,596)</u>	<u>42,596</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ 563,493</u>	<u>\$ (373,071)</u>	<u>\$ 190,422</u>

Through the defined benefit plans under the Labor Standards Law, the company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	2017
Discount rate(s)	0.875%	1.000%
Expected rate(s) of salary increase	2.500%	2.500%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	2017
Discount rate(s)		
0.25% increase	<u>\$(10,020)</u>	<u>\$(10,742)</u>
0.25% decrease	<u>\$ 10,315</u>	<u>\$ 11,072</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 9,976</u>	<u>\$ 10,721</u>
0.25% decrease	<u>\$ (9,743)</u>	<u>\$(10,457)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	2017
Expected contributions to the plans for the next year	<u>\$ 2,803</u>	<u>\$ 2,976</u>
Average duration of the defined benefit obligation	7.4 years	7.6 years

22. EQUITY

a. Ordinary shares

	December 31	
	2018	2017
Numbers of shares authorized (in thousands)	<u>1,600,000</u>	<u>1,600,000</u>
Shares authorized	<u>\$ 16,000,000</u>	<u>\$ 16,000,000</u>
Numbers of shares issued and fully paid (in thousands)	<u>1,293,922</u>	<u>1,199,557</u>
Shares issued	<u>\$ 12,939,216</u>	<u>\$ 11,995,571</u>

On June 8, 2018, the shareholder's meeting resolved to increase capital by transferring the earnings of \$943,645 thousand, which increased the share capital issued and fully paid to \$12,939,216 thousand, with 1,293,922 thousand shares, all ordinary shares.

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

A total of 100,000 thousand shares of the Company authorized shares were reversed for issuance of employee share options.

b. Capital surplus

	December 31	
	2018	2017
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 810,255	\$ 810,255
Donations	21,898	21,898
Treasury stock transfer to employees	7,930	3,128
<u>May be used to offset a deficit only</u>		
Employee share options exercised and expired	279,491	279,491
Treasury stock transfer to employees	<u>182,205</u>	<u>32,345</u>
	<u>\$ 1,301,779</u>	<u>\$ 1,147,117</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for admitting. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 23-6.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2017 and 2016 were approved in the shareholders' meetings on June 8, 2018 and June 13, 2017, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2017	2016	2017	2016
Legal reserve	\$ 234,241	\$ 108,881		
Cash dividends	1,179,558	679,692	\$ 1.00	\$ 0.60
Share dividends	943,645	283,205	0.80	0.25

The appropriation of earnings for 2018 had been proposed by the Company's board of directors on March 22, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 75,361	
Cash dividends	256,766	\$ 0.20
Share dividends	385,150	0.30

The appropriation of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on June 14, 2019.

d. Special reserves

On the first-time adoption of IFRS, the Company appropriated to special reserve the amount that was the same as the unrealized revaluation increment transferred to retained earnings, which was \$341,773 thousand.

The special reserve may be reversed on the disposal or reclassification of the related assets.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	\$ 58,283	\$ 582,195
Effect of change in tax rate	5,660	-
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	270,730	548,852
Related Income Tax	(12,880)	(27,940)
Share from associates accounted for using the equity method	<u>1,227</u>	<u>(3,784)</u>
Balance at December 31	<u>\$ (218,440)</u>	<u>\$ 58,283</u>

2) Unrealized gain (loss) on available-for-sale financial assets

Balance at January 1, 2017	\$ 706,007
Recognized for the year	
Unrealized gain (loss) on revaluation of available-for-sale financial assets	1,764,740
Share from associates accounted for using the equity method	<u>128,743</u>
Balance at December 31, 2017	<u>\$ 2,342,004</u>

3) Unrealized gain(loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1(IAS 39)	\$ 2,342,004
Adjustment on initial application of IFRS 9	<u>(366,204)</u>
Balance at January 1 (IFRS 9)	<u>1,975,800</u>
Recognized for the year	
Unrealized gain(loss) - equity instruments	(863,732)
Share from associates accounted for using the equity method	<u>(359,989)</u>
Balance at December 31	<u>\$ 752,079</u>

f. Treasury shares

	Purpose of Buy-back Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2017	38,417
Decrease during the year	<u>(5,217)</u>
Number of shares at December 31, 2017	33,200
Decrease during the year	<u>(13,200)</u>
Number of shares at December 31, 2018	<u>20,000</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

23. NET PROFIT

Information about net profit is as follow:

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income	\$ 288	\$ 235
Operating lease rental income	35,263	30,215
Dividends	257,207	312,317
Commissions Income	1,565	1,540
Others	<u>59</u>	<u>31</u>
	<u>\$ 294,382</u>	<u>\$ 344,338</u>

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain (loss) on disposal of property, plant and equipment	\$ 2,010	\$ (136)
Net gain on financial instruments at FVTPL	-	168
Net foreign exchange gains (losses)	7,167	(284)
Bank charges	(8,671)	(5,382)
Others	<u>(21,146)</u>	<u>(24,713)</u>
	<u>\$ (20,640)</u>	<u>\$ (30,347)</u>

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	<u>\$ 127,621</u>	<u>\$ 103,933</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 48,100	\$ 51,172
Long-term prepaid expenses	<u>10,377</u>	<u>10,659</u>
	<u>\$ 58,477</u>	<u>\$ 61,831</u>
An analysis of depreciation by function		
Cost of goods sold	\$ 30,018	\$ 30,758
Operating expenses	7,736	6,238
Other losses	<u>10,346</u>	<u>14,176</u>
	<u>\$ 48,100</u>	<u>\$ 51,172</u>
An analysis of amortization by function		
Cost of goods sold	<u>\$ 10,377</u>	<u>\$ 10,659</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term benefits	\$ 226,892	\$ 395,597
Post-employment benefits (Note 19)		
Defined contribution plans	6,415	6,309
Defined benefit plans	<u>7,984</u>	<u>9,080</u>
Total post-employment benefits	14,399	15,389
Share-based payments		
Equity-settled	149,860	32,345
Other employee benefits	<u>14,495</u>	<u>14,245</u>
Total employee benefits expense	<u>\$ 405,646</u>	<u>\$ 457,576</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 198,960	\$ 233,410
Operating expenses	<u>206,686</u>	<u>234,138</u>
	<u>\$ 405,646</u>	<u>\$ 457,576</u>

	For the Year Ended December 31					
	2018			2017		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary expense	\$ 172,460	\$ 176,250	\$ 348,710	\$ 205,716	\$ 192,773	\$ 398,489
Labor and health insurance expense	10,115	9,444	19,559	10,471	9,010	19,481
Pension expense - defined contribution plans	3,567	2,848	6,415	4,334	1,975	6,309
Pension expense - defined benefit plans	3,912	4,072	7,984	3,995	5,085	9,080
Remuneration of directors	-	8,483	8,483	-	9,972	9,972
Other employee benefits	<u>8,906</u>	<u>5,589</u>	<u>14,495</u>	<u>8,894</u>	<u>5,351</u>	<u>14,245</u>
Total employee benefits expense	<u>\$ 198,960</u>	<u>\$ 206,686</u>	<u>\$ 405,646</u>	<u>\$ 233,410</u>	<u>\$ 224,166</u>	<u>\$ 457,576</u>

As of December 31, 2018 and 2017, the Company's number of employees were 226 and 208, respectively, and the number of directors who are not employees are both 6. The headcount basis was the same as the basis of employee benefits expense.

f. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit deduct accumulated deficit. The employees' compensation and the remuneration of directors for the years ended December 31, 2018 and 2017 which were approved by the Company's board of directors on March 22, 2019 and March 16, 2018, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	1.39%	1.50%
Remuneration of directors	0.81%	0.33%

Amount

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	<u>\$ 11,000</u>	<u>\$ 36,000</u>
Remuneration of directors	<u>\$ 6,400</u>	<u>\$ 8,000</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	2017
Foreign exchange gains	\$ 20,287	\$ 15,615
Foreign exchange losses	<u>(13,120)</u>	<u>(15,899)</u>
Net gains or losses	<u>\$ 7,167</u>	<u>\$ (284)</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	\$ -	\$ 11,100
Adjustments for prior periods	<u>(4,170)</u>	<u>733</u>
	<u>(4,170)</u>	<u>11,833</u>
Deferred tax		
In respect of the current period	10,528	2,050
Effect change in tax rates	<u>11,592</u>	<u>-</u>
	<u>22,120</u>	<u>2,050</u>
Income tax expense recognized in profit or loss	<u>\$ 17,950</u>	<u>\$ 13,883</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2018	2017
Profit before tax	\$ 771,560	\$ 2,356,296
Income tax expense calculated at the statutory rate	\$ 154,312	\$ 400,570
Permanent differences	(92,343)	(334,330)
Tax-exempt income	(51,441)	(53,090)
Effect of tax rate change	11,592	-
Adjustments for prior years' tax	<u>4,170</u>	<u>4,170</u>
Income tax expense recognized in profit or loss	<u>\$ 771,560</u>	<u>\$ 771,560</u>

In 2017, the applicable corporate income tax rate used by the Company is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of the 2019 appropriation of earnings is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Deferred income tax expense (benefit)		
Effect of change in tax rate		
Translation of foreign operations	\$ (5,660)	\$ -
Remeasurement of defined benefit plans	<u>(3,130)</u>	<u>-</u>
	<u>(8,790)</u>	<u>-</u>
In respect of the current period		
Translation of foreign operations	12,880	(27,940)
Remeasurement of defined benefit plans	<u>380</u>	<u>(970)</u>
	<u>13,260</u>	<u>(28,910)</u>
Total income tax recognized in other comprehensive income	<u>\$ 4,470</u>	<u>\$ (28,910)</u>

c. Current tax assets

	December 31	
	2018	2017
Current tax assets		
Income tax refund receivable	\$ 4,965	\$ 2,470
Current tax liabilities		
Income tax payable	\$ -	\$ 11,100

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss of allowance for inventories	\$ 1,230	\$ 50	\$ -	\$ 1,280
Allowance for bad debt	210	110	-	320
Defined benefit obligations	31,820	3,510	2,750	38,080
Exchange differences on foreign operations	32,070	-	(7,220)	24,850
Others	<u>1,620</u>	<u>990</u>	<u>-</u>	<u>2,610</u>
	<u>\$ 66,950</u>	<u>\$ 4,660</u>	<u>\$ (4,470)</u>	<u>\$ 67,140</u>

Deferred tax liabilities

Temporary differences				
Investment Income abroad	\$ 82,810	\$ 26,780	\$ -	\$ 109,590
Land revaluation increment tax	<u>99,828</u>	<u>-</u>	<u>-</u>	<u>99,828</u>
	<u>\$ 182,638</u>	<u>\$ 26,780</u>	<u>\$ -</u>	<u>\$ 209,418</u>

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss of allowance for inventories	\$ 2,170	\$ (940)	\$ -	\$ 1,230
Allowance for bad debt	280	(70)	-	210
Defined benefit obligations	30,110	740	970	31,820
Exchange differences on foreign operations	4,130	-	27,940	32,070
Others	<u>1,760</u>	<u>(140)</u>	<u>-</u>	<u>1,620</u>
	<u>\$ 38,450</u>	<u>\$ (410)</u>	<u>\$ 28,910</u>	<u>\$ 66,950</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment Income abroad	\$ 81,170	\$ 1,640	\$ -	\$ 82,810
Land revaluation increment tax	<u>99,828</u>	<u>-</u>	<u>-</u>	<u>99,828</u>
	<u>\$ 180,998</u>	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 182,638</u> (Concluded)

- e. Information about unrecognized deferred income tax liabilities associated with investments

As of December 31, 2018 and 2017, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$1,780,000 thousand and \$1,450,000 thousand, respectively.

- f. Income tax assessments

The income tax returns through 2016 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic earnings per share	<u>\$ 0.59</u>	<u>\$ 1.87</u>
Diluted earnings per share	<u>\$ 0.59</u>	<u>\$ 1.86</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 22, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 are as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 2.02</u>	<u>\$ 1.87</u>
Diluted earnings per share	<u>\$ 2.01</u>	<u>\$ 1.86</u>

Net Profit for the Year

	For the Year Ended December 31	
	2018	2017
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 753,610</u>	<u>\$ 2,342,413</u>

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,270,602	1,254,510
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>1,421</u>	<u>2,487</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,272,023</u>	<u>1,256,997</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employees of the Company were transferred 3,200 thousand shares, 10,000 thousand shares and 10,000 thousand shares in 2018 according to the treasury stock transfer regulation of the Company by \$11.1, \$9.6, \$8.0, respectively. The total compensation cost recognized is \$149,860 thousand.

Employees of the Company were transferred 5,217 thousand shares in 2017 according to the treasury stock transfer regulation of the Company by \$10.2. The total compensation cost recognized is \$32,345 thousand.

27. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

Operating leases relate to leases of building and storage, re-signing all operating lease contracts every two years.

The Company paid refundable deposits under the operating lease contracts as of December 31, 2018 and 2017 were \$5,812 thousand and \$5,944 thousand respectively (refer to Note 30).

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2018	2017
Not later than 1 year	\$ 22,899	\$ 27,418
Later than 1 year and not later than 5 years	<u>2,245</u>	<u>1,700</u>
	<u>\$ 25,144</u>	<u>\$ 29,118</u>

b. The Company as lessor

Operating leases relate to leasing of partial of land and building, with lease terms between 1 to 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew.

The Company received guarantee deposits under the operating lease contracts were \$12,152 thousand and \$4,602 thousand, respectively.

The future minimum lease collection of non-cancellable operating leases commitments were as follows:

	December 31	
	2018	2017
Not later than 1 year	\$ 66,942	\$ 28,732
Later than 1 year and not later than 5 years	246,287	70,097
Later than 5 years	<u>248,815</u>	<u>38,450</u>
	<u>\$ 562,044</u>	<u>\$ 137,279</u>

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. It was estimated that the Company's overall strategy remains unchanged in the short term.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends, and the amount of new debt issued or existing debt redeemed.

The review of the capital structure is based on the information of consolidated financial statements, please refer to the consolidated financial statements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 4,937,378	\$ -	\$ -	\$ 4,937,378
Domestic unlisted shares	-	-	116,229	116,229
	<u>\$ 4,937,378</u>	<u>\$ -</u>	<u>\$ 116,229</u>	<u>\$ 5,053,607</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Equity securities				
Domestic listed shares	\$ 5,806,396	\$ -	\$ -	\$ 5,806,396

There are no transition between Levels 1 and 2 in 2018 and 2017.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2018	\$ 118,883
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	5,286
Capital reduction	<u>(7,940)</u>
Balance at December 31, 2018	<u>\$ 116,229</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities - ROC were determined using the asset approach. The approach is mainly utilizes to evaluate venture capital company. In this approach, it takes the net asset value measured at the fair value into account. The others adopts market approach, which mainly evaluate the fair value of market transaction price and market conditions of similar targets that are subject to investment.

c. Categories of financial instruments

	December 31	
	2018	2017
<u>Financial assets</u>		
Loans and receivables (1)	\$ -	\$ 693,663
Available-for-sale financial assets (2)	-	5,902,073
Financial assets at amortized cost (3)	788,843	-
Equity instruments at FVTOCI	5,053,607	-

Financial liabilities

Financial liabilities at amortized cost (4)	14,050,703	11,557,185
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- 1) The balances included loans and receivables measured at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances included available-for-sale financial assets and the carrying amount of available-for-sale financial assets measured at cost.
- 3) The balances included financial assets at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables and refundable deposits.
- 4) The balances included financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, trade payables, other payables, bonds issued, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, receivables, payables, and borrowings. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company have foreign currency sales and purchases, which exposes the Company to foreign currency risk. Approximately 40% of the Company's sales were denominated in currencies other than the functional currency, whilst almost 86% of costs were denominated in currencies other than the functional currency of the Company.

The carrying amounts of the Company's significant non-functional foreign currency denominated monetary assets and monetary liabilities are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company sensitivity to a 3% increase and decrease in New Taiwan dollars against USD. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 3% against USD. For a 3% weakening of the New Taiwan dollar against USD, there would be an equal and opposite impact on pre-tax profit.

	USD Impact	
	For the Year Ended December 31	
	2018	2017
Profit or loss	\$ 6,735	\$ 10,936

This was mainly attributable to the exposure outstanding on USD receivables and payables.

The Company's sensitivity to foreign currency decreased during the current period mainly due to reduction in amount of net foreign currency liabilities.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2018	2017
Fair value interest rate risk		
Financial liabilities	\$ 11,577,858	\$ 8,089,184
Cash flow interest rate risk		
Financial liabilities	1,860,000	2,860,000

The Company was exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and bonds payable. The risk is managed by the Company by maintaining floating-rate borrowings.

The Company is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. It is the Company's policy to keep its borrowings at floating interest rates so as to minimize the fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company pre-tax profit for the years ended December 31, 2018 and 2017 would decrease/increase by \$9,300 thousand and \$14,300 thousand, respectively.

The Company's sensitivity to interest rates decreased during the current period mainly due to decrease of the amount of variable-rate bank borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in mutual funds and equity securities. Equity investments are held for strategic rather than trading purposes, the Company does not actively trade these investments. The Company's equity price risk is mainly concentrated on strategic investments of domestic equity instruments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, post-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by \$252,680 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% higher/lower, post-tax other comprehensive income for the year ended December 31, 2017 would have increased/decreased by \$290,320 thousand, as a result of the changes in fair value of available-for-sale investments.

The Company's sensitivity to equity prices decreased because the Company held less equity securities in the current period.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to discharge an obligation by counterparties of the Company is the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties. Before accepting any new clients, the relevant departments perform credit evaluation and internal credit scoring, sales and administration departments assess the potential customers' credit quality and define credit limit for customer. Limits and scoring attributed to customers are reviewed twice a year.

Besides, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting to ensure that adequate impairment losses are recognized on irrecoverable amounts.

The Company transacts with a large number of related customers. The Company did not have significant credit risk exposure to any single counterparty or any Company of counterparties with similar characteristics. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during 2018 and 2017.

The Company's concentration of credit risk by geographical locations was mainly Taiwan, which accounted for 64% and 62% of total accounts receivables acquired as of December 31, 2018 and 2017, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Company had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time and regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

Non-derivative Financial Liabilities	0-3 Months	3 Months to 1 Year	1-5 Years
<u>December 31, 2018</u>			
Non-derivative financial liabilities			
Non-interest bearing liabilities	\$ 555,045	\$ 9,675	\$ -
Variable interest rate liabilities	-	-	1,860,000
Fixed interest rate liabilities	-	-	11,577,858
	<u>\$ 555,045</u>	<u>\$ 9,675</u>	<u>\$ 13,437,858</u>
<u>December 31, 2017</u>			
Non-derivative financial liabilities			
Non-interest bearing liabilities	\$ 504,898	\$ 61,157	\$ -
Variable interest rate liabilities	-	-	2,860,000
Fixed interest rate liabilities	4,439,184	-	3,650,000
	<u>\$ 4,944,082</u>	<u>\$ 61,157</u>	<u>\$ 6,510,000</u>

b) Financing facilities

	December 31	
	2018	2017
Unsecured bank loan facilities		
Amount used	\$ 7,460,000	\$ 10,949,184
Amount unused	<u>8,520,964</u>	<u>2,075,649</u>
	<u>\$ 15,980,964</u>	<u>\$ 13,024,833</u>

30. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Company and related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Lien Hwa Industrial Corporation (LHIC)	With the same chairman
Linde Lienhwa Industrial GASES Co., Ltd. (LLIG)	Investment accounting for using equity method hold by LHIC
Asia Union Electronic Chemical Corp. (AUECC)	Investment accounting for using equity method hold by LLIG
Harbinger Venture Management Co., Ltd. (HVMC)	With the same chairman
Lienhwa United LPG Co., Ltd. (LPG)	The Company is its director
Zhong Shan Union Trading	Subsidiary
Zhuhai Unicizers	Subsidiary
Taizhou Union Chemical	Subsidiary
Zhenjiang Union Chemical	Subsidiary
Panjin Union Materials	Subsidiary
UPC Chemicals (Malaysia)	Subsidiary

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2018	2017
Sales	Subsidiaries	<u>\$ 81,520</u>	<u>\$ 39,402</u>

c. Purchase of goods

	Related Party Category/Name	For the Year Ended December 31	
		2018	2017
Subsidiaries		\$ 444,066	\$ 161,048
Associate of investors with significant influence over the Company		<u>15,934</u>	<u>15,038</u>
		<u>\$ 460,000</u>	<u>\$ 176,086</u>

d. Operating lease rental income

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2018	2017
Other income	Associate of investors with significant influence over the Company		
	AUECC	\$ 15,910	\$ 15,910
	LPG	<u>5,954</u>	<u>5,954</u>
		<u>\$ 21,864</u>	<u>\$ 21,864</u>

e. Operating lease rental expense

Line Item	Related Party Category/Name	December 31	
		2018	2017
Operating expenses	Investors with significant influence		
	LHIC	<u>\$ 9,658</u>	<u>\$ 8,943</u>

The Company collects or pays the rent to the related parties on monthly bases on reference to the local rent level. Please refer to Note 27.

f. Service revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2018	2017
Other income	Investors with significant influence over the Company	\$ 480	\$ 480
	Associate of investors with significant influence	53	56
		<u>\$ 533</u>	<u>\$ 536</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

g. Receivables from related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2018	2017
Accounts receivables	Subsidiaries	<u>\$ 11,402</u>	<u>\$ 9,638</u>

h. Other receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2018	2017
Other receivables	Associate of investors with significant influence over the Company		
	LPG	\$ 1,609	\$ 1,554
	LLIG	492	495
	Subsidiaries	111	95
	Investors with significant influence over the Company	42	42
		<u>\$ 2,254</u>	<u>\$ 2,186</u>

i. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2018	2017
Other non-current assets	Investors with significant influence over the Company		
	LHIC	<u>\$ 1,692</u>	<u>\$ 1,824</u>

j. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2018	2017
Accounts payable	Subsidiaries	\$ 32,117	\$ 20,516
	Associate of investors with significant influence over the Company	1,632	1,210
		<u>\$ 33,749</u>	<u>\$ 21,726</u>

k. Guarantee deposits received

Line Item	Related Party Category/Name	December 31	
		2018	2017
Guarantee deposits received	Associate of investors with significant influence over the Company		
	AUECC	<u>\$ 3,315</u>	<u>\$ 3,315</u>

Transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

I. Compensation of key management personnel

The remuneration of directors and other members of key management personnel was as follow:

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	\$ 28,955	\$ 28,539
Post-employment benefits	368	311
Share-based payments	<u>13,027</u>	<u>3,100</u>
	<u>\$ 42,350</u>	<u>\$ 31,950</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2018 and 2017 were as follows:

- a. As of December 31, 2018 and 2017, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$189,556 thousand and \$126,035 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2018	2017
Acquisition of raw materials and repair parts	<u>\$ 458,779</u>	<u>\$ 465,646</u>
Acquisition of property, plant and equipment	<u>\$ 125,441</u>	<u>\$ 130,114</u>

- c. As of December 31, 2018, the Company provided financial guarantee for subsidiaries purchase raw materials or bank loan facilities. The amount of financial guarantee as follow:
 - 1) Taizhou Union Plastics - US\$22,000 thousand.
 - 2) UPC Chemicals (Malaysia) - US\$45,000 thousand.
 - 3) Panjin Union Logistics - US\$11,000 thousand.
 - 4) Nanchong Unicizers - US\$25,000 thousand and RMB218,000 thousand.
 - 5) Panjin Union Materials - US\$25,000 thousand and RMB100,000 thousand.
 - 6) Panjin Union Chemical - US\$45,000 thousand and RMB220,000 thousand.

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	<u>\$ 5,696</u>	30.715 (USD:NTD)	<u>\$ 174,953</u>
Non-monetary items			
Investments accounted for using equity method			
USD	<u>\$ 773,708</u>	30.715 (USD:NTD)	<u>\$ 23,764,433</u>
<u>Financial liabilities</u>			
Monetary items			
USD	<u>\$ 13,005</u>	30.715 (USD:NTD)	<u>\$ 399,449</u>

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	<u>\$ 4,143</u>	29.760 (USD:NTD)	<u>\$ 123,296</u>
Non-monetary items			
Investments accounted for using equity method			
USD	<u>\$ 742,063</u>	29.760 (USD:NTD)	<u>\$ 22,083,802</u>
<u>Financial liabilities</u>			
Monetary items			
USD	<u>\$ 16,392</u>	29.760 (USD:NTD)	<u>\$ 487,826</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currencies	Exchange Rate	2018	Exchange Rate	2017
		Net Foreign Exchange Gain (Loss) (US\$ in Thousands)		Net Foreign Exchange Gain (Loss) (US\$ in Thousands)
USD	30.715 (USD:NTD)	<u>\$ 7,167</u>	29.760 (USD:NTD)	<u>\$ (284)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 8)
- 9) Trading in derivative instruments (Note 7)
- 10) Information on investees (Table 9)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 11)

- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 11)
- c) The amount of property transactions and the amount of the resultant gains or losses (None)
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Note 31 and Table 2)
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (None)
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

UPC TECHNOLOGY CORP.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature of Financing	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Zhenjiang Union Chemical	Taizhou Union Logistics	Receivable from related parties	Yes	\$ 98,457 (RMB 22,000 thousand)	\$ -	\$ -	1.75%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,089,423 (RMB 466,879 thousand) (Note 3)	\$ 4,178,846 (RMB 933,758 thousand) (Note 4)
		Nanchong Unicizers	Receivable from related parties	Yes	250,617 (RMB 56,000 thousand)	-	-	4.45%-4.73%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	2,089,423 (RMB 466,879 thousand) (Note 3)	4,178,846 (RMB 933,758 thousand) (Note 4)
		ZhenJiang Union Torch Estate	Receivable from related parties	Yes	1,029,319 (RMB 230,000 thousand)	626,542 (RMB 140,000 thousand)	523,610 (RMB 117,000 thousand)	4.45%-4.73%	2	-	Operating capital	-	-	-	2,089,423 (RMB 466,879 thousand) (Note 3)	4,178,846 (RMB 933,758 thousand) (Note 4)
		Panjin Union Logistics	Receivable from related parties	Yes	89,506 (RMB 20,000 thousand)	-	-	4.92%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	2,089,423 (RMB 466,879 thousand) (Note 3)	4,178,846 (RMB 933,758 thousand) (Note 4)
		Panjin Union Chemical	Receivable from related parties	Yes	537,036 (RMB 120,000 thousand)	223,765 (RMB 50,000 thousand)	223,765 (RMB 50,000 thousand)	4.63%-4.92%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	2,089,423 (RMB 466,879 thousand) (Note 3)	4,178,846 (RMB 933,758 thousand) (Note 4)
2	Glory Ace	Zhongshan Unicizers	Receivable from related parties	Yes	201,389 (RMB 45,000 thousand)	-	-	2.75%-2.82%	2	-	Operating capital	-	-	-	1,017,276 (US\$ 33,120 thousand) (Note 5)	2,034,552 (US\$ 66,240 thousand) (Note 6)
		Taizhou Union Chemical	Receivable from related parties	Yes	290,895 (RMB 65,000 thousand)	-	-	-	2	-	Operating capital	-	-	-	1,017,276 (US\$ 33,120 thousand) (Note 5)	2,034,552 (US\$ 66,240 thousand) (Note 6)
		UPC Chemicals (Malaysia)	Receivable from related parties	Yes	322,508 (US\$ 10,500 thousand)	322,508 (US\$ 10,500 thousand)	322,508 (US\$ 10,500 thousand)	1.70%-3.65%	2	-	Operating capital	-	-	-	1,017,276 (US\$ 33,120 thousand) (Note 5)	2,034,552 (US\$ 66,240 thousand) (Note 6)
		Panjin Union Chemical	Receivable from related parties	Yes	749,879 (RMB 20,000 thousand) (US\$ 21,500 thousand)	660,373 (US\$ 21,500 thousand)	414,653 (US\$ 13,500 thousand)	2.34%-3.34%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	1,017,276 (US\$ 33,120 thousand) (Note 5)	2,034,552 (US\$ 66,240 thousand) (Note 6)
		Panjin Union Logistics	Receivable from related parties	Yes	92,145 (US\$ 3,000 thousand)	92,145 (US\$ 3,000 thousand)	92,145 (US\$ 3,000 thousand)	2.93%-3.57%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	1,017,276 (US\$ 33,120 thousand) (Note 5)	2,034,552 (US\$ 66,240 thousand) (Note 6)
3	CHL	UPC Chemicals (Malaysia)	Receivable from related parties	Yes	491,440 (US\$ 16,000 thousand)	491,440 (US\$ 16,000 thousand)	491,440 (US\$ 16,000 thousand)	1.50%-1.85%	2	-	Operating capital	-	-	-	10,895,288 (US\$ 354,722 thousand) (Note 7)	21,790,576 (US\$ 709,444 thousand) (Note 8)

(Continued)

No.	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature of Financing	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
4	Zhong Shan Union Trading	Zhuhai Unicizers	Receivable from related parties	Yes	\$ 44,753 (RMB 10,000 thousand)	\$ -	\$ -	1.75%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 143,400 (RMB 32,043 thousand) (Note 9)	\$ 143,400 (RMB 32,043 thousand) (Note 10)
5	Guangdong Union Logistics	Zhuhai Unicizers	Receivable from related parties	Yes	67,130 (RMB 15,000 thousand)	67,130 (RMB 15,000 thousand)	67,130 (RMB 15,000 thousand)	1.75%-4.63%	2	-	Operating capital	-	-	-	149,342 (RMB 33,370 thousand) (Note 11)	149,342 (RMB 33,370 thousand) (Note 12)
6	Jiangsu Union Logistics	ZhenJiang Union Torch Estate	Receivable from related parties	Yes	84,583 (RMB 18,900 thousand)	-	-	1.75%	2	-	Operating capital	-	-	-	87,527 (RMB 19,558 thousand) (Note 13)	175,054 (RMB 39,116 thousand) (Note 14)
		Panjin Union Chemical	Receivable from related parties	Yes	84,583 (RMB 19,000 thousand)	85,031 (RMB 19,000 thousand)	85,031 (RMB 19,000 thousand)	4.63%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	87,527 (RMB 19,558 thousand) (Note 13)	175,054 (RMB 39,116 thousand) (Note 14)
7	Taizhou Union Plastics	Nanchong Unicizers	Receivable from related parties	Yes	268,518 (RMB 60,000 thousand)	268,518 (RMB 60,000 thousand)	268,518 (RMB 60,000 thousand)	4.63%-4.68%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
		Panjin Union Logistics	Receivable from related parties	Yes	268,518 (RMB 60,000 thousand)	179,012 (RMB 40,000 thousand)	179,012 (RMB 40,000 thousand)	4.63%-4.73%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
		Panjin Union Materials	Receivable from related parties	Yes	760,801 (RMB 170,000 thousand)	537,036 (RMB 120,000 thousand)	537,036 (RMB 120,000 thousand)	4.63%-4.73%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
		Panjin Union Chemical	Receivable from related parties	Yes	537,036 (RMB 120,000 thousand)	447,530 (RMB 100,000 thousand)	447,530 (RMB 100,000 thousand)	4.63%-4.73%	2	-	Operating capital, equipment purchase and construction payment	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
		Taizhou Union Logistics	Receivable from related parties	Yes	201,389 (RMB 45,000 thousand)	179,012 (RMB 40,000 thousand)	8,951 (RMB 2,000 thousand)	4.63%	2	-	Operating capital	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
		ZhenJiang Union Torch Estate	Receivable from related parties	Yes	626,542 (RMB 140,000 thousand)	-	-	-	2	-	Operating capital	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
		Taizhou Union Chemical	Receivable from related parties	Yes	134,259 (RMB 30,000 thousand)	134,259 (RMB 30,000 thousand)	-	-	2	-	Operating capital	-	-	-	1,975,597 (RMB 441,445 thousand) (Note 15)	3,951,195 (RMB 882,889 thousand) (Note 16)
8	Sichung Logistics	Nanchong Unicizers	Receivable from related parties	Yes	96,219 (RMB 21,500 thousand)	96,219 (RMB 21,500 thousand)	29,089 (RMB 6,500 thousand)	4.72%	2	-	Operating capital, equipment purchase and construction payment	-	-	\$ -	143,194 (RMB 31,997 thousand) (Note 17)	143,194 (RMB 31,997 thousand) (Note 18)

(Continued)

No.	Financing Company	Counter-Party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature of Financing	Transaction Amount	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
9	Union Hong Kong	Panjin Union Logistics	Receivable from related parties	Yes	\$ 92,145 (US\$ 3,000 thousand)	\$ 62,654 (RMB 14,000 thousand)	\$ -	-	2	\$ -	Operating capital, equipment purchase and construction payment	\$ -	-	\$ -	\$ 172,830 (HK\$ 44,078 thousand) (Note 19)	\$ 172,830 (HK\$ 44,078 thousand) (Note 20)
10	Zhuhai Unicizers	Zhongshang Unicizers	Receivable from related parties	Yes	179,012 (RMB 40,000 thousand)	134,259 (RMB 30,000 thousand)	-	4.63%	2	-	Operating capital		-	-	1,210,078 (RMB 270,391 thousand) (Note 21)	2,420,156 (RMB 540,781 thousand) (Note 22)
11	Zhongshang Unicizers	Zhuhai Unicizers	Receivable from related parties	Yes	134,259 (RMB 30,000 thousand)	134,259 (RMB 30,000 thousand)	-	-	2	-	Operating capital		-	-	3,240,652 (RMB 724,119 thousand) (Note 23)	6,481,304 (RMB1,448,239 thousand) (Note 24)
						\$ 4,741,692	\$ 3,690,418			\$ -						

Note 1: Zhenjiang Union Chemical fill in 1. Glory Ace fill in 2. CHL fill in 3. Zhong Shan Union Trading fill in 4. Guangdong Union Logistics fill in 5. Jiangsu Union Logistics fill in 6. Taizhou Union Plastics fill in 7. Sichung Logistics fill in 8. Union Hong Kong fill in 9. Zhuhai Unicizers fill in 10. Zhongshan Unicizers fill in 11.

Note 2: The nature of financing as follow:

a. Business transaction, fill in 1.

b. The need for short-term financing, fill in 2.

Note 3: Financing limit for each borrower company shall not exceeded 50% of Zhenjiang Union’s Chemical net equity in latest financial statement which were audited or review by accountant.

Note 4: Financing company’s total financing amount limits shall not exceeded 100% of Zhenjiang Union Chemical’s net equity in latest financial statement which were audited or review by accountant.

Note 5: Financing limit for each borrower company shall not exceeded 50% of Glory Ace’s net equity in latest financial statement which were audited or review by accountant.

Note 6: Financing company’s total financing amount limits shall not exceeded 100% of Glory Ace’s net equity in latest financial statement which were audited or review by accountant.

Note 7: Financing limit for each borrower company shall not exceeded 50% of CHL’s net equity in latest financial statement which were audited or review by accountant.

Note 8: Financing company’s total financing amount limits shall not exceeded 100% of CHL’s net equity in latest financial statement which were audited or review by accountant.

Note 9: Financing limit for each borrower company shall not exceeded 100% of Zhong Shan Union Trading’s net equity in latest financial statement which were audited or review by accountant.

Note 10: Financing company’s total financing amount limits shall not exceeded 100% of Zhong Shan Union Trading’s net equity in latest financial statement which were audited or review by accountant.

Note 11: Financing limit for each borrower company shall not exceeded 100% of Guangdong Union Logistics’s net equity in latest financial statement which were audited or review by accountant.

Note 12: Financing company’s total financing amount limits shall not exceeded 100% of Guangdong Union Logistics’s net equity in latest financial statement which were audited or review by accountant.

Note 13: Financing limit for each borrower company shall not exceeded 50% of Jiangsu Union Logistics’s net equity in latest financial statement which were audited or review by accountant.

Note 14: Financing company’s total financing amount limits shall not exceeded 100% of Jiangsu Union Logistics’s net equity in latest financial statement which were audited or review by accountant.

Note 15: Financing limit for each borrower company shall not exceeded 50% of Taizhou Union Plastics’s net equity in latest financial statement which were audited or review by accountant.

Note 16: Financing company’s total financing amount limits shall not exceeded 100% of Taizhou Union Plastics’s net equity in latest financial statement which were audited or review by accountant.

Note 17: Financing limit for each borrower company shall not exceeded 100% of Sichung Logistics’s net equity in latest financial statement which were audited or review by accountant.

Note 18: Financing company’s total financing amount limits shall not exceeded 100% of Sichung Logistics’s net equity in latest financial statement which were audited or review by accountant.

Note 19: Financing limit for each borrower company shall not exceeded 100% of Union Hong Kong Petrochemicals’s net equity in latest financial statement which were audited or review by accountant.

(Continued)

Note 20: Financing company’s total financing amount limits shall not exceeded 100% of Union Hong Kong Petrochemicals’s net equity in latest financial statement which were audited or review by accountant.

Note 21: Financing limit for each borrower company shall not exceeded 50% of Zhuhai Unicizers’s net equity in latest financial statement which were audited or review by accountant.

Note 22: Financing company’s total financing amount limits shall not exceeded 100% of Zhuhai Unicizers’s net equity in latest financial statement which were audited or review by accountant.

Note 23: Financing limit for each borrower company shall not exceeded 50% of Zhongshan Unicizers’s net equity in latest financial statement which were audited or review by accountant.

Note 24: Financing company’s total financing amount limits shall not exceeded 100% of Zhongshan Unicizers’s net equity in latest financial statement which were audited or review by accountant.

(Concluded)

TABLE 2

UPC TECHNOLOGY CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Guarantee Party	Maximum Balance During the Period	Ending balance	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collateralized by properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiaries	Guarantee Provided to subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	Glory Ace	b	\$ 10,408,897 (Note 3)	\$ 767,875 (US\$ 25,000 thousand)	\$ -	\$ -	\$ -	-	\$ 31,226,691 (Note 3)	Y	N	N
		Taizhou Union Plastics	c		675,730 (US\$ 22,000 thousand)	675,730 (US\$ 22,000 thousand)	253,657 (US\$ 8,258 thousand)	-	3.25%		Y	N	Y
		Nanchong Unicizers	c		2,214,667 (US\$ 40,000 thousand and EUR 297 thousand and RMB 218,000 thousand)	1,743,490 (US\$ 25,000 thousand and RMB 218,000 thousand)	980,172 (US\$ 10,000 thousand and RMB 150,386 thousand)	-	8.38%		Y	N	Y
		UPC Chemicals (Malaysia)	c		1,689,325 (US\$ 55,000 thousand)	1,382,175 (US\$ 45,000 thousand)	284,202 (MYR 12 thousand and US\$ 9,250 thousand)	-	6.64%		Y	N	N
		Panjin Union Materials	c		1,231,246 (US\$ 25,000 thousand and EUR 450 thousand and RMB 100,000 thousand)	1,215,405 (US\$ 25,000 thousand and RMB 100,000 thousand)	399,295 (US\$ 13,000 thousand)	-	5.84%		Y	N	Y
		Panjin Union Logistics	c		798,590 (US\$ 26,000 thousand)	337,865 (US\$ 11,000 thousand)	276,435 (US\$ 9,000 thousand)	-	1.62%		Y	N	Y
		Panjin Union Chemical	c		2,684,460 (US\$ 55,000 thousand and EUR 300 thousand and RMB 220,000 thousand)	2,366,741 (US\$ 45,000 thousand and RMB 220,000 thousand)	948,289 (US\$ 24,656 thousand and RMB 42,694 thousand)	-	11.37%		Y	N	Y

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limit on Endorsement/ Guarantee Amount Provided to Each Guarantee Party	Maximum Balance During the Period	Ending balance	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collateralized by properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiaries	Guarantee Provided to subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Zhongshan Unicizers	Nanchong Unicizers	b	\$ 3,240,652 (Note 3)	\$ 1,790,120 (RMB 400,000 thousand)	\$ 1,790,120 (RMB 400,000 thousand)	\$ 268,518 (RMB 60,000 thousand)	\$ -	27.62%	\$ 9,721,956 (Note 3)	Y	N	Y
		Panjin Union Chemical	b		458,718 (RMB 102,500 thousand)	223,765 (RMB 50,000 thousand)	223,765 (RMB 50,000 thousand)	-	3.45%		Y	N	Y
		Panjin Union Materials	c		223,765 (RMB 50,000 thousand)	223,765 (RMB 50,000 thousand)	134,259 (RMB 30,000 thousand)	-	3.45%		N	N	Y

Note 1: The Company fill in 0.Zhongshan Unicizers fill in 1.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guarantee are as follow:

- a. A company that the Corporation has business relationship with.
- b. The Company owns directly or indirectly over 50% ownership of the subsidiary.
- c. The Company that owns directly or indirectly hold over 50% ownership of the invested company.
- d. In between companies that were held over 90% of voting shares directly and indirectly by an entity.
- e. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
- g. According to Consumer Protection ACT, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note 3: The limit of total amount endorsed shall not exceeding 150% of the Company and Zhongshan Unicizers’s net equity in latest financial statement which are audited or review by accountant; the limit of amount endorsed of each borrower shall not exceeding 50% of the Company and Zhongshan Unicizers’s net equity in latest financial statement which are audited or review by accountant.

(Concluded)

TABLE 3

UPC TECHNOLOGY CORP.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2018				Note
				Shares/Unit	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Domestic listed shares</u>							
	Lien Hwa Industrial Corporation	With the same chairman	Financial assets at FVTOCI - noncurrent	101,836	\$ 3,019,433	9.68	\$ 3,019,433	
	MiTAC Holdings Corporation	"	"	77,486	1,910,042	8.27	1,910,042	
	Taita Chemical Company, Limited	"	"	793	7,903	0.24	7,903	
	<u>Domestic unlisted shares</u>							
	Lienhwa United LPG	The Company is its director	"	4,923	56,070	17.29	56,070	
	Harbinger Venture Capital Corp.	With the same chairman	"	345	3,406	3.35	3,406	
	Harbinger VI Venture Capital Corp.	"	"	4,648	56,753	13.28	56,753	
	<u>Domestic listed shares</u>							
	HEP TECH CO., LTD.		"	18	271	0.06	271	
UVC	U.D. ELECTRONIC CORP.		"	19	516	0.03	516	
	ACTi Corporation		"	517	4,184	1.39	4,184	
	<u>Domestic unlisted shares</u>							
	Harbinger III Venture Capital Corp.		"	15	430	15.00	430	
	Harbinger VI Venture Capital Corp.		"	1,069	13,053	3.05	13,053	
	Harbinger VII Venture Capital Corp.	The Company is its director	"	10,000	100,300	9.39	100,300	
	Harbinger VIII Venture Capital Corp.		"	2,738	27,375	13.90	27,375	
	Taiwan Mobile Communication INC.		"	447	2,426	1.10	2,426	
	Mercury Electronic		"	306	3,008	1.24	3,008	
	Visco Vision Inc.		"	133	3,495	0.25	3,495	
	Green Rich Technology Co., Ltd		"	35	-	0.35	-	
	<u>Mutual funds</u>							
	Capital Money Market Fund		Financial assets at FVTPL - current	2,944	47,431		47,431	
	<u>Foreign unlisted shares</u>							
	Turning Point Therapeutics, Inc.		Financial assets at FVTOCI - noncurrent	246	23,036	0.25	23,036	
	<u>Domestic unlisted shares</u>							
	Lien Yung Investment Corporation		Financial assets at FVTOCI - noncurrent	9,217	90,974	19.99	90,974	
	Tong Da Investment Corporation		"	4,848	87,266	19.99	87,266	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2018				Note
				Shares/Unit	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TUI	<u>Domestic unlisted shares</u>							
	Getac Technology Corporation		Financial assets at FVTOCI - current	1,987	\$ 79,877	0.34	\$ 79,877	
	Asia Polymer Corporation		"	20,933	274,220	3.78	274,220	
	Taita Chemical Company, Limited		"	29,951	298,313	9.14	298,313	
	<u>Domestic unlisted shares</u>							
	Taiwan VCM Corporation		Financial assets at FVTOCI - noncurrent	11	54	-	54	
CHL	Harbinger Venture Management Co., Ltd.	With the same chairman	"	863	11,918	19.99	11,918	
	Mitac Incorporated	"	"	728	17,020	0.22	17,020	
	<u>Foreign unlisted shares</u>							
	Budworth		"	192	5,046	3.33	5,046	

Note 1: The definition of marketable securities the table mentioned are shares, mutual funds and the items derived from above which are under IFRS 9 “Financial Instruments”.

Note 2: For issuers of financial instruments which are not related parties, can skip the column.

Note 3: Those which are measured at fair value, please fill in the column of carrying amount with the amount that is after valuation and after deducting allowance; for those who are not measured at fair value, please fill in the column of carrying amount with amortised cost.

Note 4: For the information on investments in subsidiaries and associates, refer to Table 9 and Table 10 for details.

(Concluded)

TABLE 4

UPC TECHNOLOGY CORP.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type And Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Share of Profit and Loss	Evaluation of Change in Profit and Loss	Ending Balance	
					Share/Unit	Amount	Share/Unit	Amount	Share/Unit	Amount	Carrying Amount	Gain (Loss) on Disposal			Share/Unit	Amount
The Company	<u>Shares</u> CHL	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	366,294	\$ 20,117,099	50,010	\$ 1,476,340	-	\$ -	\$ -	\$ -	\$ 411,477	\$ (336,997) (Note 1)	\$ 416,304	\$ 21,667,919
CHL	<u>Shares</u> Goldendust	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	54,148	6,487,829	33,060	975,354	-	-	-	-	(8,049)	(229,948) (Note 2)	87,208	7,225,186
	<u>Shares</u> Pagerise	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	17,000	620,537	15,000	443,370	-	-	-	-	(4,008)	(27,669) (Note 2)	32,000	1,032,230
Goldendust	<u>Investment certificate</u> Zhongshan Unicizers	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	(Note 3)	5,598,702	(Note 3)	975,354	-	-	-	-	(31,235)	(121,270) (Note 2)	(Note 3)	6,421,551
Pagerise	<u>Investment certificate</u> Panjin Union Logistics	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	(Note 3)	620,537	(Note 3)	443,370	-	-	-	-	(4,008)	(27,669) (Note 2)	(Note 3)	1,032,230
Zhongshan Unicizers	<u>Investment certificate</u> Panjin Union Chemical	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	(Note 3)	738,403	(Note 3)	505,697	-	-	-	-	(152,859)	(33,672) (Note 2)	(Note 3)	1,057,569
	<u>Investment certificate</u> Nanchong Unicizers	Investment accounted for using equity method	Amount of the original contribution	Subsidiary	(Note 3)	591,646	(Note 3)	327,861	-	-	-	-	(115,861)	(17,712) (Note 2)	(Note 3)	785,934

Note 1: Recognition of the exchange differences on translating the financial statements of foreign operations \$(335,131) thousand and gain (loss) on financial assets at fair value through other comprehensive income \$(1,866) thousand.

Note 2: Recognition of the exchange differences on translating the financial statements of foreign operations.

Note 3: Limited company.

TABLE 5

UPC TECHNOLOGY CORP.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Zhenjiang Union Chemical	Building at Yinshan North Road, Zhenjiang New District, Jiangsu Province	2018.3.16	\$ 104,042	According to the contract	ZhenJiang Union Torch Estate	Subsidiary	Not applicable	Not applicable	Not applicable	Not applicable	Reference the valuation report and the condition of market	For long-term operation	None

TABLE 6

UPC TECHNOLOGY CORP.

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
ZhenJiang Union Torch Estate	Building at Yinshan North Road, Zhenjiang New District, Jiangsu Province	2018.3.16	2012.4.27	\$ 104,042	\$ 104,042	According to the contract	\$ -	Zhenjiang Union Chemical	Parent	For long-term operation	Reference the valuation report and the condition of market	None

TABLE 7

UPC TECHNOLOGY CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Glory Ace	The Company	Entity that The Company direct or indirect investment in	Sale	\$ (166,095)	(2.08)	120 days in principle, and adjust depends on the situation			\$ -	-	
	Zhongshan Unicizers	"	Sale	(794,597)	(9.93)	120 days in principle, and adjust depends on the situation			93,948	6.97	
	Taizhou Union Chemical	"	Sale	(4,131,977)	(51.64)	120 days in principle, and adjust depends on the situation			582,489	43.21	
	Zhuhai Unicizers	"	Sale	(1,148,722)	(14.36)	120 days in principle, and adjust depends on the situation			32,169	2.39	
	Zhenjiang Union Chemical	"	Sale	(216,455)	(2.71)	120 days in principle, and adjust depends on the situation			45,189	3.35	
	UPC Chemicals (Malaysia)	"	Sale	(1,466,204)	(18.33)	120 days in principle, and adjust depends on the situation			594,344	44.09	
ZhenJiang Union Torch Estate	Zhenjiang Union Chemical	"	Sale	(451,828)	(100.00)	Pay and receive according to the contract			-	-	
Taizhou Union Chemical	Zhenjiang Union Chemical	"	Sale	(105,506)	(1.19)	120 days in principle, and adjust depends on the situation			-	-	
	Nanchong Unicizers	"	Sale	(144,556)	(1.63)	120 days in principle, and adjust depends on the situation			-	-	
	Panjin Union Chemical	"	Sale	(142,462)	(1.60)	120 days in principle, and adjust depends on the situation			39,487	5.33	
Zhuhai Unicizers	The Company	"	Sale	(137,026)	(1.42)	120 days in principle, and adjust depends on the situation			16,012	1.37	
Panjin Union Chemical	Zhenjiang Union Chemical	"	Sale	(176,435)	(3.69)	120 days in principle, and adjust depends on the situation			20,821	6.44	
	Zhuhai Unicizers	"	Sale	(593,963)	(12.42)	120 days in principle, and adjust depends on the situation			107,005	33.09	
Nanchong Unicizers	Zhenjiang Union Chemical	"	Sale	(429,458)	(12.77)	120 days in principle, and adjust depends on the situation			-	-	
UPC Chemicals (Malaysia)	Taizhou Union Chemical	"	Sale	(120,689)	(4.40)	120 days in principle, and adjust depends on the situation			-	-	
The Company	Glory Ace	"	Purchase	166,095	3.84	120 days in principle, and adjust depends on the situation			-	-	
Zhongshan Unicizers	Glory Ace	"	Purchase	794,597	17.41	120 days in principle, and adjust depends on the situation			(93,948)	(33.76)	
Taizhou Union Chemical	Glory Ace	"	Purchase	4,131,977	41.52	120 days in principle, and adjust depends on the situation			(582,489)	(92.10)	
Zhuhai Unicizers	Glory Ace	Entity that The Company direct or indirect investment in	Purchase	1,148,722	12.31	120 days in principle, and adjust depends on the situation			(32,169)	(2.95)	
Zhenjiang Union Chemical	Glory Ace	"	Purchase	216,455	1.46	120 days in principle, and adjust depends on the situation			(45,189)	(6.18)	

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
UPC Chemicals (Malaysia)	Glory Ace	"	Purchase	\$ 1,466,204	51.29	120 days in principle, and adjust depends on the situation			\$ (594,344)	(87.55)	
Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	"	Purchase	451,828	3.05	Pay and receive according to the contract			-	-	
	Taizhou Union Chemical	"	Purchase	105,506	0.71	120 days in principle, and adjust depends on the situation			-	-	
Panjin Union Chemical	Taizhou Union Chemical	"	Purchase	142,462	3.64	120 days in principle, and adjust depends on the situation			(39,487)	(32.10)	
Nanchong Unicizers	Taizhou Union Chemical	"	Purchase	144,556	4.94	120 days in principle, and adjust depends on the situation			-	-	
The Company	Zhuhai Unicizers	"	Purchase	137,026	3.17	120 days in principle, and adjust depends on the situation			(16,012)	(3.04)	
Zhenjiang Union Chemical	Panjin Union Chemical	"	Purchase	176,435	1.19	120 days in principle, and adjust depends on the situation			(20,821)	(2.85)	
Zhuhai Unicizers	Panjin Union Chemical	"	Purchase	593,963	6.36	120 days in principle, and adjust depends on the situation			(107,005)	(9.81)	
Zhenjiang Union Chemical	Nanchong Unicizers	"	Purchase	429,458	2.90	120 days in principle, and adjust depends on the situation			-	-	
Taizhou Union Chemical	UPC Chemicals (Malaysia)	"	Purchase	120,689	1.21	120 days in principle, and adjust depends on the situation			-	-	

(Concluded)

TABLE 8

UPC TECHNOLOGY CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)		Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
						Amount	Actions Taken		
CHL	UPC Chemicals (Malaysia)	Entity that The Company direct or indirect investment in	Other receivables	\$ 499,117		\$ -		\$ -	\$ -
Glory Ace	Taizhou Union Chemical	"	Accounts receivable	582,489	4.97	-		409,067	-
	UPC Chemicals (Malaysia)	"	Accounts receivable	594,344	3.74	-		259,865	-
	Panjin Union Chemical	"	Other receivables	415,879		-		-	-
	UPC Chemicals (Malaysia)	"	Other receivables	323,960		-		-	-
Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	"	Other receivables	523,610		-		-	-
	Panjin Union Chemical	"	Other receivables	223,767		-		-	-
Taizhou Union Plastics	Panjin Union Chemical	"	Other receivables	447,530		-		-	-
	Panjin Union Materials	"	Other receivables	537,036		-		-	-
	Panjin Union Logistics	"	Other receivables	179,012		-		-	-
	Nanchong Unicizers	"	Other receivables	268,518		-		-	-
Panjin Union Chemical	Zhuhai Unicizers	"	Accounts receivable	107,005	11.10	-		193,915	-

Note: It was the amount received as of March 4, 2019.

TABLE 9

UPC TECHNOLOGY CORP.

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
The Company	CHL	Tortola, British Virgin Islands	Investment	\$ 12,687,238	\$ 11,210,898	416,304	100.00	\$ 21,667,919	\$ 411,477	\$ 411,477	Subsidiary
	Glory Ace	Tortola, British Virgin Islands	Trading	1,674,649	1,674,649	50,605	100.00	2,096,514	60,820	60,820	"
	UVC	Tiding Blvd., Taipei City	Investment	250,013	250,013	22,701	100.00	258,444	28,774	28,774	"
	WCI	Nangang Rd., Taipei City	Investment	160,000	160,000	16,000	100.00	211,953	24,014	24,014	"
	TUI	Minsheng E. Rd., Taipei City	Investment	453,525	453,525	73,500	100.00	911,508	7,989	7,989	"
CHL	Star Bright	Tortola, British Virgin Islands	Investment	1,348	1,348	51	100.00	350,960	8,563		Second-tier subsidiary
	Goldendust	"	"	2,725,625	1,750,271	87,208	100.00	7,225,186	(8,049)		"
	Natural	"	"	3,278,180	3,278,180	105,400	100.00	3,078,930	442,176		"
	Magic Props	"	"	919,533	919,533	28,140	100.00	1,929,474	37,836		"
	Pure Fantasy	"	"	217,544	217,544	6,331	100.00	440,400	13,808		"
	Modern Vantage	"	"	763,540	763,540	25,334	100.00	589,551	28,287		"
	Charmon	"	"	972,950	972,950	31,637	100.00	1,023,762	26,805		"
	Linkhope	"	"	88,755	88,755	3,000	100.00	194,789	20,107		"
	Reachworld	"	"	87,960	87,960	3,000	100.00	163,309	14,228		"
	Daywinn	"	"	711,773	711,773	23,380	100.00	1,058,862	152,067		"
	Dragonoble	"	"	1,212,783	1,177,892	40,670	100.00	1,009,779	(146,865)		"
	Pagerise	"	"	965,857	522,487	32,000	100.00	1,032,230	(4,008)		"
	Greaterise	"	"	1,241,535	1,241,535	40,000	100.00	1,216,256	(78,653)		"
	Granfaith	"	"	922,434	899,709	30,351	100.00	751,127	(111,318)		"
	Faithouse	"	"	150,500	150,500	5,000	100.00	148,721	5,287		"
	Prestige Spring	"	"	592,436	592,436	18,234	100.00	616,121	15,442		"
	Union Hong Kong	Tsimshatsui Kowloon, Hong Kong	Trading	181,145	181,145	44,585	100.00	164,052	(3,334)		"
	Harbinger Ruyi	Tortola, British Virgin Islands	Investment	30,465	30,465	1,000	28.57	28,350	(2,146)		Subsidiary's investee company under the equity method
UVC	Inno Strategy	Tortola, British Virgin Islands	Investment	56,202	56,202	1,703	100.00	39,671	502		Second-tier subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Star Bright	Logical Path Ltd.	Tsimshatsui Kowloon, Hong Kong	Investment	\$ 37	\$ 37	10	100.00	\$ 350,952	\$ 8,563		Third-tier subsidiary
Prestige Spring	UPC Chemicals (Malaysia)	Selangor, Malaysia	Produces and sells DEHP and PA	592,436	592,436	75,500	100.00	616,121	15,442		Third-tier subsidiary

Note: Please refer to Table 10 for information of investees of mainland China.

(Concluded)

TABLE 10

UPC TECHNOLOGY CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Percentage of Ownership	Net Income (Loss) of the Investee Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Inflow Remittance of Earning as of December 31, 2018
						Outflow	Inflow						
Goldendust	Zhongshan Unicizers	Manufacturing and selling of DEHP and PA	US\$ 96,080 thousand	b	\$ 1,164,107	\$ 975,354	\$ -	\$ 2,139,461	100.00	\$ (31,235)	\$ (31,235) b.2)	\$ 6,421,551	\$ -
Zhongshan Unicizers, Logical, Goldendust and Magic Props	Zhenjiang Union Chemical	Manufacturing and selling of DEHP and PA	US\$ 77,340 thousand	b	543,823	-	-	543,823	100.00	90,539	90,539 b.2)	4,117,941	-
Zhongshan Unicizers, Logical, Pure Fantasy and Goldendust	Zhuhai Unicizers	Manufacturing and selling of DEHP, PA and MA	US\$ 35,500 thousand	b	-	-	-	-	100.00	69,124	69,124 b.2)	2,378,521	-
Zhongshan Unicizers	Zhong Shan Union Trading	Trading	(Note 6)	b	-	-	-	-	100.00	372	372 b.2)	-	-
Charmon and Zhongshan Unicizers	Taizhou Union Chemical	Manufacturing and selling of DEHP and PA	US\$ 63,400 thousand	b	466,785	-	-	466,785	100.00	53,717	53,717 b.2)	2,037,260	-
Modern Vantage	Taizhou Union Logistics	Warehousing and storage services	US\$ 23,700 thousand	b	648,157	-	-	648,157	100.00	28,287	28,287 b.2)	589,550	-
Natural and Daywinn	Taizhou Union Plastics	Manufacturing and selling of PVC	US\$ 128,780 thousand	b	3,068,081	-	-	3,068,081	100.00	594,243	594,243 b.2)	4,137,791	-
Linkhope	Jiangsu Union Logistics	Logistics	3,000 thousand	b	88,755	-	-	88,755	100.00	20,107	20,107 b.2)	194,789	-
Reachworld	Guangdong Union Logistics	Logistics	US\$ 3,000 thousand	b	87,960	-	-	87,960	100.00	14,228	14,228 b.2)	163,306	-
Dragonoble and Zhongshan Unicizers	Panjin Union Chemical	Manufacturing and selling of DEHP and PA	US\$ 83,000 thousand	b	1,177,892	34,891	-	1,212,783	100.00	(299,724)	(299,724) b.2)	2,073,673	-
Zhenjiang Union Chemical	ZhenJiang Union Torch Estate	Real Estate Management	RMB 60,000 thousand	c	-	-	-	-	100.00	(5,638)	(5,638) b.2)	261,098	-
Pagerise	Panjin Union Logistics	Warehousing and storage services	US\$ 32,000 thousand	b	522,487	443,370	-	965,857	100.00	(4,008)	(4,008) b.2)	1,032,230	-
Greaterise	Panjin Union Materials	Manufacturing and selling of MA and related derivatives	US\$ 40,000 thousand	b	1,241,535	-	-	1,241,535	100.00	(78,653)	(78,653) b.2)	1,216,256	-
Granfaith and Zhongshan Unicizers	Nanchong Unicizers	Manufacturing and selling of DEHP and PA	US\$ 62,000 thousand	b	899,709	22,725	-	922,434	100.00	(227,179)	227,179) b.2)	1,541,052	-
Faithouse	Sichung Logistics	Logistics	US\$ 5,000 thousand	b	-	-	-	-	100.00	5,286	5,286 b.2)	148,382	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$11,385,631 (Note 3)	\$14,160,159 (US\$461,017.7 thousand) (Note 4)	(Note 5)

Note 1. The investment types are as follows:

- a. Direct investment in Mainland China.
- b. Indirect investment in Mainland China through a subsidiary in a third place (refer to the table above for investment entity in the third place).
- c. Others-Zhenjiang Union Chemical investment directly.

Note 2. In the column of investment income or loss as of December 31, 2018:

- a. If there is no investment income or loss yet result from preparation, please indicate.
- b. The basis of recognition of investment income or loss as follow:
 - 1) Financial statements that were audited by international CPA firms which cooperative with CPA firms in R.O.C.
 - 2) Financial statements that were audited by the CPA of Parent in Taiwan.
 - 3) Others: Financial statements that were not audited by the CPA.

Note 3. Excluded (1) the investment amount of \$934,394 thousand due to the remittance of funds from Taiwan outward to regions of mainland China in the prior years, and the investor company liquidates after the end of operation; (2) Investment of \$3,502,208 thousand that is remittance of company-owned funds from the third place to regions of mainland China

Note 4. Converted to NTD by exchange rate of US\$1 = NT\$30.715 on December 31, 2018.

Note 5. As the Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau on Oct. 2018, the upper limit on investment in mainland China is not applicable.

Note 6. Zhongshan Unicizers has merged Zhong Shan Union Trading at May 31, 2018.

(Concluded)

UPC TECHNOLOGY CORP.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Transaction of sales

Investee Company	Activities in the Third Area	Price and Payment Terms Comparison with Normal Transactions	Sales		Unrealized Gain on Sale	Ending Notes/Trade Receivable	
			Price	%		Balance	%
Zhong Shan Union Trading	-	The terms of transaction are the same as general business practices	\$ 6,506	0.14	\$ -	\$ -	-
Zhenjiang Union Chemical	-	"	15,147	0.33	-	649	0.15
Zhuhai Unicizers	-	"	47,481	1.03	-	2,576	0.58
Zhongshan Unicizers	-	"	11,564	0.25	-	8,177	1.85

2. Transaction of purchase

Investee Company	Activities in the Third Area	Price and Payment Terms Comparison with Normal Transactions	Purchases			Ending Notes/Trade Payable	
			Price	%		Balance	%
Taizhou Union Chemical	-	The terms of transaction are the same as general business practices	\$ 15,179	0.35		\$ -	-
Zhuhai Unicizers	-	"	137,026	3.17		16,012	3.04
Zhenjiang Union Chemical	-	"	29,483	0.68		-	-
Panjin Union Chemical	-	"	91,815	2.12		16,105	3.06
Zhongshan Unicizers	-	"	4,467	0.10		-	-

3. Transactions of endorsements/guarantees (refer to Note 38 and Table 2)

UPC TECHNOLOGY CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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UPC TECHNOLOGY CORP.

**STATEMENT OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash on hand	\$ 169
Demand deposits	211,250
Foreign currency deposits - mainly including US\$2,003 thousand (Note)	61,541
Checking accounts	<u>48,988</u>
	<u>\$ 321,948</u>

Note: US\$1=NT\$30.715.

UPC TECHNOLOGY CORP.

**STATEMENT OF TRADE RECEIVABLES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Customer Number	Amount
012	\$ 42,858
007	31,206
028	21,210
009	18,659
Others (Note)	246,271
Less: Allowance for impairment loss	<u>(4,881)</u>
	<u>\$ 355,323</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

UPC TECHNOLOGY CORP.**STATEMENT OF INVENTORIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 552,106	\$ 597,685
Semi-finished goods	146,163	170,032
Work in progress	25,111	28,020
Raw materials	378,190	415,952
Supplies	68,044	75,044
Merchandise inventory	3,289	3,670
Inventory in transit	<u>332,008</u>	<u>366,162</u>
	1,504,911	<u>\$ 1,656,565</u>
Less: Allowance for loss	<u>(6,416)</u>	
	<u>\$ 1,498,495</u>	

UPC TECHNOLOGY CORP.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2018		Additions (Note 2)		Decrease (Note 3)		Unrealized Gains (Loss) on Financial Assets at Fair value (Note 4)	Balance, December 31, 2018		Collateral
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Amount	
Domestic listed companies										
Lien Hwa Industrial Corporation	92,578	\$ 3,388,356	9,258	\$ -	-	\$ -	\$ (368,923)	101,836	\$ 3,019,433	None
MiTAC Holdings Corporation	67,394	2,405,979	10,092	-	-	-	(495,937)	77,486	1,910,042	None
Taita Chemical Company, Limited	793	<u>12,061</u>	-	<u>-</u>	-	<u>-</u>	<u>(4,158)</u>	793	<u>7,903</u>	None
		<u>5,806,396</u>		<u>-</u>		<u>-</u>	<u>(869,018)</u>		<u>4,937,378</u>	
Domestic unlisted companies										
Lienhwa United LPG	4,923	48,807	-	-	-	-	7,263	4,923	56,070	None
Harbinger Venture Capital Corp.	1,139	390	-	-	(794)	(7,940)	10,956	345	3,406	None
Harbinger VI Venture Capital Corp.	4,648	<u>46,480</u>	-	<u>-</u>	-	<u>-</u>	<u>10,273</u>	4,648	<u>56,753</u>	None
		<u>95,677</u>		<u>-</u>		<u>(7,940)</u>	<u>28,492</u>		<u>116,229</u>	
		<u>\$ 5,902,073</u>		<u>\$ -</u>		<u>\$ (7,940)</u>	<u>\$ (840,526)</u>		<u>\$ 5,053,607</u>	

Note 1: A par value of \$10.

Note 2: Additions in investment resulted from share dividends received.

Note 3: Decrease in investment resulted from the capital reduction.

Note 4: Remeasurement value \$23,206 thousand resulted from changed from IAS 39 to IFRS 9 in the beginning of the year and unrealized gains (loss) \$(863,732) thousand.

UPC TECHNOLOGY CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2018		Remeasurement under IFRS 9	Additions (Note 2)		Decrease (Note 3)		Share of Profit and Loss	Exchange Differences on Translating the Financial Statements	Other Comprehensive Income (Loss)	Balance, December 31, 2018			Market Value or Net Assets Value
	Shares	Amount		Shares	Amount	Shares	Amount				Shares	%	Amount	
	(In Thousands)			(In Thousands)		(In Thousands)					(In Thousands)			
Unlisted companies														
CHL	366,294	\$ 20,112,509	\$ 4,590	50,010	\$ 1,476,340	-	\$ -	\$ 411,477	\$ (335,131)	\$ (1,866)	416,304	100.00	\$ 21,667,919	\$ 21,667,919
Glory Ace	50,605	1,971,293	-	-	-	-	-	60,820	64,401	-	50,605	100.00	2,096,514	2,096,514
UVC	22,701	227,972	40,778	-	-	-	-	28,774	1,227	(40,307)	22,701	100.00	258,444	258,444
WCI	16,000	172,329	71,377	-	-	-	(1,963)	24,014	-	(53,804)	16,000	100.00	211,953	211,953
TUI	73,500	1,594,385	10,985	-	-	-	(437,839)	7,989	-	(264,012)	73,500	100.00	911,508	911,508
		\$ 24,078,488	\$ 127,730		\$ 1,476,340		\$ (439,802)	\$ 533,074	\$ (269,503)	\$ (359,989)			\$ 25,146,338	\$ 25,146,338

Note 1: A par value of \$10, except for CHL and Glory Ace are US\$1.

Note 2: Additions in investment resulted from increase in investment.

Note 3: Decrease in investment resulted from cash dividends received.

UPC TECHNOLOGY CORP.**STATEMENT OF TRADE PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Vendor Number	Amount
L	\$ 217,612
Y	71,842
N	66,572
B	32,838
F	30,763
Others (Note)	<u>107,168</u>
	<u>\$ 526,795</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

UPC TECHNOLOGY CORP.

STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantities (Metric Tons)	Amount
Sale of Goods		
Plasticizers	85,787	\$ 3,661,483
Anhydrides	19,739	675,935
Others	4,945	<u>256,991</u>
Gross sales		4,594,409
Less: Sales return and allowance		<u>(5,234)</u>
Net sales		<u>\$ 4,589,175</u>

UPC TECHNOLOGY CORP.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials, beginning of year - including inventory in transit	\$ 654,112
Raw material purchased	3,687,105
Raw material sold	(793)
Others	(566)
Raw materials, end of year - including inventory in transit	<u>(710,198)</u>
	3,629,660
Direct labor	38,988
Manufacturing expenses	<u>477,648</u>
Manufacturing cost	4,146,296
Work in progress and semi-finished goods, beginning of year	64,329
Work in progress and semi-finished goods, end of year	<u>(171,274)</u>
Cost of finished goods	4,039,351
Finished goods, beginning of year	314,353
Finished goods purchased	287,077
Others	(3,001)
Finished goods, end of year	<u>(555,395)</u>
	4,082,385
Unallocated fixed manufacturing cost	23,121
Reversal of write-downs of inventories	(833)
Cost of raw material sold	793
Revenue from sale of scraps	<u>(428)</u>
Cost of goods sold	<u>\$ 4,105,038</u>

UPC TECHNOLOGY CORP.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Total
Salaries - including bonuses, compensation of employees and pension	\$ 10,543	\$ 181,110	\$ 191,653
Exporting expense - including ocean freight charge, harbor construction fee and customs clearance fee	65,575	-	65,575
Inland freight charge	38,697	-	38,697
Depreciation and amortization	63	7,673	7,736
Professional fee	-	13,807	13,807
Others	<u>7,708</u>	<u>66,596</u>	<u>74,304</u>
	<u>\$ 122,586</u>	<u>\$ 269,186</u>	<u>\$ 391,772</u>

Note 1: The basic of this statement is consistent with employee benefits.

Note 2: Expected credit loss included.