Stock Code: 2023

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
AND INDEPENDENT AUDITORS' REPORT

Address: No. 369, Yuliao Road, Qiaotou District,
Kaohsiung City
Tel: (07) 611-7181

Table of Contents

Representation Letter

The entities that are required to be included in the combined financial statements of Yieh Phui Enterprise Co., Ltd. as of and for the year ended December 31, 2018, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Yieh Phui Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Yieh Phui Enterprise Co., Ltd.

By

____

Yi Shou Lin
Chairman

March 21, 2019

國富浩華聯合會計師事務所
Crowe (TW) CPAs
80250高雄市苓雅區四維三路6號27樓之1
27F-1., No.6, Siwei 3rd Rd.,
Lingya Dist.,
Kaohsiung City 80250, Taiwan
Tel +886 7 3312133
Fax +886 7 3331710
www.crowe.tw

Independent Auditors' Report

To the Board of Directors and Shareholders
Yieh Phui Enterprise Co., Ltd.

Opinion

We have audited the consolidated financial statements of Yieh Phui Enterprise Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other independent accountants, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Revenue recognition

Please refer to Note 4.22 to the consolidated financial statements for the accounting policy on revenue recognition; Note 5.2.A for major accounting estimates and assumptions of revenue recognition; and Note 6.34 for the details of revenue recognition.

Description of key audit matter

Due to fierce competition in the industry, the Group may be affected by the growth of its performance and competition in the same industry, which increases the risk of recognition of operating income. Therefore, we determined the revenue recognition for those product lines and customers with significant sales increase in 2018 as a key audit matter.

How the matter was addressed in our audit

Our key audit procedures included analyzing the industry trends, income types, product lines, and customer group's two-year operating income status to confirm whether there are abnormal circumstances or centralized transactions and identify possible risks; understanding and testing the internal control procedure to assess the effectiveness of the relevant internal control for revenue recognition; conducting a sample test on the sales transactions of the top ten new customers to confirm the authenticity of the sales transaction and executing sales cutoff test.

Valuation of inventory

Please refer to Note 4.8 to the consolidated financial statements for the accounting policy on inventories; Note 5.2.G for major accounting estimates and assumptions of inventories; and Note 6.7 for inventory valuation.

Description of key audit matter

The Group's inventory amounted to $10,347,451 thousand (net of $10,608,387 thousand of total inventory less $260,936 thousand of allowance for inventory valuation loss) as of 31 December 2018, which accounted for 11.89% of total assets. The inventory valuation is measured at the lower of inventory cost and net realizable value. Given that the valuation of net realizable value of inventory has a significant impact on critical judgments and estimates and since inventory valuation is dependent on the influence of frequently volatile fluctuations of international metal price, we have thus included this item in the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included obtaining management’s assessment information which determines the lower of inventory cost and net realizable value; sampling estimated selling prices to the most recent sales records; and assessing the appropriateness of management's basis for estimating the net realizable value.

Other Matters

We did not audit the financial statements of certain associates accounted for using equity method. Those financial statements were audited by the other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of the other independent accountants. Investments in these associates amounted to $4,779,519 thousand and $5,394,163 thousand, representing 5.49% and 6.18% of total consolidated assets as of December 31, 2018 and 2017, and the share of profit of these associates accounted for using equity mentod amounted to ($424,772) thousand and $82,282 thousand, representing (119.47%) and 4.56% of total consolidated income before income tax for the years then ended, respectively. In addition, other comprehensive income of these associates accounted for using equity method amounted to $27,756 thousand and ($85,997) thousand, representing (132.10%) and 17.04% of total consolidated comprehensive income for the years then ended, respectively.

We have also audited the standalone financial statements of Yieh Phui Enterprise Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financia1 statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethica1 requirements regarding independence, and to communicate with them all re1ationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Ling Wen Huang and Jen Yao Hsieh.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
March 21, 2019

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

The consolidated financial statements are translated from Chinese version and unaudited.

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$5,522,926	7	$7,704,426	9
Financial assets at fair value through profit or loss - current	6(2)	285,944	-	49,534	-
Contract assets - current	6(34)	532,786	1	-	-
Notes receivable, net	6(3)	1,650,972	2	1,389,916	2
Accounts receivable, net	6(4)	1,990,296	2	2,511,585	3
Accounts receivable - related parties, net	7	1,166,014	1	759,908	1
Construction contract receivable	6(5)	-	-	175,452	-
Construction contract receivable - related parties	6(5)	-	-	192,200	-
Other receivables	6(6)	274,801	-	277,705	-
Current tax assets		12,577	-	12,308	-
Inventories	6(7)	10,347,451	13	9,993,445	12
Prepayments	6(8)	1,893,869	2	3,032,728	3
Noncurrent assests held for sale (net)	6(9)	218,096	-	-	-
Other financial assets - current	6(10)	1,109,111	1	1,236,064	1
Total current assets		$25,004,843	29	$27,335,270	31
NONCURRENT ASSETS					
Financial assets at fair value through profit or loss - noncurrent	6(2)	$1,011,252	1	$9,999	-
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(12)	715,117	1	-	-
Available-for-sale financial assets - noncurrent	6(13)	-	-	44,910	-
Financial assets carried at cost - noncurrent	6(14)	-	-	551,462	1
Debt investments with no active market - noncurrent	6(15)	-	-	554,755	1
Investments accounted for using equity method	6(11)	15,492,641	18	17,412,043	20
Property, plant and equipment	6(16)	41,118,529	46	39,326,842	45
Investment properties	6(17)	776,270	1	988,576	1
Intangible assets	6(18)	452,363	1	8,880	-
Deferred tax asset	6(39)	583,658	1	609,736	1
Other noncurrent assets	6(19)	7,534	-	-	-
Refundable deposits	6(20)	1,350,617	2	69,570	-
Other financial assets - noncurrent	8	114,465	-	63,827	-
Long-term prepaid rent	6(21)	434,304	-	252,478	-
Total noncurrent assets		$62,056,750	71	$59,893,078	69
TOTAL ASSETS		$87,061,593	100	$87,228,348	100

Liabilities and Equity	Note	December 31, 2018 Amount	%	December 31, 2017 Amount	%
CURRENT LIABLITIES					
Short-term loans	6(22)	$16,001,636	19	$15,825,523	19
Short-term notes and bills payable	6(23)	837,598	1	989,011	1
Financial liabilities at fair value through profit or loss - current	6(2)	7,437	-	21,033	-
Contract liabilities - current	6(34)	1,410,498	2	-	-
Notes payable		1,156,449	1	1,816,494	2
Accounts payable		1,245,748	1	1,114,431	1
Construction contract payable	6(5)	-	-	14,331	-
Other payables	6(24)	1,557,229	2	1,634,147	2
Current tax liabilities		153,410	-	1,124	-
Provisions - current	6(25)	111,092	-	102,183	-
Liabilties directly associated with noncurrent assets held for sale	6(9)	62,423	-	-	-
Advance receipts		69	-	1,888,764	2
Current portion of long-term loans	6(26)	4,183,655	5	3,685,344	4
Total current liabilities		$26,727,244	31	$27,092,385	31
NONCURRENT LIABILITIES					
Long-term loans	6(26)	$29,894,253	34	$29,282,172	34
Deferred tax liabilities	6(39)	17,547	-	227,177	-
Long-term deferred revenue	6(28)	32,854	-	35,669	-
Net defined benefit liability - noncurrent	6(27)	733,314	1	940,445	1
Guarantee deposits		14,749	-	14,639	-
Total noncurrent liabilities		$30,692,717	35	$30,500,102	35
Total Liabilities		$57,419,961	66	$57,592,487	66
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital					
Common stock	6(29)	$18,758,113	22	$18,211,760	21
Capital surplus	6(30)	4,883,218	6	4,873,770	6
Retained earnings					
Legal reserve	6(31)	2,835,202	3	2,698,462	3
Special reserve	6(31)	636,655	1	327,757	-
Unappropriated earnings	6(31)	1,233,913	1	2,366,597	3
Other equity	6(32)	(559,232)	(1)	(636,655)	(1)
Total equity attributable to owners of the parent		$27,787,869	32	$27,841,691	32
NON-CONTROLLING INTERESTS		1,853,763	2	1,794,170	2
Total equity		$29,641,632	34	$29,635,861	34
TOTAL LIABILITIES AND EQUITY		$87,061,593	100	$87,228,348	100

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Year Ended December 31			
		2018		2017	
	Note	Amount	%	Amount	%
OPERATING REVENUE	6(34)	$73,856,189	100	$71,158,662	100
OPERATING COST	6(7)	67,944,988	92	64,859,279	91
GROSS PROFIT		$5,911,201	8	$6,299,383	9
OPERATING EXPENSES					
Selling and marketing expenses		3,280,971	5	2,895,049	3
General and administrative expenses		1,068,227	2	1,096,333	2
Research and development expenses		100,245	-	96,627	-
Expected credit loss		3,248	-	-	-
Total operating expenses		4,452,691	7	4,088,009	5
INCOME FROM OPERATIONS		$1,458,510	1	$2,211,374	4
NON-OPERATING INCOME AND EXPENSES					
Other income	6(35)	$1,254,320	2	$287,320	-
Other gains and losses	6(36)	(20,238)	-	263,704	-
Finance costs	6(37)	(1,264,244)	(2)	(1,120,195)	(1)
Share of profit (loss) of associates and joint ventures		(1,072,802)	(1)	163,162	-
Total non-operating income and expenses		($1,102,964)	(1)	($406,009)	(1)
INCOME BEFORE INCOME TAX		$355,546	-	$1,805,365	3
INCOME TAX EXPENSE	6(39)	90,602	-	460,055	1
NET INCOME		$264,944	-	$1,345,310	2
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		($32,943)	-	$2,578	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income		5,241	-	-	-
Share of other comprehensive income of associates and joint ventures		30,031	-	(30,121)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss		(3,043)	-	(6,312)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		($125,682)	-	($337,699)	-
Unrealized gain (loss) on available-for-sale financial assets		-	-	(1,665)	-
Share of other comprehensive income (loss) of associates and joint ventures		74,598	-	(229,281)	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(24,700)	-	(85,250)	-
Total other comprehensive income (loss), net of income tax	6(40)	($21,012)	-	($504,626)	(1)
TOTAL COMPREHENSIVE INCOME		$243,932	-	$840,684	1
NET INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		$308,506	-	$1,367,405	2
Non-controlling interests		(43,562)	-	(22,095)	-
Total		$264,944	-	$1,345,310	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		$293,049	-	$878,961	1
Non-controlling interests		(49,117)	-	(38,277)	-
Total		$243,932	-	$840,684	1
EARNINGS PER SHARE					
Basic earnings pre share		$0.16		$0.73	

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Retained Earnings			Other Adjustment Items					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges Reserve	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	1,718,090	$17,180,905	$4,737,131	$2,448,261	$327,757	$3,010,948	($226,298)	$ -	$47,562	$11,385	$2,706,328	$30,243,979
Appropriations of prior year's earnings:												
Legal reserve	-	-	-	250,201	-	(250,201)	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(687,236)	-	-	-	-	-	(687,236)
Stock dividends to ordinary shareholders	103,086	1,030,855	-	-	-	(1,030,855)	-	-	-	-	-	-
Total	103,086	1,030,855	-	250,201	-	(1,968,292)	-	-	-	-	-	(687,236)
Net income in 2017	-	-	-	-	-	1,367,405	-	-	-	-	(22,095)	1,345,310
Other comprehensive income (loss) in 2017,	-	-	-	-	-	(19,140)	(471,480)	-	7,171	(4,995)	(16,182)	(504,626)
net of income tax	-	-	-	-	-			-				
Total comprehensive income (loss) in 2017	-	-	-	-	-	1,348,265	(471,480)	-	7,171	(4,995)	(38,277)	840,684
Changes in equity of associates and joint ventures	-	-	5,404	-	-	(1,328)	-	-	-	-	107	4,183
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	131,235	-	-	-	-	-	-	-	(131,235)	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	(22,996)	-	-	-	-	22,996	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(765,749)	(765,749)
BALANCE AT DECEMBER 31, 2017	1,821,176	18,211,760	4,873,770	2,698,462	327,757	2,366,597	(697,778)	-	54,733	6,390	1,794,170	29,635,861
Effect of retrospective application	-	-	-	-	-	51,160	-	123,526	(54,733)	-	3,515	123,468
ADJUSTED BALANCE AT JANUARY 1, 2018	1,821,176	18,211,760	4,873,770	2,698,462	327,757	2,417,757	(697,778)	123,526	-	6,390	1,797,685	29,759,329
Appropriations of prior year's earnings:											-	
Legal reserve	-	-	-	136,740	-	(136,740)	-	-	-	-	-	-
Capital increase out of retained earning	54,635	546,353	-	-	-	(546,353)	-	-	-	-	-	-
Special reserve	-	-	-	-	308,898	(308,898)	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(364,235)	-	-	-	-	-	(364,235)
Total	54,635	546,353	-	136,740	308,898	(1,356,226)	-	-	-	-	-	(364,235)
Net income in 2018	-	-	-	-	-	308,506	-	-	-	-	(43,562)	264,944
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(24,807)	(26,025)	35,086	-	289	(5,555)	(21,012)
Total comprehensive income (loss) in 2018	-	-	-	-	-	283,699	(26,025)	35,086	-	289	(49,117)	243,932
Changes in equity of associates and joint ventures	-	-	6,930	-	-	34,815	-	-	-	-	204	41,949
Difference between consideration and carrying	-	-	2,518	-	-	(100,928)	-	-	-	-	98,410	-
amount of subsidiaries acquired or disposed					-							
Changes in ownership interests in subsidiaries	-	-	-	-	-	(45,924)	-	-	-	-	45,924	-
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(39,343)	(39,343)
Disposal of equity instruments at fair value through	-	-	-	-	-	720	-	(720)	-	-	- -	-
other comprehensive income by associates			-						-	-		
BALANCE AT DECEMBER 31, 2018	1,875,811	18,758,113	4,883,218	2,835,202	636,655	1,233,913	(723,803)	157,892	-	6,679	1,853,763	$29,641,632

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31 2018	2017
1.CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$355,546	$1,805,365
Adjustments for :		
Income and expenses having no effect on cash flows:		
Depreciation	1,739,734	1,660,759
Amortization	10,701	23,492
Expected credit loss	3,248	-
Provision for (reversal of) allowance for doubtful accounts	-	(174)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(41,609)	35,418
Interest expense	1,264,244	1,120,195
Interest income	(105,056)	(101,638)
Dividend income	(34,213)	(73,952)
Share of loss (profit) of associates and joint ventures	1,072,802	(163,162)
Loss on disposal and retirement of property, plant and equipment	30,138	(309,013)
Transfer of property, plant and equipment to expenses	23,825	9,211
Loss (gain) on disposal of investments	(115,938)	(15)
Impairment loss recognized on financial assets	-	1,060
Impairment loss recognized on nonfinancial assets	42,889	13,534
Others	(217)	(217)
Total income and expenses having no effect on cash flows	$3,890,548	$2,215,498
Changes in operating assets and liabilities		
Net changes in oprating assets:		
Decrease (increase) in financial assets held for trading	$ -	$55,105
Decrease (increase) in financial assets as at fair value through profit or loss	(23,452)	-
Decrease (increase) in contract assets	(129,575)	-
Decrease (increase) in notes receivable	(261,060)	(659,449)
Decrease (increase) in accounts receivables	489,021	(339,650)
Decrease (increase) in accounts receivables - related parties	(406,959)	161,920
Decrease (increase) in construction contract receivable	-	277,871

Item	Year Ended December 31	
	2018	2017
Decrease (increase) in other receivables	58,527	(17,074)
Decrease (increase) in inventories	(302,601)	(1,744,327)
Decrease (increase) in prepayments	1,149,647	(860,320)
Decrease (increase) in other financial assets	783	(615)
Total net changes in operating assets	$574,331	($3,126,539)
Net changes in oprating liabilities:		
Increase (decrease) in contract liabilities	(524,662)	-
Increase (decrease) in notes payable	(660,045)	(277,756)
Increase (decrease) in accounts payable	131,317	(79,385)
Increase (decrease) in construction contract payable	-	(15,071)
Increase (decrease) in other payables	(40,050)	(99,234)
Increase (decrease) in provisions	(3,013)	31,836
Increase (decrease) in advance receipts	(41)	(244,162)
Increase (decrease) in net defined benefit liabilities	(240,074)	(132,743)
Total net changes in operating liabilities	($1,336,568)	($816,515)
Total net changes in operating assets and liabilities	($762,237)	($3,943,054)
Total adjustments	$3,128,311	($1,727,556)
Cash generated from operations	$3,483,857	$77,809
Interest received	102,796	97,381
Dividends received	82,213	179,347
Interest paid	(1,248,176)	(1,126,859)
Income tax paid	(84,094)	(689,738)
Net cash generated from (used in) operating activities	$2,336,596	($1,462,060)
2.CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,352	-
Acquisition of financial assets at fair value through profit or loss	(605,179)	-
Acquisition of debt investments with no active market	-	(348,450)
Acquisition of financial assets carried at cost	-	($68,396)
Proceeds from disposal of financial assets carried at cost	-	$15
Acquisition of investments accounted for using equity method	(95,105)	($585,976)
Proceeds from disposal of investments accounted for using equity method	617,884	-
Acquisition of subsidiaries (deducting cash received)	(30,375)	13
Proceeds from capital reduction of investments accounted for using equity mothod	21,981	620

Item	Year Ended December 31	
	2018	2017
Proceeds from disposal of non-current assets held for sale	62,423	-
Acquisition of property, plant and equipment	(4,245,853)	(3,428,503)
Proceeds from disposal of property, plant and equipment	20,471	361,381
Decrease (increase) in refundable deposits	(1,277,718)	(5,078)
Dncrease (increase) in other receivables	46,072	-
Acquisition of investment properties	(8,229)	(16,263)
Decrease (increase) in other financial assets	75,532	(191,567)
Decrease (increase) in other noncurrent assets	4,213	11,068
Net cash used in investing activities	($5,411,531)	($4,271,136)
3.CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	$176,113	$5,311,016
Increase (decrease) in short - term notes and bills payable	(150,000)	310,000
Repayment of bonds payable	-	(278,940)
Increase in long-term loans	7,711,366	9,984,035
Repayment of long - term loans	(6,602,770)	(8,480,026)
Increase (decrease) in guarantee deposits received	110	(4,100)
Increase (decrease) in other noncurrent liabilities	(2,815)	(2,727)
Cash dividends paid	(364,235)	(687,236)
Increase (decrease) in non - controlling interests	(75,770)	(767,816)
Net cash generated from financing activities	$691,999	$5,384,206
4.EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$201,437	($79,766)
5.NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	($2,181,499)	($428,756)
6.CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,704,425	8,133,181
7.CASH AND CASH EQUIVALENTS, END OF YEAR	$5,522,926	$7,704,425

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

YIEH PHUI ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Amounts In Thousands of New Taiwan Dollars, Unless specified Otherwise)

1. GENERAL INFORMATION

1.1 Yieh Phui Enterprise Co., Ltd. (hereinafter referred to as the Company) was established in April 1978, currently a listed company in Taiwan Stock Exchange (hereafter referred to as TWSE). The Company engages mainly in the processing, manufacturing marketing and import/export trading of rolled steel coils, refined steel, molded steel, steel/iron wires, galvanized/ pre-painted/surface-treated metals.

1.2 The Company's Board of Directors resolved on May 23, 2005 to merge (simplified merger) with Lien Kang Heavy Industrial Co., Ltd, with the Company as the surviving company. The record date of the merger was set on August 30, 2005. Every 2.5 common shares of Lien Kang Heavy Industrial Co., Ltd. were converted into 1 common share of the Company. The Company issued additional 4,859 thousand common shares for this merger. Rights and obligations of holders of the newly issued shares were the same as those of the Company's original shareholders.

1.3 Lien Kang Heavy Industrial Co., Ltd., incorporated on November 23, 1989, mainly engages in manufacturing, processing, and trading of the various mechanical spare parts, as well as pipe installation and engineering design/manufacture/installation.

1.4 The Company's steel pipe department, due to its business expansion, was separated from the Company, and was named as Shin Yang Steel Co. Ltd. Relevant investment on this was approved by the Board of Directors on January 18th, 2011, and a total of 191 employees were transferred to Shin Yang Steel Co., Ltd.

1.5 For main operation activities of the Company and its subsidiaries (hereinafter referred to as "the Group"), please refer to Note 4 (3) 2.

1.6 These consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars (NT$).

2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 21, 2019.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Effect of the adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and new or amended International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC"):

Except for the following, the application of the above amendments did not have a significant effect on the Group's financial condition and financial performance.

(1) IFRS 9 "Financial Instruments" and related amendment

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. Please refer to Note 4 for information relating to the relevant accounting policies.

The Group elects not to restate prior reporting period when applying the requirements for the classification, measurement and impairment of financial assets and financial liabilities under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application.

The impact on measurement categories, carrying amount and related reconciliation for each class of the Group's financial assets and financial liabilities when retrospectively applying IFRS 9 on January 1, 2018 is detailed below :

Financial Assets	Measurement Category		Carrying Amount		Description
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	$7,704,425	$7,704,425	(a)
Fund beneficiary certificates	Held for trading	Mandatorily at fair value through profit or loss (FVTPL)	49,534	49,534	(b)
Investment in stocks	Financial assets carried at cost (Note)	Fair value through other comprehensive income (FVTOCI)	551,462	667,316	(c)
	Available-for-sale financial assets	Fair value through other comprehensive income (FVTOCI)	44,910	44,910	(c)
Investment in bonds	Held for trading	Mandatorily at fair value through profit or loss (FVTPL)	9,999	9,999	(b)
	Investments in debt instrument without active market	Financial asset at fair value through profit or loss	554,755	585,957	(d)
Other financial assets (time deposits due in more than 3 months, restricted demand deposits and time deposits)	Loans and receivables	Amortized cost	1,299,891	1,299,891	(a)
Notes receivable, accounts receivable and other receivables	Loans and receivables	Amortized cost	4,939,114	4,939,114	(a)
Refundable deposits	Loans and receivables	Amortized cost	69,570	69,570	(a)

(Note)The Group classified financial assets at FVTPL and available-for-sale financial assets with their fair value can’t be measured reliably as financial assets measured at amortized cost - noncurrent.

Financial Assets	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassifications	Remeasurements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	non-controlling interests	Description
Financial asset at fair value through profit or loss	$ 59,533	$ -	$ -	$ 59,533	$ -	$ -	$ 2,354	
Add: Investments in debt instrument without active market (IAS 39) Reclassification	-	554,755	31,202	585,957	24,380	-	-	(d)
Total	$ 59,533	$ 554,755	$ 31,202	$ 645,490	$ 24,380	$-	$ 2,354	

Financial Assets	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassifications	Remeasurements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	non-controlling interests	Description
Fair value through other comprehensive income (FVTOCI) - equity instrument	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,392	
Add: Reclassification from financial assets carried at cost (IAS 39)	-	551,462	115,854	667,316	305	114,220	-	(c)
Add: Reclassification from available-for-sale financial assets (IAS 39)	-	44,910	-	44,910	45,000	(45,000)	-	(c)
	$ -	596,372	115,854	712,226	45,305	69,220	$ 1,392	
Total	$ 59,533	$ 1,151,127	$ 147,056	$ 1,357,716	$ 74,153	$ 69,220	$ 3,683	

	Carrying Amount as of January 1, 2018 (IAS 39)	Adjustment for First-time Adoption	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	non-controlling interests	Description
Investments accounted for using equity method	$17,412,043	($ 23,588)	$17,388,455	($ 22,993)	($ 427)	$ 168	(e)

(a) Cash and cash equivalents, other financial assets (time deposits with original maturities more than three month, pledged time deposits and pledged demand deposits), notes receivable, accounts receivables and other receivables and refundable deposits that were classified as loans and receivables under IAS 39 are now classified as financial assets at amortized cost with no material impact on future lifetime expected credit loss under IFRS 9.

(b) Fund beneficiary certificates and bond investments were classified under IAS 39 as financial assets held for trading. Since their cash flows are not solely payments of principal and interest on the principal amount outstanding, and neither are them equity instruments, they are mandatorily classified per IFRS 9 to be measured at FVTPL.

(c) The Group's investments in listed stocks were previously classified as available-for-sale financial assets under IAS 39. The Group elected to designate all of these investments as at FVTOCI under IFRS 9. As a result, the related other equity - unrealized gain or loss on available-for-sale financial assets of $44,910 thousand is reclassified to other equity - unrealized gain or loss on financial assets at FVTOCI. For those investments previously classified as available-for-sale financial assets under IAS 39, the impairment losses that the Group had recognized have been accumulated in retained earnings. Since these investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, the adjustments would result in a decrease in other equity - unrealized gain or loss on financial assets at FVTOCI of $45,000 thousand and an increase in retained earnings of $45,000 thousand on January 1, 2018.

In addition, the Group's investments in unlisted stocks were previously measured at cost under IAS 39 are remeasured at fair value under IFRS 9. For those investments previously measured at cost under IAS 39, the impairment losses that the Group had recognized have been accumulated in retained earnings. Since these investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, the adjustments would result in an increase in retained earnings of $305 thousand, an increase in other equity - unrealized gain or loss on financial assets at FVTOCI of $114,220 thousand and a decrease in non-controlling interests of $1,329 thousand on January 1, 2018.

(d) Investments that were classified under IAS 39 as debt instrument investments without active markets of which the contractual cash flows were not solely payments of principal and interest on the principal amount outstanding upon initial recognition are required by IFRS 9 to be measured at FVTPL. Due to retrospective application, retained earnings were increased by $28,848 thousand and non-controlling interests were increased by $2,354 thousand as at January 1, 2018.

(e) With the retrospective adoption of IFRS 9 by associates accounted for using equity method, the corresponding adjustments made by the Group would result in a decrease in investments accounted for using equity method of $23,588 thousand, a decrease in other equity- unrealized gain or loss on financial assets at FVTOCI of $427 thousand, a decrease in retained earnings of $22,993 thousand, reclassification from other equity unrealized gain or loss on available-for-sale financial assets to other equity- unrealized gain or loss on financial assets at FVTOCI for $9,823 thousand and a decrease in non-controlling interests of $168 thousand on January 1, 2018.

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

IFRS 15, which sets up principles for recognizing revenue that apply to all contracts with customers, will supersede IAS 18 "Revenue" and IAS 11 "Construction Contracts" and other interpretations. Please refer to Note 4 for related accounting policies.

The Group elects to retrospectively apply IFRS 15 only to contracts that are not yet complete as at January 1, 2018, and not to restate the comparative information for the year ended December 31, 2017. Any cumulative effects of initial application are to be recognized on the initial application date.

The effects of applying IFRS 15 retrospectively on assets, liabilities, and equity as of January 1, 2018 are stated as follows:

	January 1, 2018 Amount before Adjustment	Adjustments Arising from Initial Application	January 1, 2018 Amount after Adjustment	Description
Accounts receivable	$ 3,271,493	($ 31,404)	$ 3,240,089	(c)
Construction contract receivable	367,652	(367,652)	-	(b)、(d)
Contract assets - current	-	404,926	404,926	(d)、(c)
Total effect on assets	$ 3,639,145	$ 5,870	$ 3,645,015	
Construction contract payable	$ 14,331	($ 14,331)	$ -	(b)、(d)
Provision for onerous Contract	-	8,345	8,345	(b)
contract liabilities - current	-	1,900,510	1,900,510	(a)、(d)
Advance receipts	1,888,764	(1,888,654)	110	(a)
Total effect on liabilities	$ 1,903,095	$ 5,870	$ 1,908,965	
Total effect on equity	$ -	$ -	$ -	

(a) The Group's recognition practice, for now, is to recognize revenue from goods sold only when significant risks and rewards of ownership are transferred to customers, the revenue and cost can be reliably measured, the consideration is highly probable to be recovered, and when the Group does not participate in the management of the goods. The initial application of IFRS15, which requires revenue to be recognized when customers have acquired the control of goods, does not affect revenue recognition. However, with some contracts under which the Group had collected a portion of consideration from customers in advance upon execution of the contracts, the prevailing practice, for now, is to recognize the consideration received as advance receipts since the Group assumes the obligation to provide goods subsequently. After the initial application of IFRS 15, the Group shall recognize such consideration received as a contract liability.

(b) Where there exists an onerous contract with customers, the Group as required will recognize either inventory impairment or provision for the onerous contract. Prior to application of IFRS 15, expected losses of construction contracts were measured and adjusted to construction contract receivable (payable).

(c) Construction retainage withheld by customers in accordance with terms and conditions of a contract aims to assure that contractors satisfy their obligations. Such retainage has no significant financing component as determined by IFRS 15 and is recognized as a contract asset prior to satisfaction of contract obligations. Prior to application of IFRS15, construction retainage receivables were recognized as accounts receivable under IAS 39.

(d) Presentation of contract assets and contract liabilities.

Because of application of related requirements of IFRS 15, the Group modifies the presentation of certain accounting items in the balance sheet as follows:

Since construction costs are directly related to the stage of completion of performance obligations, the Group measures the stage of completion by the ratio of real costs incurred to date to total expected costs. Contract assets are recognized over the construction period. In case construction proceeds received exceed the recognized revenue amount, the difference, which in the past reporting periods was presented as construction contract receivable and construction contract payable on the balance sheet, is recognized as a contract liability.

The differences arisen after the Group shifted its application of accounting requirements from IAS 11, IAS 18 and relevant interpretations to IFRS 15 are stated as follows:

Impact on Assets, Liabilities and Equity	December 31, 2018
Decrease in accounts receivable	($ 14,635)
Decrease in construction contract receivable	(516,393)
Increase in contract assets - current	532,786
Increase (decrease) in assets	$ 1,758
Decrease in construction contract payable	($141,364)
Increase in provision for onerous contracts	2,416
Increase in contract liabilities - current	1,410,498
Decrease in advance receipts	(1,269,792)
Increase (decrease) in liabilities	$ 1,758
Increase (decrease) in equity	$ -

There were no effects on comprehensive income items and cash flow items for Year 2018.

3.2 Effect of new, revised or amendments IFRSs as endorsed by the FSC but not yet adopted by the Group:

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019**.**

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

Note1:The aforementioned new, revised or amended standards or interpretations are effective for annual periods beginning on or after the effective dates, unless stated otherwise.

Note2:The amendment is applicable to any plan amendment, curtailment or settlement that takes place on or after January 1, 2019.

Except for the following, the application of the aforementioned new, amended, and revised standards and interpretations should not have any material impact on the Group's accounting policies:

(1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations.

Upon initial application of IFRS 16, the Group will 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 Group as lessee

Upon initial application of IFRS 16, except for payments for low-value assets and short-term leases which will be recognized as expenses on a straight-line basis, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities and computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion and the interest portion of lease liabilities are classified within financing activities and operating activities, respectively.

Upon initial application of IFRS 16, the Group will apply IFRS 16 retrospectively with the cumulative effect of the initial application recognized at the date of initial application but will not restate comparative information.

Lease liabilities will be recognized on January 1, 2019 for leases for lands located in Yulin Section 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 rate the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at either an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The Group will apply the following practical expedients to measure right-of-use assets and lease liabilities on January 1, 2019 :

(a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

(b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

(c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

(d) The Group use hindsight, such as in determining lease terms, to measure lease liabilities.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor, and will account for those leases under IFRS 16 starting from January 1, 2019.

If the Group continues to adopt IAS 17 in 2018, the impact on the current period of the application of IFRS16 is detailed below:

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Prepaid rents	$8,093	($8,093)	$ -
Long-term prepaid rents	434,304	(434,304)	-
Right-of-use asset - current	-	10,477	10,477
Right-of-use asset - noncurrent	-	487,408	487,408
Total impact on assets	$442,397	$55,488	$497,885
Lease liabilities - current	$ -	$4,065	$4,065
Lease liabilities - noncurrent	-	51,423	51,423
Total impact on liabilities	$ -	$55,488	$55,488

Except for the above influences, the Group believes that the adoption of aforementioned standards or interpretations will not have a significant effect on the Group's financial position and financial performance as of the date the Group's consolidated financial statements were issued.

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note1: Unless stated otherwise, the above new IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note2: The Group 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.

Note3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

The Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates.

4.2 Basis of Preparation

(1) Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities at fair value through profit or loss (including derivative instruments).
- (b) Available-for-sale financial assets measured at fair value in 2017 ; Financial assets and liabilities measured at fair value through other comprehensive income in 2018.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(2) The preparation of the consolidated financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) The Group retrospectively applied IFRS 9 and IFRS 15 electing not to prepare comparative consolidated financial report and notes of 2017 and recognized the differences in retained earnings or other equity at January 1, 2018. The consolidated financial report and notes of 2017 were prepared according to IAS 39, IAS 11, IAS 18 and other related interpretations.

4.3 Basis of Consolidation

(1) The basis for the consolidated financial statements:

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

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

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

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

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) The subsidiaries in the consolidated financial statements:

		Percentage of Ownership	
Investee / Subsidiary	Main Businesses	December 31, 2018	December 31, 2017
1. Yieh Phui Enterprise Co., Ltd. (The Company)			
Good Honor Holdings Ltd.	Investment	100.00%	100.00%
Shin Yang Steel Co., Ltd.	Steel products related businesses	100.00%	100.00%
Yieh Phui (Hong Kong) Holdings Limited	Investment	100.00%	100.00%
Golden Developments Holdings Ltd.	Investment	-	100.00%
		(Please refer to Note 4 3. (2) (a) for details)	
Yieh Hsing Enterprise Co., Ltd.	Wire rods trading	56.73%	56.43%

Investee / Subsidiary	Main Businesses	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017
Great Emperor Hotel Co., Ltd.	Hotel industry	35.98% (Note 1)	-
Kingsgarden International Co., Ltd.	Leasing, sales, and development of residential and commercial buildings, department stores	40.11% (Note 1)	-
Shin Phui Steel Corporation	Trading of steel products	100.00%	100.00%
Worthing honor Holdings Ltd.	Investment	100.00%	100.00%
Sin Bang Investment & Development Co., Ltd.	Investment	100.00%	100.00%
Hsing Jui Investments Limited.	Investment	-	100.00%
		(Please refer to Note 4 3. (2) (a) for details)	
Gen-Wan Technology Corp	Telecommunication	86.99%	86.99%
Champion Logistic Inc.	Investment	96.10%	97.44%
EMMT Systems Corporation	Manufacturing and marketing of military specification printed circuit boards	78.10%	77.54%
Tycoons Steel International Co., Ltd.	Investment	-	28.27%
		(Please refer to Note 4 3. (2) (a) for details)	
Kuo Chang Enterprise Co., Ltd.	Wholesaling of hardware	99.04%	99.04%
United Brightening Development Corp.	Technical consultation for steel products	95.56%	95.56%
Da Yao Engineering & Consulting Co., Ltd.	Management service	-	49.00%
		(Please refer to Note 4 3. (2) (a) for details)	
Hong Yuh Assets Management Co., Ltd.	Management service	80.00%	80.00%
Lian So (H.K) Co., Limited	Investment	80.00%	80.00%
Yieh Phui America Inc.	Steel trading	100.00%	-
		(Please refer to Note 4 3. (2) (a) for details)	

Investee / Subsidiary	Main Businesses	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017
2. Hong Yuh Assets Management Co., Ltd.			
Lien-Hsin steel Co., Ltd.	Metal manufacturing industry	52.48%(Note 3)	100.00%
Lien-Sheng steel Co., Ltd.	Metal manufacturing industry	10.00%	10.00%
Lien-Heng Mining Co., Ltd.	Nickle mining	75.00%	75.00%
Lien-Hung Mining Co., Ltd.	Nickle mining	19.00% (Please refer to Note 4 3. (2) (a) for details)	-
Asiamax Mining Indonesia	Nickle mining	100.00% (Please refer to Note 4 3. (2) (a) for details)	-
3. Gen-Wan Technology Corp.			
EMMT Systems Corporation	Manufacturing and marketing of military specification printed circuit boards	7.48%	7.48%
4. Yieh Phui (Hong Kong) Holdings Limited			
Yieh Phui (China) Technomaterial Co., Ltd.	Manufacturing and marketing of pickled, cold rolled, galvanized and prepainted steel coils	100.00%	100.00%
5. Yieh Phui (China) Technomaterial Co., Ltd.			
Tianjin Lianfa Precision Steel Corporation	Manufacturing and marketing of special high grade alloy	100.00%	100.00%
Changshou ChangHuei Trading Co.	Trading of steel products	100.00%	100.00%
6. EMMT Systems Corporation			
Applied Wireless Identifications Group, Inc.	RFID	91.47%	91.47%
Groupco Technology	Radio	49.97%	49.97%
7. Applied Wireless Identifications Group, Inc.			
AWID Asia Co., Ltd.	Telecommunications equipment wholesaling	100.00%	100.00%
8. AWID Asia Co., Ltd.			
AWID Sanghai Co., Ltd.	Telecommunications equipment wholesaling	100.00%	100.00%
AWID Changshou Co., Ltd.	Telecommunications equipment wholesaling	100.00%	100.00%

Investee / Subsidiary	Main Businesses	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017
9. Shin Phui Steel Corporation			
Groupco Technology	Radio	42.53%	42.53%
Great Emperor Hotel Co., Ltd.	Hotel industry	0.01% (Note 1)	-
Kingsgarden International Co., Ltd.	Leasing, sales, and development of residential and commercial buildings, department stores	0.01% (Note 1)	-
10. Yieh Hsing Enterprise Co., Ltd.			
Great Emperor Hotel Co., Ltd.	Hotel industry	64.01% (Note 1)	100.00%
Kingsgarden International Co., Ltd.	Leasing, sales, and development of residential and commercial buildings, department stores	59.88% (Note 1)	100.00%
11. Kingsgarden International Co., Ltd.			
Yi Hua International Co., Ltd.	Leasing, selling and development of residential and commercial buildings	70.00%	70.00%
12. Champion Logistic Inc.			
Tycoons Steel International Co., Ltd.	Investment	-	65.38%
		(Please refer to Note 4 3. (2) (a) for details)	
13. United Brightening Development Corp.			
Chao Ying Investment Development Co., Ltd.	Investment	100.00%	100.00%
Tycoons Steel International Co., Ltd.	Investment	-	0.58%
		(Please refer to Note 4 3. (2) (a) for details)	
Da Yao Engineering & Consulting Co., Ltd.	Management service	-	1.00%
		(Please refer to Note 4 3. (2) (a) for details)	
Champion Logistic Inc.	Investment	3.90%	2.56%
14. Lian So (H.K)Co., Limited			
Lien-Hsin steel Co., Ltd.	Metal manufacturing industry	47.52% (Note 3)	-
Lien-Sheng steel Co., Ltd.	Metal manufacturing industry	90.00%	90.00%

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2018	December 31, 2017
Lian Yang (Hong Kong) Trading Limited	Trading business	100.00%	-
		(Please refer to Note 4 3. (2) (a) for details)	
15. Lien-Hsin steel Co., Ltd.			
Lien-Heng Mining Co., Ltd.	Nickle mining	25.00% (Note 2)	-
Lien-Hung Mining Co., Ltd.	Nickle mining	81.00%	-
		(Please refer to Note 4 3. (2) (a) for details)	

(Note 1): Yieh Phui Enterprise Co., Ltd., the parent company, failed to proportinately subscribe to the issuance of common stocks by Great Emperor Hotel Co., Ltd. and Kingsgarden International Co., Ltd., the subsubsidiaries, in June and October 2018 resulting in a change in the shareholding percentage from 0% to 35.98%, and 0% to 40.11%, respectively; Shin Phui Steel Corporation, the subsidiary, purchased shares of Great Emperor Hotel Co., Ltd. and Kingsgarden International Co., Ltd. from Yieh Hsing Enterprise Co., Ltd., another subsidiary in June 2018, resulting in a change in its shareholdings from 0% to 0.01%; since the transaction is deemed as organization restructuring, the total shareholdings combined are still 100%.

(Note 2):The transfer of 15% shares of Lien-Heng Mining Co., Ltd., held by the subsubsidiary, Lien-Hsin steel Co., Ltd. was stated under investment prepayment and had been completed as at September 2018. In addition, Lien-Hsin steel Co., Ltd. acquired 10% shareholding in December 2018. Therefore, the Group’s shareholding of Lien-Heng Mining Co., Ltd., had increased from 75% to 100%.

(Note 3):Hong Yuh Assets Management Co., Ltd. and Lian So (H.K)Co., Limited failed to proportionately subscribe to the issuance of common stocks by Lien-Hsin steel Co., Ltd., resulting in a change in the shareholding from 100% to 52.48%, and 0% to 47.52%, and the total shareholdings combined are still 100%.

(a) Increase and decrease in consolidated subsidiaries:

Yieh Phui America Inc., which was invested by Yieh Phui Enterprise Co., Ltd. with 100% shareholdings, was incorporated in March 2018. Lian Yang (Hong Kong) Trading Limited, which was invested by Lian So (H.K)Co., Limited with 100% shareholdings, was incorporated in June 2018. In May 2018, Hong Yuh Assets Management Co., Ltd. increased its investment and acquired 100% shares of Asiamax Mining Indonesia, and thus obtained control over such company. Lien-Hung Mining Co., Ltd., which was co-invested by Hong Yuh Assets Management Co., Ltd. and Lien-Hsin steel Co., Ltd. with respective shareholdings of 19% and 81%, was included into the consolidated financial statements as at September 2018 since the combined shareholdings of which had reached 100%. Please refer to Note 6.42 for details. In addition, Tycoons Steel International Co., Ltd., Da Yao Engineering & Consulting Co., Ltd., Golden Developments Holdings Ltd., and Hsing Jui Investments Ltd. had been respectively liquidated in March 2018, April 2018, July 2018, and August 2018.

(b)The financial statements of subsidiaries, Changshou ChangHuei Trading Co. and Good Honor Holdings Ltd. for 2018 and Lien-Heng Mining Co., Ltd. and Hsing Jui Investments for 2017, were not audited. The mangement considered unaudited financial statements of these subsidiaries will not have a significant impact on the consolidated financial statements.

(3) Subsidiaries not consolidated in the consolidated financial statements: None.

(4) Adjustments for subsidiaries with different accounting periods: Not applicable.

(5) Major restrictions:

Cash and bank deposits of $2,871,213 thousand are deposited in China and subject to the local foreign exchange control. Such foreign exchange control restricts fund remitting out from China (except for regular dividends).

(6) Securities issued by the parent company and held by subsidiaries: None.

(7) Information about subsidiaries with significant non-controlling interest:

December 31, 2018：

Name of Subsidiary	Shareholding %	Non-controlling interests
Yieh Hsing Enterprise Co., Ltd.	43.27%	$1,460,737
Others		409,896
Total		$1,853,763

December 31, 2017：

Name of Subsidiary	Shareholding %	Non-controlling interests
Yieh Hsing Enterprise Co., Ltd.	43.57%	$1,402,693
Others		391,477
Total		$1,794,170

(a) Please refer to Table 10 and Table 11 in Note 13 for the main operation location and countries of registration of the subsidiaries listed above.

(b) Summary of the financial information are as follows:

A. Balance Sheets:

	Yieh Hsing Enterprise Co., Ltd. and its Subsidiaries	
	December 31, 2018	December 31, 2017
Current assets	$3,257,389	$2,952,027
Non-current assets	17,072,005	15,128,734
Current liabilities	3,899,783	4,373,322
Non-current liabilities	10,517,737	10,487,369
Equity	$5,911,874	$3,220,070

B.Statements of Comprehensive Income：

	Yieh Hsing Enterprise Co., Ltd. and its Subsidiaries	
	2018	2017
Operating revenue	$8,741,762	$7,993,007
Net income	$10,865	($184,748)
Other comprehensive income (net after tax)	(7,623)	(10,581)
Total comprehensive income (loss)	$3,242	($195,329)
Total comprehensive income (loss) attributable to non-controlling interests	$1,552	($84,853)
Dividends paid to non-controlling interest	$ -	$ -

C.Statements of Cash Flows：

	Yieh Hsing Enterprise Co., Ltd. and its Subsidiaries	
	2018	2017
Net cash provided by (used in) operating activities	$153,589	($899,913)
Net cash provided by (used in) investing activities	(2,403,714)	(1,860,737)
Net cash provided by (used in) financing activities	2,282,344	2,551,535
Net increase (decrease) in cash and cash equivalents	$32,219	($209,115)
Cash and cash equivalents, beginning of the period	283,510	492,625
Cash and cash equivalents, end of the period	$315,729	$283,510

4.4 Foreign Currencies

1.Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars (NT$), which is the Company’s functional currency.

2.In preparing the financial statements of each individual consolidated entity, 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. Such exchange differences are recognized in profit or loss in the year 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 on 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 in terms of historical cost in foreign currencies are not retranslated.

3.For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

4.5 Classification of Current and Noncurrent Assets and Liabilities

(1) Steel Department and Other Non-heavy Industry Department

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

(a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held primarily for trading purposes;

(c) Assets that are expected to be realized within 12 months after the balance sheet date;

(d) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Assets held primarily for trading purposes;

(c) Liabilities that are expected to be settled within 12 months after the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities

(2) Heavy Industry Department

The business cycle of the majority of the construction contracts is longer than12 months. As a result, assets and liabilities related to the construction contracts are classified as current or non-current assets and liabilities according to the business cycle.

4.6 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months).

4.7 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. 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

The Group adopts trade-date accounting to recognize and derecognize financial assets.

(1) Category of financial assets and measurement

<u>2018</u>

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

A. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets are designated initially at FVTPL, if the designation can eliminated or significantly reduces the measurement or recognition of inconsistencies.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss (excluding relevant dividend or interest income). Fair value is determined in the manner described in Note 12(3).

B. Financial assets at amortized cost

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

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

a. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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, they will be transferred to retained earnings.

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

<u>2017</u>

Financial assets are classified into the following specified categories: loans and receivables, held for trading financial assets, financial assets at amortized cost, debt investments with no active market and available-for-sale financial assets.

A. Financial assets at fair value through profit or loss

a. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b)hey eliminate or significantly reduce a measurement or recognition inconsistency; or

(c)They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

b. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are recogniced in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost - noncurrent'

B.Loans and receivables

a.Accounts receivable

Account receivables are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

b.Debt investments with no active market

(a) Debt investments that do not have a quoted price in an active market, have fixed or determinable amount of payments, and meet all of the following conditions:

(i) Not classified as at FVTPL.

(ii) Not designated as available-for-sale.

(iii) Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(b) Debt investments with no active market are initially measured at the sum of fair value as of the transaction date and transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment. Amortization of discounts or premium under the effective interest method is recognized in profit or loss.

C. Available-for-sale Financial Assets

a. Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

b. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. For equity instruments that do not have quoted prices in an active market or derivatives linked to those investments that do not have quoted prices in an active market and must be settled by delivery of such unquoted equity instruments, when their fair value cannot be reliably measured, the Group 's would classify them as "financial assets measured at cost ".

(2) Impairment of financial assets

<u>2018</u>

A. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

B. The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivables. For other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

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

D. The Group 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.

2017

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

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

a. Significant financial difficulty of the issuer or debtor;

b. A breach of contract, such as a default or delinquency in interest or principal payments;

c. The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

d. It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

e. The disappearance of an active market for that financial asset because of financial difficulties;

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

g. Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

h. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

a. Loans and receivables

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

b. Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently.

c.Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, such impairment loss is then reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss.

(3) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. But for equity instruments at fair value through other comprehensive income under IFRS 9 since 2018, the cumulative profit and loss will be transferred directly to retained earnings without reclassified into profit and loss at disposal.

2. Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at fair value through profit or loss are subsequently measured at amortised cost at the end of each reporting periods.

(2) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4.8 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

4.9 Investments accounted for using equity method - associates

(1) Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly, 20% or more of the voting power of the investee. Investments in associates are initially recognised at cost and are accounted for using the equity method.

(2) The Group's share of its associate's profit or loss after the date of acquisition is recognised in the Group's profit or loss, and its share of changes in the associate's other comprehensive income is recognised in the Group's other comprehensive income. When the Group's share of losses of its associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group discontinues recognizing its share of further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(3) Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(4) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and

‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(5) Upon loss of significant influence over an associate, the Group remeasures any retained investment in the former associate at its fair value. Any difference between the fair value and carrying amount is recognised in profit or loss.

(6) When the Group disposes its investment in an associate, if it loses significant influence over the associate, the Group shall account for all amounts previously recognised in other comprehensive income in relation to that investment on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. If the it still retains significant influence over the associate, then the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(7) When the Group disposes its investment in an associate, if it loses significant influence over the associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

4.10 Property, Plant and Equipment

(1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

(2) Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is

recognized in profit or loss as incurred.

(3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings:	
Main plants	15 to 56 years
Main office buildings	40 to 55 years
Other accessory equipment	5 to 35 years
Machinery and equipment	2 to 36 years
Other equipment	2 to 20 years

(4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.11 Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

4.12 Leases/The Group as a lessee

Lease/The Group as the leesee

1. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.
   (A) A finance lease is recognized as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.
   (B) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.
   (C) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.
2. Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

4.13 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

4.14 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows:

(1)Mineral right : 12 years

(2)Computer software: 2 to 5 years;

(3)Trademarks and patents: the period of contractual rights or the future economic benefits flowing to the Group.

The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates is accounted for on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.15 Other non-current assets - exploration and evaluation assets

Exploration and evaluation assets are initially measured at cost and classified as either tangible assets or intangible assets according to the nature of the assets acquired, and such classification shall be consistently applied. Tangible assets (eg. vehicles and drilling rigs) are subsequently measured at cost less accumulated depreciation and accumulated impairment, whereas intangible assets (eg. rights to explore minerals) are subsequently measured at cost less accumulated impairment. An exploration and evaluation asset is no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Prior to reclassification of an exploration and evaluation asset, the entity shall assess the impairment of which and recognize an impairment loss accordingly.

4.16 Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.17 Provisions

Provisions (including warranty, onerous contracts, short-term employee benefits, sales refurn and allowance, and liability derecognition) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

4.18 Employee benefits

<u>Short-term employee benefits</u>

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

<u>Pensions</u>

(1) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

(2) Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current or prior period(s). The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by reference to market yields at the end of the reporting period on high quality corporate bonds. For currencies for which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. The currency and term of the corporate bonds or government bonds are consistent with the currency and estimated term of the obligation.Remeasurements of defined benefit plans are recognised in other comprehensive income as incurred and are recorded as retained earnings.

(b) Past-service costs are recognised immediately in profit or loss.

Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either the Group’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of benefits in exchange for the termination of employment. The Group recognises expense when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier.

Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.20 Share-based payment transactions

(1) For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(2) For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognised as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognised in profit or loss.

4.21 Income tax

(1) The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

(2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It

establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

(6) A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

4.22 Revenue Recognition

2018

The Group recognizes revenue from contracts with customers in accordance with the principles and steps as stated below:

(1) Identify the contract with the customer;

(2) Identify the performance obligations in the contract;

(3) Determine the transaction price;

(4)Allocate the transaction price to the performance obligations in contracts; and

(5) Recognize revenue upon satisfaction of performance obligations.

The Group does not adjust the transaction price in a contract for the effects of a significant financing component, if the period between when the customer pays for the goods or services and when the entity transfers the goods or services is one year or less.

1. Sale of goods

   Sales revenue from goods mainly comes from the sales of galvanized steel coils, painted steel coils, steel pipes and electronic materials. Sales revenue is recognized when the control of goods is passed to customers. Since customers have obtained the right to set the price and make use of the goods and assumed the responsibility for resale and risks of obsolescence, the Group recognizes revenue and accounts receivable at such time point, presented as the net amount after deducting sales returns, discounts and allowance. When supplying materials for processing, control of the processed goods is not transfered, in which case it is not recognized as revenue.

2. Service revenue

   Service revenue is recognized when the service is rendered. Revenue from service rendered in accordance with contracts is recognized in proportion to the completion of a contract.

3. Revenue from construction contracts

   A real estate contract is a construction contract under which the real estate units have been controlled by customers in the process of construction, in which case the Group recognizes revenue over time. Since construction costs are directly related to the stage of completion of performance obligations, the Group measures the stage of completion by the ratio of real costs incurred to date to total expected costs. The

Groups recognizes contract assets over the construction period, and transfers them to accounts receivables upon billing the customers. Where the construction proceeds received exceed the recognized amount, the difference is recognized as contract liability. Construction retainage, which is the amount withheld by customers in accordance with the contractual terms in order to assure that the Group will satisfy its contractual obligation, is recognized as a contract asset before the Group completes its performance obligation. If the outcome of the performance obligations cannot be measured reliably, construction revenue is recognized only to the extent of the expenses incurred for satisfaction of performance obligations that are expected to be recovered.

4. Revenue from leases, dividends and interests
   (1) The rental revenue shall be recognized as revenue in the duration of the lease based on straight-line method.
   (2) Dividend revenue from investments is recognized when the rights of shareholders to receive payment are established, provided that the economic profits arising from such transaction are highly probable to flow to the Group and the amount of such benefits can be reliably measured.
   (3) Interest revenue is recognized based on outstanding principal and applicable effective interest according to passage of time on an accrual basis.

<u>2017</u>

1. Sales of goods
   (1) The Group engages in the manufacture and selling of galvanized steel coils, painted steel coils, steel pipes, electronic materials, etc. Revenue is the fair value of consideration received or receivable for goods sold to external customers during the ordinary course of business, presented as the net value after deducting sales returns, discounts and allowances. Revenue is recognized when the following conditions are met:
      (A) Significant risks and rewards related to the ownership of goods are transferred to the customers.
      (B) The Group no longer participates in management of the product nor maintains effective control.

(C) Revenue amount can be reliably measured.

(D) Future economic benefits related to the transaction are highly possible to be obtained by the Group.

(E) The occurred or to be occurring transaction costs can be reliably measured.

When supplying material for processing, the significant risks and rewards of ownership of the processed goods have not been transferred. Thus, it is not treated as sales of goods.

(2)The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized.

2. Revenue from services, leases, dividends and interests

(1) The sales of service occurs from services rendered in accordance with contracts and is recognized as revenue by reference to the stage of completion of the contract activity. If a specific task is far more important than the rest, the recognition of revenue should be delayed until that specific task is completed.

(2) The rental revenue shall be recognized as revenue in the duration of the lease based on straight-line method.

(3) Dividend revenue from investments is recognized when the rights of shareholders to receive payment are established, provided that the economic profits arising from such transaction are highly probable to flow to the Group and the amount of such benefits can be reliably measured.

(4) Interest revenue is recognized based on outstanding principal and applicable effective interest according to passage of time on an accrual basis.

3. Construction Contracts

A construction contract is defined as a contract specifically negotiated for the construction of an asset in IAS 11 "Construction contracts". When the outcome of a construction contract can be estimated reliably and it is probable that the contract is profitable, revenue is recognized based on the proportion of work completed using the percentage of completion method during the duration of the contract. Contract costs are recognized as an expense when incurred. The stage of completion is determined based on the proportion that contract costs incurred for work performed to the end of reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenues, the expected loss shall be recognized as an expense immediately. If the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of incurred contract costs that is probable to be recovered.

Contract revenue shall comprise variations in contract work, claims and incentive payments to the extent that they are agreed on by the customer and are capable of being reliably measured.

The gross receivable amount due from customers for the Group's contract work is the sum of costs incurred plus profits recognized (less any recognized losses) for the contracts in progress in excess of the construction

progress billing, in which case the excess amount is presented as an asset and stated under construction contract receivables.For construction contracts in progress for which the progress billing amount exceeds the sum of costs incurred plus profits recognized (less any recognized losses), the difference amount is presented as a liability and stated under construction contract payables.

4.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND MAJOR SOURCES OF ASSUMPTION UNCERTAINTY

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

A. Revenue recognition

2018

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one of the following situations:

a. The Group gains control over the goods from the other party before transferring goods to customers.
b. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
c. The Group gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

a. The Group has primary responsibilities for the goods or services it provides;
b. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer (for example, if the customer has the right to return).
c. The Group has the discretion to set prices.

2017

The sales transaction classified as a principal or agent is pursuant to the type and economic nature of transaction. If the exposure to the risk and reward is material at the sale of goods or service providing, the Group is a principal in that transaction and the revenue is recognized in gross sales amount. Otherwise, the revenue is recognized in net sales amount.

The Group’s transaction of manufacturing and selling of galvanized steel coils and painted steel coils is classified as a principal based on:

a. Taking the major responsibility at the sale of goods
b. Taking the inventory risk
c. Taking the credit risk of the customers

B. Financial assets - impairment of equity investments (applied to 2017)

The Group follows the guidance of IAS 39 to determine whether a financial asset - equity investment is impaired. The determination requires significant judgements. In making the judgements, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost, the financial health of and short-term business prospects for the investee, industry and sector performance, changes in technology, and cash flow arising from operational and financing activities.

C. Financial assets carried at cost (applied to 2017)

Equity investments without active markets are classified as financial assets carried at cost since their fair values cannot be reliably measured due to no sufficient information available for developing reasonable fair value estimates.

5.2 Critical accounting estimates and assumptions

A. Revenue Recognition

2018

The Group recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

2017

The Group recognizes revenue when performance obligations are satisfied. Revenue is reduced by the amount of estimated customer returns, rebates and other similar allowances. Allowances for sale returned and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and base on past experience and other relevant factors.

B. Estimated impairment of financial assets (applied to 2018)

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation (applied to 2018)

When the assets and liabilities at fair value with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Group updates input values quarterly according to the market status in order to moniter if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Group determines, based on how assets are utilised and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future.

E. Impairment assessment of investments accounted for using the equity method

The Group assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Group's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

F. Realisability of deferred tax assets

Deferred assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. The Group's management assesses the realisability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

G. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value; thus, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realisable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

I. Financial assets–fair value measurement of unlisted stocks without active market (applied to 2017)

The fair values of unlisted stocks without active market held by the Company are measured at cost less impairment loss at the blance sheet date. Any changes in these factors may have a significant impact on the fair value measurement of these unlisted stocks. Due to material estimation range for their reasonable fair value and no reasonable evaluation for all kinds of probability, the Group's management considers their fair value can not be measured reliably.

6. DETAILS OF SIGNIFICANT ACCOUNTS

6.1 Cash and cash equivalents

Item	December 31, 2018	December 31, 2017
Cash on hand	$7,649	$6,554
Checking account	698,269	719,557
Demand deposits	3,623,502	5,400,514
Time deposits (with original maturities within three months)	1,193,506	1,577,800
Total	$5,522,926	$7,704,425

1.The Group have good credit quality in financial institutions, and the Group's transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

2.The Group had no cash and cash equivalents pledged to others.

6.2 Financial assets at fair value through profit or loss

Item	December 31, 2018	December 31, 2017
Financial assets - current:		
Non-derivative Financial assets mandatorily measured at FVTPL		
Mutual funds	$63,093	$ -
Domestic unlisted preferred stock	220,540	-
Held for trading		
Non-derivative financial assets		
Mutual funds	-	49,534
Derivatives		
Cross currency swap contracts	2,311	-
Total	$285,944	$49,534
Financial assets - noncurrent:		
Non-derivative financial assets mandatorily measured at FVTPL		
Domestic unlisted preferred stock	$1,001,236	$ -
Financial bonds	10,016	-
Held for trading		
Non-derivative financial assets		
Financial bonds	-	9,999
Total	$1,011,252	$9,999
Financial liabilities - current:		
Derivatives		
Cross currency swap contracts	$7,437	$21,033

1.The Group had no financial assets at fair value through profit or loss pledged to others.

2.Please refer to Note 12(2) for credit risk management and evaluation method.

3.The Group enters cross currency swaps contracts with banks to hedge exchange rate risk of assets denominated in foreign currencies. However, as the Group does not plan on adopting hedge accounting, those contracts are accounted for as financial instruments at fair value through profit or loss upon initial recognition. Outstanding contracts are as follows:

December 31, 2018：

Contract Amount (In thousands)	Due Date	Swap Rate	Collected/Paid Interest Rate
USD 11,000	2019. 1.31	USD/NTD 30.9	4.186%/1.73%
USD 5,000	2019. 7. 9	USD/RMB 6.635 (Note 1)	(Note 10) /6.80%
USD 5,000	2019.11. 6	USD/RMB 6.903 (Note 2)	(Note 10) /7.05%
USD 3,000	2019.12. 5	USD/RMB 6.898 (Note 3)	(Note 10) /6.85%
USD 5,000	2019.12.11	USD/RMB 6.898 (Note 4)	(Note 10) /6.85%

December 31, 2017：

Contract Amount (In thousands)	Due Date	Swap Rate	Collected/Paid Interest Rate
USD 6,000	2018 .3.26	USD/NTD 29.98	2.69464%/1.17%
USD 3,000	2018. 3.29	USD/RMB 6.8770 (Note 5)	(Note 11) /6.40%
USD 2,000	2018. 3. 5	USD/RMB 6.8920 (Note 6)	(Note 12) /6.25%
USD 3,000	2018. 3. 5	USD/RMB 6.8335 (Note 7)	(Note 12) /6.54%
USD 5,000	2018. 3. 5	USD/RMB 6.8040 (Note 8)	(Note 12) /6.43%
USD 3,000	2018. 8.17	USD/RMB 6.4750 (Note 9)	(Note 10) /6.78%

Note 1: If on the fixing date the fixing rate between USD/RMB is less than 6.80, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB 33,175 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 6.80, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB (5,000 thousand*(fixing rate-0.165)) dollars.The two parties will conduct a balance settlement.

Note 2: If on the fixing date the fixing rate between USD/RMB is less than 7.20, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB 34,515 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 7.20, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB (5,000 thousand*(fixing rate-0.297)) dollars.The two parties will conduct a balance settlement.

Note 3: If on the fixing date the fixing rate between USD/RMB is less than 7.20, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB 20,694 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 7.20, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB (3,000 thousand*(fixing rate-0.302)) dollars.The two parties will conduct a balance settlement.

Note 4: If on the fixing date the fixing rate between USD/RMB is less than 7.20, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB 34,375 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 7.20, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB (5,000 thousand*(fixing rate-0.325)) dollars.The two parties will conduct a balance settlement.

Note 5: If on the fixing date the fixing rate between USD/RMB is less than 7.20, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB 20,631 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 7.20, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB (3,000 thousand*(fixing rate-0.323)) dollars.The two parties will conduct a balance settlement.

Note 6: If on the fixing date the fixing rate between USD/RMB is less than 7.10, on the maturity date the Company will collect USD 2,000 thousand and the bank will collect RMB 13,784 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 7.10, on the maturity date the Company will collect USD 2,000 thousand and the bank will collect RMB (2,000 thousand*(fixing rate-0.208)) dollars.The two parties will conduct a balance settlement.

Note 7: If on the fixing date the fixing rate between USD/RMB is less than 7.00, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB 20,501 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 7.00, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB (3,000 thousand*(fixing rate-0.1665)) dollars.The two parties will conduct a balance settlement.

Note 8: If on the fixing date the fixing rate between USD/RMB is less than 6.95, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB 34,020 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 6.95, on the maturity date the Company will collect USD 5,000 thousand and the bank will collect RMB (5,000 thousand*(fixing rate-0.146)) dollars.The two parties will conduct a balance settlement.

Note 9: If on the fixing date the fixing rate between USD/RMB is less than 6.74, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB 19,425 thousand.

If on the fixing date the fixing rate between USD/RMB is greater than 6.74, on the maturity date the Company will collect USD 3,000 thousand and the bank will collect RMB (3,000 thousand*(fixing rate-0.265)) dollars.The two parties will conduct a balance settlement.

Note 10: 3 month period ((USD-LIBOR-BBA)+ 4.15%

Note 11: 3 month period ((USD-LIBOR-BBA)+ 3.20%

Note 12: 3 month period ((USD-LIBOR-BBA)+ 3.35%

6.3 Notes receivable, net

Item	December 31, 2018	December 31, 2017
At amortized cost		
Notes receivable	$1,651,065	$1,390,005
Less: Loss allowance	(93)	(89)
Net	$1,650,972	$1,389,916

1.The Group had no notes receivable pledged to others.

2.Please refer to Note 7.3.5. for accounts receivable with related parties

3.The relevant disclosure of loss allowance for notes receivable. Please refer to Note 6.4.

6.4 Accounts receivable, net

Item	December 31, 2018	December 31, 2017
At amortized cost		
Accounts receivable	$1,997,090	$2,517,515
Less: Loss allowance	(6,794)	(5,930)
Net	$1,990,296	$2,511,585

A. The Group’s accounts receivables that are not overdue nor impaired all meet the credit standards stipulated based on the counterparties' industrial characteristics, operation scale, and profitability. The average credit period varies: 30~60 days for Carbon Steel Department, and interest-bearing deferred payment is allowed upon mutual agreement; 7~26 days for the sale of steel products; agreed days for the Engineering Department based on the contractual terms; and 60~90 days for other departments.

B. For the information about the Group’s accounts receivable pledged as collateral, please see Note 8 for details.

2018：

1.The Group applies the simplified approach to provisions for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to past account aging records of the debtor, an analysis of the debtor’s current financial position, industrial trend. which receivables are past due. As the Group’s historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of receivables is not further distinguished between the Group’s different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

2.The Group measures the allowance for notes receivable, accounts receivable according and contract assets to the preparation matrix (including related parties)：

December 31, 2018	Expected credit loss rate	Notes receivable	Allowance for doubtful accounts	Amortized Cost
No pase due	0%-0.5%	$5,350,537	($10,469)	$5,340,068

3. Movements of the loss allowance for notes receivable , accounts receivable according and Contract assets (include other receivables and related parites) were as follows:

	Notes and accounts receivable (lifetime ECL)	Contract assets
Balance at January 1, 2018 (IAS 39)	$7,033	$ -
Effect of retrospective application of IFRS 9	-	-
Balance at January 1, 2018 (IFRS 9)	$7,033	$ -
Add: Provision for impairment	1,533	1,715
Less: Reversal of impairment	-	-
Less: Derecognition	-	-
Less: Write-offs	-	-
Impact of foreign exchange differences	188	-
Balance at December 31, 2018	$8,754	$1,715

The above provision has already taken into consideration of collateral or other credit enhancement. The other credit enhancement (e.g., banker’s acceptance and L/C) possessed by above receivables was $3,312,555 thousand.

4.Please refer to Note 12(3) for the relevant credit risk management and assessment.

2017：

1.The Group had no material overdue and non-impaired accounts receivables.

2.Movements of the allowance for doubtful receivables (including notes receivables, accounts receivables and accounts receivables - related parties):

Item	Year Ended December 31, 2017 Individual provision	Group provision	Total
Beginning balance	$ -	$6,885	$6,885
Provision for impairment	4,659	-	4,659
Reversal of impairment	-	(4,833)	(4,833)
Write-offs	-	-	-
Impact of foreign exchange differences	-	322	322
Ending balance	$4,659	$2,374	$7,033

The Group recognized allowance for doubtful accounts for impaired receivables amounting to $4,659 thousand as of December 31, 2017, respectively. These amounts were the difference between their carrying amount and the present value of expected recoverable amount.

Aging analysis of the impaired accounts receivables :

Item	December 31, 2017
Not past due	$ -
Past due within 30 days	-
Past due 31 to 180 days	-
Past due 181 to 365 days	-
Past due over 1 year	4,659
Total	$4,659

6.5 Construction contract receivable (payable) - 2017

Item	December 31, 2017
Total costs incurred and profits recognized	$3,376,030
Less: Allowance for price decline	(8,345)
Less: Construction progress payment	(3,014,364)
Net assets and liabilities of undergoing contracts listed as:	$353,321
Construction contract receivables - non-related parties	$175,452
Construction contract receivables - related parties	192,200
Construction contract payables - non-related parties	(14,331)
Total	$353,321

6.6 Other receivables

Item	December 31, 2018	December 31, 2017
Business tax refundable	$129,450	$168,285
Proceeds receivable from disposal of land	-	46,072
Purchase allowance receivable	37,719	45,036
Interest receivable	6,741	4,481
Proceeds rereivable arising from sale of funds	5,097	-
Insurance claims receivables	78,048	14,427
Others	17,746	18,803
Total	$274,801	$297,104
Less: Deferred gain from disposal of land	-	(19,399)
Loss allowance	-	-
Net	$274,801	$277,705

1. “Proceeds receivable from disposal of land” refers to the 30% land price arising from the disposal to related parties of 67 pieces of land reserved for the public infrastructure located in Dagang section, Sanmin District, Kaohsiung City in September, 2013. The 30% land price had been collected and the ownership of the said land had been transferred in July 2013, resulting in gain on disposal of $19,399 thousand. Since the rest portion of the land price had not been collected, such gain on disposal was recognized as deferred gain on disposal of land and listed as a deduction to other accounts. The related parties have obtained the construction permits and paid off the land price this year. Therefore, such deferred gain on disposal of $16,264 thousand was transferred to gain on disposal of property, plant and equipment (net of deferred gain on disposal of land of $19,399 deducting business tax of $3,135 thousand).
2. This is the insurance claims receivable, among which $ 78,048 thousand are the insurance claims for estimated loss incurred from fire. Please refer to Note 10 for details.
3. Please refer to Note 7.3.5 for related party transactions.

6.7 Inventories and operating cost

Item	December 31, 2018	December 31, 2017
Steel Department and other Non-heavy Industry Department:		
Raw materials	$4,793,692	$4,053,135
Supplies	397,632	365,764
Work in progress	1,342,464	1,675,513
Finished goods	3,530,684	3,945,278
Other inventories	273,933	181,037
Subtotal	$10,338,405	$10,220,727
Less: Valuation allowance	(260,763)	(360,130)
Net	$10,077,642	$9,860,597
Heavy Industry Department：		
Raw materials	$265,081	$129,738
Supplies	4,901	3,404
Subtotal	$269,982	$133,142
Less: Valuation allowance	(173)	(294)
Net	$269,809	$132,848
Total	$10,347,451	$9,993,445

1.Inventory gains (losses) recognized as cost of sales are as follows:

Item	2018	2017
Cost of inventories sold	$66,342,655	$63,788,900
Construction cost	1,101,467	615,030
Processing cost	520,131	415,506
Unallocated manufacturing overhead	78,158	97,038
Inventory counting gain(loss)	(763)	114
Inventory valuation loss and obsolescence loss (recovery gain)	(99,488)	(58,591)
Purchase and construction contract loss (recovery gain)	1,362	-
Impact of foreign exchange difference	1,466	1,282
Total operating expenses	$67,944,988	$64,859,279

2.The net realizable value of inventories recovered as a result of either market stabilization that enabled the Group to raise prices on certain products. Thus, the Group recognized inventory recovery gain of $99,488 thousand and $58,591 thousand for the years ended December 31, 2018 and 2017, respectively.

3.The Group has no inventories pledged to others.

6.8 Prepayments

Item	December 31, 2018	December 31, 2017
Prepaid material purchase	$1,339,728	$2,491,410
Prepaid (overpaid) sales tax	398,839	337,124
Prepaid sea freight	48,187	71,594
Prepaid insurance	63,230	54,292
Prepaid land usage rights, etc.	6,543	6,674
Prepaid rent	3,908	4,174
Other prepayments	33,434	67,460
Total	$1,893,869	$3,032,728

6.9 Noncurrent assests held for sale / Liabilties directly associated with noncurrent assests held for sale

Item	December 31, 2018
Noncurrent assests held for sale	$218,096
Less：Accumulated impairment	-
Net	$218,096
Liabilties directly associated with noncurrent assets held for sale	$62,423

As stated in Note 9.11, on November 8, 2018, the Group entered into a contract to sell. (1) Land No. 0001-0002, Pingbei Section, Jiadong Township, Pingtung County; (2)Land No. 0001-0027, Pingnan Section, Fangliao Township, Pingtung County; and (3) building located on building No. 25, Pingnan Section, Fangliao Township, Pingtung County to San-Hsin Crop. The total contract price is $625 million (including tax). The disposal is expected to be completed within 12 months. Contract deposits of $62,423 thousand have been collected.

6.10 Other financial assets - current

Item	December 31, 2018	December 31, 2017
Time deposits within three months	$27,257	$28,040
Pledged demand deposits	485,078	417,392
Pledged time deposits	596,776	790,632
Total	$1,109,111	$1,236,064

6.11 Investments accounted for using equity method

Investee	December 31, 2018	December 31, 2017
Associates:		
Associates with significance:		
Eliter International Corp.	$3,602,035	$3,666,673
E-Da Development Corp.	1,279,418	1,368,724
Tangeng Iron Works Co., Ltd.	4,074,315	4,515,817
Yieh United Steel Corp.	4,730,650	5,034,287
Associates without significance	1,806,223	2,826,542
Total	$15,492,641	$17,412,043

1.Associates:

(1)Major associates of the Group are as follows:

Company Name	Shareholding Percentage December 31, 2018	Shareholding Percentage December 31, 2017
Eliter International Corp.	43.56%	43.56%
E-Da Development Corp.	34.38%	34.38%
Tangeng Iron Works Co., Ltd.	31.16%	31.16%
Yieh United Steel Corp.	29.88%	29.32%

Please refer to Table 10 and Table 11 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

(2)The summarized financial information in respect of the Group's major associates is as follows:

A.Balance Sheets

	Eliter International Corp. December 31, 2018	Eliter International Corp. December 31, 2017
Current assets	$6,938,640	$7,093,106
Non-current assets	5,001,312	4,696,365
Current liabilities	1,228,879	1,712,810
Non-current liabilities	2,297,166	1,514,299
Equity	$8,413,907	$8,562,362
Share of net assets of associates	$3,664,787	$3,729,449
Unrealized loss from transactions with associates	(62,752)	(62,776)
Carrying amount of associate	$3,602,035	$3,666,673

	E-Da Development Corp.	
	December 31, 2018	December 31, 2017
Current assets	$599,659	$459,792
Non-current assets	8,427,286	8,732,673
Current liabilities	2,350,696	2,134,251
Non-current liabilities	2,931,887	3,053,558
Equity	$3,744,362	$4,004,656
Share of net assets of associates	$1,287,465	$1,376,965
Unrealized loss from transactions with associates	(8,047)	(8,241)
Carrying amount of associate	$1,279,418	$1,368,724

	Tangeng Iron Works Co., Ltd.	
	December 31, 2018	December 31, 2017
Current assets	$4,679,858	$4,680,015
Non-current assets	23,551,048	24,263,252
Current liabilities	4,594,916	4,501,392
Non-current liabilities	10,559,687	9,948,594
Equity	$13,076,303	$14,493,281
Share of net assets of associates	$4,074,315	$4,515,817
Unrealized gain(loss) from transactions with associates	-	-
Carrying amount of associate	$4,074,315	$4,515,817

	Yieh United Steel Corp.	
	December 31, 2018	December 31, 2017
Current assets	$9,676,986	$9,805,569
Non-current assets	38,151,425	37,983,895
Current liabilities	20,586,663	17,603,463
Non-current liabilities	11,203,793	12,879,418
Equity	$16,037,955	$17,306,583
Share of net assets of associates	$4,791,775	$5,067,719
Unrealized loss from transactions with associates	(61,125)	(33,432)
Carrying amount of associate	$4,730,650	$5,034,287

B.Statements of Comprehensive Income

	Eliter International Corp.	
	2018	2017
Operating revenue	$427,657	$228,227
Net income	($149,541)	($183,166)
Other comprehensive income (net after tax)	1,086	(4,392)
Total comprehensive income (loss)	($148,455)	($187,558)
Dividends received from associates	$ -	$ -

	E-Da Development Corp.	
	2018	2017
Operating revenue	$845,419	$915,341
Net income	($261,012)	($248,116)
Other comprehensive income (net after tax)	718	(2,606)
Total comprehensive income (loss)	($260,294)	($250,722)
Dividends received from associates	$ -	$ -

	Tangeng Iron Works Co., Ltd.	
	2018	2017
Operating revenue	$14,879,535	$18,918,149
Net income	($1,441,675)	$243,225
Other comprehensive income (net after tax)	24,697	(87,386)
Total comprehensive income (loss)	($1,416,978)	$155,839
Dividends received from associates	$ -	$ -

	Yieh United Steel Corp.	
	2018	2017
Operating revenue	$42,713,976	$43,054,406
Net income	($1,517,499)	$696,226
Other comprehensive income (net after tax)	170,755	(546,672)
Total comprehensive income (loss)	($1,346,744)	$149,554
Dividends received from associates	$ -	$ -

(3)Shares of individually insignificant associates of the Group are summarized as follows:

	2018	2017
Share of:		
Net income	$4,959	$86,138
Other comprehensive income (net after tax)	32,964	(75,594)
Total comprehensive income (loss)	$37,923	$10,544

(4)Associates of the Group with quoted prices in active market (Level 1 fair value inputs) are as follow:

	December 31, 2018	December 31, 2017
Yieh United Steel Corp. (Note)	$4,026,050	$3,939,123
Tangeng Iron Works Co., Ltd.	5,016,438	5,125,491
Total	$9,042,488	$9,064,614

(Note): The fair value information above does not include shares acquired in private placement, which are not allowed to be transferred freely in open markets.

(5)For Skylark Hot Spring & Resort Corp., E-Da Cultural Creative Industries Co., Ltd., E-Da Tour Bus Corporation, E-Da Bus Transportation Co., Ltd., and E-Da Entertainment Co., the Group has significant influence over which as a result of being a director in such entities. Consequently, those entities are accounted for using equity method.

(6)The Group participated in the private placement of Yieh United Steel Corp. in February, 2017, and December, 2015, and subscribed at $7 per share, with the total subscription amount of $204,876 thousand and $1,100,400 thousand, respectively. Pursuant to the Securities and Exchange Act, securities from private placement can only be traded freely in the open markets when they are held for three years from the delivery date and the issuer has to complete the supplementary procedures of public offering.

(7)Due to cross ownership and the adoption of equity method between the Group and Yieh United Steel Corp., an investee accounted for using equity method, investment gain (loss) is recognized using the treasury stock approach.

(8)All investments accounted for using equity method and the Group's share of profit or loss and other comprehensive income in the investees, except for E United Japan Co., Ltd. in 2018, and E United Japan Co., Ltd. and PT.YIEH FERRO ORIENTAL in 2017, are calculated based on audited financial statements of those investees. However, the Group's management believes unaudited financial statements of above investees would not have a significant impact on the Group.

(9)As of December 31, 2018 and 2017, the Group pledged a portion of its investments accounted for using equity method as collateral for its borrowings. Please refer to Note 8.

6.12 Financial assets at fair value through other comprehensive income or loss - noncurrent - 2018

Item	December 31, 2018
Equity instruments：	
Domestic listed stocks	$45,000
Domestic unlisted stocks	549,415
Subtotal	$594,415
Adjustment for valuation	120,702
Total	$715,117

6.13 Available-for-Sale Financial Assets - noncurrent - 2017

Item	December 31, 2017
Domestic listed stocks	$44,910

As of December 31, 2017 , no available-for-sale financial assets were pledged as collateral by the Group.

6.14 Financial Assets Carried at Cost - noncurrent - 2017

Item	December 31, 2017
Domestic unlisted stocks	$549,460
Foreign unlisted stocks	2,002
Total	$551,462

1.The investments above were classified as financial assets held at cost because no reasonable and reliable assessments were available to determine their fair values for lacking of quoted price from active market and insufficient information about other similar industries and the investee’s financial information. These investments are measured at cost minus accumulated impairment loss as of the balance sheet date.

2.The Group recognized impairment loss of $1,060 thousand for the year ended December 31, 2017.

3.As of December 31, 2017, no financial assets carried at cost was pledged as collateral by the Group.

6.15 Debt Investments with No Active Market - noncurrent - 2017

Item	December 31, 2017
Preferred stock	
E-Da Development Corp.	$206,305
Eliter International Corp.	348,450
Subtotal	$554,755
Less: Accumulated impairment	-
Net	$554,755

1.The Group acquired preferred shares on E-Da Development Corp.(with annual yield rates of 2.5%, three years of issuance period, cumulative and non-participating, cash settled at one time upon maturity). E-Da Development Corp. engages in the business of department stores and amusement parks.

2.The Group acquired preferred shares on Eliter International Corp. (with annual yield rates of 3%, three years of issuance period, cumulative and non-participating, cash settled at one time upon maturity). Eliter International Corp. mainly engages in business of development, construction, leasing, and selling of real estates.

3.The Group recognized impairment loss of $0 thousand for the year ended December 31, 2017.

4.As of December 31, 2017, no debt instrument investments with no active market were pledged as collateral by the Group.

6.16 Property, Plant and Equipment

Item	December 31, 2018	December 31, 2017
Land	$6,007,639	$6,007,639
Buildings and structures	8,648,387	8,602,615
Machinery	35,150,954	35,232,848
Other equipment	3,319,698	3,218,544
Equipment to be inspected and construction in progress	12,628,421	10,181,218
Total cost	$65,755,099	$63,242,864
Less: Accumulated depreciation	(24,148,930)	(23,437,996)
Accumulated impairment	(487,640)	(478,026)
Total	$41,118,529	$39,326,842

	Land	Buildings and structures	Machinery	Other Equipment	Equipment to be inspected and construction in progress	Total
Cost						
Balance, January 1, 2018	$6,007,639	$8,602,615	$35,232,848	$3,218,544	$10,181,218	$63,242,864
Addition	-	6,267	129,414	289,048	3,740,786	4,165,515
Transferred to expenses	-	-	(231)	(26,389)	(14,051)	(40,671)
Disposal	-	(4,370)	(805,245)	(295,799)	-	(1,105,414)
Reclassification	-	95,329	807,525	86,222	(989,076)	-
Transferred to long-term prepaid rent	-	-	-	-	(193,573)	(193,573)
Acquired through business combination	-	6,663	94,892	76,824	5,110	183,489
Impact of foreign exchange differences	-	(58,117)	(308,249)	(28,752)	(101,993)	(497,111)
Balance, December 31, 2018	$6,007,639	$8,648,387	$35,150,954	$3,319,698	$12,628,421	$65,755,099
Accumulated depreciation and impairment						
Balance, January 1, 2018	$ -	$3,411,580	$18,027,574	$2,146,230	$330,638	$23,916,022
Depreciation	-	245,545	1,164,093	328,748	-	1,738,386
Transferred to expenses	-	-	-	(17,032)	-	(17,032)
Disposal	-	(3,673)	(684,545)	(272,275)	-	(960,493)
Impairment loss	-	-	20,124	22,765	-	42,889
Repair expenses offset against accumulated impairment	-	(6,793)	(710)	-	-	(7,503)
Acquired through business combination	-	3,918	49,993	38,914	-	92,825
Impact of foreign exchange differences	-	(14,635)	(132,716)	(21,173)	-	(168,524)
Balance, December 31, 2018	$ -	$3,635,942	$18,443,813	$2,226,177	$330,638	$24,636,570

	Land	Buildings and structures	Machinery	Other Equipment	Equipment to be inspected and construction in progress	Total
Cost						
Balance, January 1, 2017	$6,018,653	$8,772,193	$35,345,447	$3,310,380	$7,894,997	$61,341,670
Addition	-	1,785	46,918	130,051	3,292,732	3,471,486
Transferred to expenses	-	-	-	-	(9,211)	(9,211)
Disposal	(11,014)	(119,746)	(117,156)	(276,375)	(623,900)	(1,148,191)
Transferred to investment property	-	-	-	-	(29,525)	(29,525)
Reclassification	-	3,164	164,887	80,599	(248,650)	-
Impact of foreign exchange differences	-	(54,781)	(207,248)	(26,111)	(95,225)	(383,365)
December 31, 2017	$6,007,639	$8,602,615	$35,232,848	$3,218,544	$10,181,218	$63,242,864
Accumulated depreciation and impairment						
Balance, January 1, 2017	$ -	$3,310,081	$16,999,329	$2,172,969	$992,232	$23,474,611
Depreciation	-	243,208	1,154,363	261,867	-	1,659,438
Disposal	-	(109,443)	(89,323)	(273,157)	(623,900)	(1,095,823)
Impairment loss	-	-	13,534	-	-	13,534
Repair expenses offset against accumulated impairment	-	(5,875)	-	-	-	(5,875)
Impact of foreign exchange differences	-	(26,391)	(50,329)	(15,449)	(37,694)	(129,863)
December 31, 2017	$ -	$3,411,580	$18,027,574	$2,146,230	$330,638	$23,916,022

1.Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	2018	2017
Increase in property, plant and equipment	$4,165,515	$3,471,486
Increase/decrease in payables for purchase of equipment	72,835	(48,858)
Repair payment on wind disasters	7,503	5,875
Cash paid for acquisition of property, plants and equipment	$4,245,853	$3,428,503

2.Please refer to Note 6.37 for details on the amount of capitalized borrowing costs.

3.Since the recoverable amount of part of the Group’s production equipment is less than the carrying amount, the impairment loss recognized for 2018 and 2017 were $42,889 thousand and $13,534thousand, stated under other gains and losses on the consolidated statements of comprehensive income.The recoverable amount of such production equipment was determined by the Group by using its fair value less cost of disposal. The fair value, which was determined by reference to status in use and relevant market activities, is Level 3 fair value measurement.

4.For the information about property, plant and equipment pledged as collateral, please see Note 8 for details.

5.The Group’s land amounting to both $78,568 thousand as of December 31 2018 and 2017 is unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

6.17 Investment properties

Item	December 31, 2018	December 31, 2017
Land	$760,128	$950,636
Buildings	48,196	69,950
Construction in progress	36,988	45,789
Total cost	$845,312	$1,066,375
Less: Accumulated depreciation	(1,033)	(9,790)
Accumulated impairment	(68,009)	(68,009)
Net	$776,270	$988,576

	Land	Buildings	Construction in progress	Total
Cost				
Balance, January 1, 2018	$950,636	$69,950	$45,789	$1,066,375
Addition	-	5,775	2,454	8,229
Disposal	-	-	-	-
Transferred to expenses	-	-	(186)	(186)
Transferred to noncurrent assests held for sale	(190,508)	(26,604)	(11,069)	(228,181)
Impact of foreign exchange differences	-	(925)	-	(925)
Balance, December 31, 2018	$760,128	$48,196	$36,988	$845,312
Accumulated depreciation and impairment				
Balance, January 1, 2018	$68,009	$9,790	-	$77,799
Depreciation	-	1,348	-	1,348
Transferred to noncurrent assests held for sale	-	(10,085)	-	(10,085)
Impact of foreign exchange differences	-	(20)	-	(20)
Balance, December 31, 2018	$68,009	$1,033	$ -	$69,042

Please refer to Note 6.9 for details on transferred to noncurrent assests held for sale.

	Land	Buildings	Construction in progress	Total
Cost				
Balance, January 1, 2017	$950,636	$70,671	$ -	$1,021,307
Addition	-	-	16,263	16,263
Property, plant and equipment transferred in	-	-	29,526	29,526
Impact of foreign exchange differences	-	(721)	-	(721)
Balance, December 31, 2017	$950,636	$69,950	$45,789	$1,066,375
Accumulated depreciation and impairmen				
Balance, January 1, 2017	$68,009	$8,463	$ -	$76,472
Depreciation	-	1,321	-	1,321
Impact of foreign exchange differences	-	6	-	6
Balance, December 31, 2017	$68,009	$9,790	$ -	$77,799

1.Rental revenue and direct operating expenses of investment property:

Item	2018	2017
Rental revenue from investment property	$ -	$ -
Direct operating expenses incurred by the investment property with rental revenue generating in current period	$ -	$ -
Direct operating expenses incurred by the investment property with no rental revenue generating in current period	$12,046	$15,904

2.As of December 31, 2018 and 2017, the fair values of investment property held by the Group were $1,787,908 thousand and $2,299,501 thousand respectively, which were based on evaluation appraised by independent appraisers as of December 2017. Such evaluation adopted the comparative approach by reference to the market evidence similar to the real estate transaction prices. Those are Level 3 fair value inputs. Please refer to Note 12(3). The Group believes that there would not be any material fluctuation in the fair value of such investment properties after their appraisal. Appraisal will be taken place every two years on the investment properties.

3. For the information about investment properties pledged as collateral, please see Note 8 for details.

4. The Group's land amounting to both $8,987 thousand as of December 31 2018 and 2017 is unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration as safeguard measures.

6.18 Intangible assets

Item	December 31, 2018	December 31, 2017
Mineral right	$484,468	$ -
Trademarks	8,207	8,207
Others	6,133	6,267
Total cost	$498,808	$14,474
Less: Accumulated amortization	(46,445)	(5,594)
Accumulated impairment	-	-
Net	$452,363	$8,880

	Mineral right	Trademarks	Others	Total
Cost				
Balance, January 1, 2018	$ -	$8,207	$6,267	$14,474
Addition	-	-	-	-
Disposal	-	-	-	-
Acquired through business combination	484,468	-	-	484,468
Impact of foreign exchange differences	-	-	(134)	(134)
Balance, December 31,2018	$484,468	$8,207	$6,133	$498,808
Accumulated amortization and impairment				
Balance, January 1, 2018	$ -	$ -	$5,594	$5,594
Depreciation	10,093	-	608	10,701
Disposal	-	-	-	-
Acquired through business combination	30,280	-	-	30,280
Impact of foreign exchange differences	-	-	(130)	(130)
Balance, December 31, 2018	$40,373	$ -	$6,072	$46,445

	Trademarks	Others	Total
Cost			
Balance, January 1, 2017	$8,207	$6,371	$14,578
Addition	-	-	-
Disposal	-	-	-
Impact of foreign exchange differences	-	(104)	(104)
Balance, December 31, 2017	$8,207	$6,267	$14,474
Accumulated amortization and impairment			
Balance, January 1, 2017	$ -	$5,045	$5,045
Depreciation	-	670	670
Disposal	-	-	-
Impact of foreign exchange differences	-	(121)	(121)
Balance, December 31, 2017	$ -	$5,594	$5,594

6.19 Other non-current assets

Item	December 31, 2018
Intangible exploration and evaluation assets	$7,534
Less: Accumulated impairment	-
Net	$7,534

December 31, 2017: None.

The above-mentioned intangible exploration and evaluation assets are mainly the rights to explore nickel laterite ores, which will be reclassified as “Intangible assets - drilling rights to minerals” when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable in the future.

6.20 Refundable deposits

Item	December 31, 2018	December 31, 2017
Deposit for dumping margins	$1,291,745	$ -
Performance deposit	18,529	49,056
Deposit	34,513	15,497
Others	5,830	5,017
Total	$1,350,617	$69,570

An antidumping investigation into the corrosion-resistant steel sold from Taiwan, conducted by the Department of Commerce of the U.S. in June 2015, had completed in July 2016, with an official announcement that all corrosion resistant products manufactured in or sold from Taiwan must temporarily bear a dumping margin duty at the rate of 10.34% (applicable only for periods beginning after July 2016 since no dumping duty was applied before that time). The custom was also instructed to impose a temporary dumping margin (10.34% of the merchandise price) on all entries of merchandise sold by the Company to the U.S. that had been covered by the investigation.

The antidumping duty, imposed by the U.S. using the retrospective system, is determined at the difference between the Company's domestic sales price and the export price of the corrosion-resistant steel sold by the Company to the U.S. and its dependent territory as at the period between June 2, 2016 and June 30, 2017. After the investigation by the Department of Commerce, the rate of antidumping duty applicable to the Company had been announced in the Federal Register on August 10, 2018. The difference between such determined duty rate and the temporary duty rate of 10.34% applicable since June 2016 is presented as "Refundable Deposit", among which the antidumping duty that had been excessively recognized for the period between June 2, 2016 and December 31, 2017 is reversed (presented as "Other Revenue" in the amount of $929,959 thousand), whereas the excessively recognized antidumping duty for the current period is reversed and presented in the amount of $361,786 thousand. Judging from the administrative proceedings of the custom, the refundable amount is expected to be gradually collected in 2019.

6.21 Long-term prepaid rent

Item	December 31, 2018	December 31, 2017
Land usage right	$238,671	$250,043
Other long-term prepaid rent	202,176	9,109
Subtotal	$440,847	$259,152
Less: Transfer within 12 months	(6,543)	(6,674)
Total	$434,304	$252,478

The prepaid rents above are mainly from the 50-year land-use right contract entered by the Group in China. The amount was fully paid when contract was executed. For 2018 and 2017, RMB 1,349 thousand and RMB 1,356 thousand were respectively recognized as rental expenses. The Group has the right to use the land, to acquire benefits and to transfer or lease the land and is responsible for all taxes and dues arising from the land-use during the contract duration.

6.22 Short-term Loans

Type of Loan	December 31, 2018	
	Amount	Interest Rate
Credit loans	$8,292,147	1.21%-6.13%
Credit for material purchase	7,084,489	1.50%-4.45%
Mortgage loans	625,000	2.09%-3.00%
Total	$16,001,636	

Type of Loan	December 31, 2017	
	Amount	Interest Rate
Credit loans	$7,442,724	1.07%-5.90%
Credit for material purchase	7,828,799	1.50%-3.02%
Mortgage loans	554,000	2.09%-3.00%
Total	$15,825,523	

Short-term loans are pledged as loan collaterals for some financial assets, and property, plant, and equipment. Please refer to Note 8 for details.

6.23 Short-term notes and bills payable

Item	December 31, 2018	December 31, 2017
Commercial paper payable	$840,000	$990,000
Less: Unamortized discount	(2,402)	(989)
Net	$837,598	$989,011
Interest Rate Range	1.71%-2.78%	1.63%-2.78%

The Group pledged some of its property, plant, and equipment as collateral for some of its short-term bills payable. Please refer to Note 8 for details.

6.24 Other Payables

Item	December 31, 2018	December 31, 2017
Compensations payable	$538,763	$506,716
Equipment payable	421,587	494,422
Interest payable	72,619	56,934
Utility expenses payable	55,490	55,925
Consumables payable	36,248	26,687
Export and transportation expenses payable	46,669	72,934
Investment payable	1,733	-
Business tax payable	7,770	11,150
Cash dividends payable - from previous period	22,944	22,639
Repairing charges payable	19,467	21,116
Compensation and renumeration payable to employees and directors - from previous period	869	5,025
Others	333,070	360,599
Total	$1,557,229	$1,634,147

Please refer to Note 7.3.6. for related party transactions

6.25 Provisions - current

Item	December 31, 2018	December 31, 2017
Employee benefits	$81,585	$75,797
Sales return, discounts and allowances	13,933	20,663
Warranty	2,290	5,723
Onerous contract	9,707	-
Derecognized liabilities	3,577	-
Total	$111,092	$102,183

Item	Employee benefits	Sales return, discounts and allowances	Warranty	Onerous contract	Derecognized liabilities	Total
January 1, 2018	$75,797	$20,663	$5,723	$ -	$ -	$102,183
Effect of adjustments made by retrospective application of IFRS 15	-	-	-	8,345	-	8,345
Beginning balance	$75,797	$20,663	$5,723	$8,345	$ -	$110,528
Recognized in current period	5,788	-	-	-	3,577	9,365
Reversed in current period	-	(6,730)	(3,433)	1,362	-	(8,801)
December 31, 2018	$81,585	$13,933	$2,290	$9,707	$3,577	$111,092

Item	Employee benefits	Sales return, discounts and allowances	Warranty	Total
January 1, 2017	$62,232	$2,806	$5,309	$70,347
Recognized in current period	13,565	17,857	414	31,836
Written down in current period	-	-	-	-
December 31, 2017	$75,797	$20,663	$5,723	$102,183

1. Provision for employee benefits is an estimate of the short-term service leave vested to employees.
2. Provision for sales return & discount is estimated based on historical experience, judgment from the management, and other known reasons for possible return or discount on steel coils and steel tubes, to be deducted from the sale revenue stated in the current period when the goods are sold.
3. The Group's "provision for warranty" is the warranty for the sales of electronic products, and is estimates based upon the historical warranty data of such products.
4. Provision for onerous contracts covers the irrevocable material purchase contract signed by the Group, the excess of costs incurred due to the performance of contractual obligation over the economic benefits expected to be obtained from the contract, and the expected loss of construction contracts.

6.26 Long-term Loans and Current Portion of Long-term Loans

Item	December 31, 2018	December 31, 2017
Bank syndicated loan:		
The Company	$8,500,000	$7,825,000
Subsidiaries	22,363,373	21,986,315
Subtotal	$30,863,373	$29,811,315
Secured loans from banks	2,738,020	3,057,160
Unsecured loans from banks	568,750	163,250
Other financial institutions	16,792	46,614
Total	$34,186,935	$33,078,339
Less: Unamortized discount	(109,027)	(110,823)
Less: Current portion	(4,183,655)	(3,685,344)
Long-term loans	$29,894,253	$29,282,172
Interest rate range	1.82%-6.42%	1.79%-5.325%

1. Please refer to Note 8 for the collateral of the above bank loans.
2. According to syndicated loan agreements with banks, the Group needs to maintain several financial ratios, including current ratio, liability ratio and interest coverage ratio, at a certain level, calculated based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements or the audited annual financial statements of subsidiaries for the duration of the contracts. Since the Group failed to meet certain financial ratios in 2018, it either needed to pay to the managing bank a compensation at 0.125% of the loan balance within agreed time, or was subject to 0.10% incremental on its interest rate. However, this is not seen as a breach of contract. In March 2019, Yieh Hsing Enterprise Co., Ltd., the subsidiary, paid off the loan in advance. Please refer to Note 11 for details.

6.27 Benefit Plan After Retirement

1.Defined contribution plan

(1)The pension system based on the Labor Pension Act which is applicable to the Group's domestic entities resided in the R.O.C. is a defined contribution plan managed by government. Companies would make monthly contribution equal to 6% of each employee's monthly salary to the employees' individual pension accounts at the Bureau of Labor Insurance. Subsidiaries outside the R.O.C. also participate in the local defined contribution plan and makes contribution to the local government accordingly.

(2)For 2018 and 2017 , the Group recognized pension expense of $116,903 thousand and $109,244 thousand, respectively.

2.Defined benefit plans

(1)The pension plan under the Labor Standards Law, which is applicable to the Group's domestic entities, is a defined benefit pension plan managed by the government. Under the defined benefit pension plan, pension benefits are based on the average monthly salaries and wages of the last 6 months prior to retirement and the duration of employment. Those companies contributes monthly an amount equal to 4.2% ~ 10% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee. Before the end of year, if the balance at the retirement fund is not sufficient to cover all employees retiring next year, a lump-sum deposit should be made before March-end of the following year to cover the difference. The retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor. The Group does not have rights to influence its investment management strategy.

(2)The amounts recognized in the consolidated balance sheet for obligations from defined benefit plans are as

Item	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$1,787,468	$1,766,808
Fair value of planned assets	(1,054,154)	(826,363)
Net defined benefit liabilities	$733,314	$940,445

(3)Changes in net defined benefit liabilities are as follows:

Item	2018 Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance as of January 1	$1,766,808	($826,363)	$940,445
Cost of service			
Current service cost	10,430	-	10,430
Interest expense (income)	17,490	(8,982)	8,508
Past service cost	-	-	-
Settlement profit (loss)	-	-	-
Recognized in profit and loss	$27,920	($8,982)	$18,938
Remeasurement			
Return on plan asset (Amounts included in interest income or expense are excluded.)	$ -	($23,324)	($23,324)
Actuarial (gains) losses -			
Effect of change in demographic assumptions	(307)	-	(307)
Effect of change in financial assumptions	44,113	-	44,113
Experience adjustment	12,461	-	12,461
Recognized in other comprehensive income	$56,267	($23,324)	$32,943
Pension fund ontribution	-	(252,164)	(252,164)
Paid pension	(63,527)	56,679	(6,848)
Balance as of December 31	$1,787,468	($1,054,154)	$733,314

Item	2017 Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance as of January 1	$1,799,950	($724,184)	$1,075,766
Cost of service			
Current service cost	12,690	-	12,690
Interest expense (income)	22,088	(9,202)	12,886
Past service cost	-	-	-
Settlement profit (loss)	-	-	-
Recognized in profit and loss	$34,778	($9,202)	$25,576
Remeasurement			
Return on plan asset (Amounts included in interest income or expense are excluded.)	$ -	$1,889	$1,889
Actuarial (gains) losses -			
Effect of change in demographic assumptions	395	-	395
Effect of change in financial assumptions	44,060	-	44,060
Experience adjustment	(48,922)	-	(48,922)
Recognized in other comprehensive income	($4,467)	$1,889	($2,578)
Pension fund ontribution	-	(158,123)	(158,123)
Paid pension	(63,453)	63,257	(196)
Balance as of December 31	$1,766,808	($826,363)	$940,445

(4)Through the pension plan under the Labor Standards Law, the Group is exposed to the following risks:

A.Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management by Bureau of Labor Funds, Ministry of Labor. However, the rate of return on the Group’s planned assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

B.Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, however, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.

C.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.

(5)The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries.The principal assumptions adopted on the valuation date were as follows:

	Measurement date	
Item	December 31, 2018	December 31, 2017
Discount rate	0.75%-1.05%	1.00%-1.30%
Future salary increase rate	2.00%	1.50%-2.00%
Average maturity period of defined benefit obligations	8.5-9 years	9-10 years

A.Assumptions on future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table (TSO).

B.If a reasonable change in one of the principal assumptions for actuarial valuation occurred and all other assumptions were held constant, the increase (decrease) in the present value of defined benefit obligation would be as follows:

Item	December 31, 2018	December 31, 2017
Discount rate		
Increase by 0.25%	(43,308)	(44,506)
Decrease by 0.25%	44,892	46,153
Expected growth rate of salaries		
Increase by 0.25%	45,589	46,862
Decrease by 0.25%	(44,065)	(45,261)

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

(6)The Group expects to make contributions of $98,480 thousand to the pension plans in the year ended December 31, 2019.

6.28 Long-term Deferred Revenue

The subsidiary, Tianjin Lianfa Precision Steel Corporation Beneficiary, had received a subsidy for engineering construction from the Tianjin Economic Technological Development Area of RMB 11,470 thousand in 2006. As it is a government grant associated with assets, donation income would be recognized based on percentage used for the recognition of depreciation expense. Details are set out below:

Item	December 31, 2018	December 31, 2017
Deferred revenue from government grants:		
Subsidy for engineering construction	$51,332	$52,451
Less: Accumulated revenue recognized	(18,478)	(16,782)
Ending balance	$32,854	$35,669

6.29 Capital of Common Shares

1.Quantities and values of the Company's outstanding common shares at the beginning and ending of periods were as follows:

	2018	
Item	Shares (thousand shares)	Amount
January 1	1,821,176	$18,211,760
Issuance of common stocks	-	-
Capitalization of earnings	54,635	546,353
December 31	1,875,811	$18,758,113

Item	2017	
	Shares (thousand shares)	Amount
January 1	1,718,090	$17,180,905
Issuance of common stocks	-	-
Capitalization of earnings	103,086	1,030,855
December 31	1,821,176	$18,211,760

2.As of December 31, 2018, the Company had an authorized capital of $20,000,000 thousand with 2,000,000 thousand shares.

3.The Company's shareholders' meeting held on June 21, 2018 had resolved to capitalize earnings of $546,353 thousand. The plan was approved by FSC on July 25, 2017 and 54,635 thousand shares of common share at the par value of $10 were issued. The record date for share capital increase is set on August 29, 2018.

6.30 Capital Surplus

Item	December 31, 2018	December 31, 2017
Share premium	$4,060,366	$4,060,366
Treasury stock transaction	557,739	557,739
Difference between the price received from acquisition or disposal of a subsidiary and its book value	215,064	212,546
Change in ownership interests in subsidiaries accounted for using equity method	8,665	8,665
Changes in associates and joint ventures recognized under equity method	41,384	34,454
Total	$4,883,218	$4,873,770

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In accordance with regulations in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of earnings and reserves are insufficient to offset the loss. The capital surplus generated from investment under equity method shall not be used for any purposes.

6.31 Appropriation of Earnings

1.A residual dividend distribution policy is adopted in accordance with the Company's business expansion and profitability after considering the the fact that the Company is currently in its growing phase. The annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation:

(1)10% as legal reserve;

(2)set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations;

(3)the remaining net income plus unappropriated earnings from prior years may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.

In principle, earnings shall be distributed in the form of stock dividends in accordance with the Company's capital requirement for business expansion and profitability. Cash dividends are distributed at between 20% to 100% of total dividends distributed in accordance with the actual profitability while stock dividends are distributed at between 0% to 80% of the total dividends distributed.

2.Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.

3.Special reserve

Item	December 31, 2018	December 31, 2017
Provision for debit balance of other equity	$308,898	$ -
Provision upon initial application of IAS	327,757	327,757
Total	$636,655	$327,757

(1)The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.

(2)Upon first-time adoption of IFRSs, the special reserve provided pursuant to the official letter under Jin-Guan-Jheng-Fa-Zih No. 1010012865 dated April 6, 2012 may be reversed to allocable retained earnings in proportion to the special reserve as provided originally, if the Company uses, disposes of or reclassifies the relevant assets in the future.

4.Earnings distribution proposals and dividends per share for 2017 and 2016, which were resolved by the Shareholders Meeting in June 2018 and June 2017, are stated below

	Earnings appropriation proposal		Dividends per share (NTD)	
	2017	2016	2017	2016
Legal reserve	$136,740	$250,201		
Special reserve	308,898	-		
Cash dividends for common stocks	364,235	687,236	0.2	0.4
Stock dividends for common stocks	546,353	1,030,855	0.3	0.6
Total	$1,356,226	$1,968,292		

5.As of March 21, 2019, neither dividends nor the earnings appropriation proposal was approved by the Board of Directors of the Company.

6.Information about earnings distribution approved by the Board of Directors and resolved by the shareholders meeting is available at the Taiwan Stock Exchange Market Observation Post System website.

6.32 Other Equity Items

Item	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on available for-sale financial assets	Unrealized gain (loss) on financial asset at fair ralue through other comprehensive income	The effective portion of gains (losses) on financial instruments designated as cash flow hedges	Total
Balance as at January 1, 2018 (IAS 39)	($697,778)	$54,733	$ -	$6,390	($636,655)
Effect of adjustments made by retrospective application of IFRS	-	(54,733)	123,526	-	68,793
Balance as at January 1, 2018 (IFRS 9)	($697,778)	$ -	$123,526	$6,390	($567,862)
Exchange differences on translation of foreign financial statements	(62,628)	-	-	-	(62,628)
Unrealized gain (loss) on financial asset at fair ralue through other comprehensive income	-	-	5,181	-	5,181
Share of associates and joint ventures accounted for using equity method	36,603	-	29,905	289	66,797
Disposal of unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	-	(720)	-	(720)
Balance, December 31, 2018	($723,803)	$ -	$157,892	$6,679	($559,232)

Item	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on available for sale financial assets	The effective portion of gains and losses of financial instruments designated as cash flow hedges	Total
Balance, January 1, 2017	($226,298)	$47,562	$11,385	($167,351)
Exchange differences on translation of foreign financial	(287,395)	-	-	(287,395)
Unrealized gains or losses for available-for-sale financial assets	-	(1,665)	-	(1,665)
Share of associates and joint ventures accounted for using equity method	(184,085)	8,836	(4,995)	(180,244)
Balance, December 31, 2017	($697,778)	$54,733	$6,390	($636,655)

6.33 Non-controlling Interest

Item	2018	2017
Beginning balance (IAS39)	$1,794,170	$2,706,328
Effect of adjustments made by retrospective application of IFRS 9	3,515	-
Beginning balance (IFRS 9)	$1,797,685	$2,706,328
Share attributable to non-controlling interest:		
Net income (loss) for the current year	(43,562)	(22,095)
Other comprehensive income of the year		
Remeasurement of defined benefit plans	(5,262)	(1,647)
Exchange differences on translation of foreign financial statements	(1,179)	(9,462)
Unrealized gain (loss) on financial asset at fair value through other comprehensive income	60	-
Share of associates and joint ventures accounted for using equity method		
Exchange differences on translation of foreign financial statements	525	(4,415)
Unrealized gain (loss) on financial asset at fair ralue through other comprehensive income	198	-
Unrealized valuation gain (loss) on available-for-sale financial assets	-	(106)
Remeasurement of defined benefit plans	97	(444)
The effective portion of gains (losses) on financial instruments designated as cash flow hedges	6	(108)
Changes in associates and joint ventures recognized under equity method	204	107
Increase in non-controlling interest - acquisition from mergers	52,791	2,067
Increase in non-controlling interest - capital increase by cash	124,258	94,724
Decrease in non-controlling interest - sale	(185,743)	(862,540)
Decrease in non-controlling interest - liquidating distribution	(30,649)	-
Increase (decrease) in non-controlling interest	144,334	(108,239)
Ending balance	$1,853,763	$1,794,170

1.The statement of cash flows regarding “Decrease in non-controlling interest - sales” is reconciled as follows:

Item	2018	2017
Decrease in non-controlling interest - sale	$185,743	$862,540
Prepayment for non-controlling interest - purchase	(16,364)	-
Cash paid for decrease in non-controlling interest - sale	$169,379	$862,540

6.34 Operating Revenue

Item	2018	2017
Revenue from contracts with customers		
Sales revenue	$72,399,191	$70,158,436
Construction revenue	1,154,174	639,635
Processing revenue	571,931	479,197
Realized (unrealized) profits from sales	217	217
Total sales revenue from contracts with customers	$74,125,513	$71,277,485
Less: Sales return	(38,199)	(12,778)
Sales discount	(231,125)	(106,045)
Net operating revenue	$73,856,189	$71,158,662

1.Segments of revenue from contracts with customers

The Group’s source of revenue comes from providing goods and services that are transferred either over time or at a specific timing. Revenue can be split into the following segments:

(1)Segmented by revenue from different types of goods and services:

2018：

	Steel coils and steel pipes	Wire rods	Construction revenue	Others	Total
External customer					
Contract revenue	$59,087,188	$8,096,135	$1,154,391	$5,518,475	$73,856,189
Timing of revenue recognition					
Revenue recognized at a specific timing	$59,087,188	$8,096,135	$ -	$5,518,475	$72,701,798
Revenue recognized over time	-	-	1,154,391	-	1,154,391
Total	$59,087,188	$8,096,135	$1,154,391	$5,518,475	$73,856,189

(2)For detailed revenue information by business segments, please refer to Note 14.

2.Contract Balance

	December 31, 2018
Notes receivable and accounts receivable	$4,807,282
Contract assets - current	
Steel structure construction and overhead cranes	$532,786
Provision - current	
Unearned sales revenue	1,264,258
Advance construction receipts	146,240
Total	$1,410,498

(1)Changes in contract assets and contract liabilities are caused mainly by the difference of timing between when performance obligations are fulfilled and when customers make payments.

(2)Contract liabilities recognized for the year ended December 31, 2018 under operating revenue amounted to $1,888,654 thousand.

6.35 Other Income

Item	2018	2017
Interest income		
Interest from bank deposits	$101,873	$91,267
Others	3,183	10,371
Subtotal	$105,056	$101,638
Dividend income		
Financial assets carried at cost	$ -	$73,952
Financial assets at fair value through other comprehensive income or loss	34,213	-
Other revenue		
Income from sales of scrap materials	49,219	46,648
Income from subsidy (Note1)	102,256	1,773
Dumping margins (Note2)	929,959	-
Return of refundable deposits (Note3)	-	18,825
Others	33,617	44,484
Subtotal	$1,115,051	$111,730
Total	$1,254,320	$287,320

(Note1) Financial subsidy granted in 2018 by Changshu Economic Development Zone to the sub-subsidiary, Yieh Phui (China) Technomaterial Co., Ltd.

(Note2) For information on dumping margins, please refer to Note 6.20.

(Note3) It was recognized in full as impairment losses in the past years.

6.36 Other gains and losses

Item	2018	2017
Gain (loss) on disposal of financial assets at fair value through profit and loss	($650)	($6,735)
Gain (loss) on disposal of investments under equity method	115,938	15
Valuation gain (loss) of financial assets and financial liabilities		
Financial assets mandatorily measured at FVTPL	42,259	-
Financial assets at FVTPL	-	(28,683)
Foreign exchange gain (loss) - net	(79,757)	28,795
Realized Gain from disposal of property, plant, and equipment	16,264	-
Gain (loss) from disposal of property, plant, and equipment (Note)	(124,450)	309,013
Insurance claims income	78,048	-
Impairment loss on property, plant, and equipment	(42,889)	(13,534)
Impairment loss of financial assets carried at cost	-	(1,060)
Others	(25,001)	(24,107)
Total	($20,238)	$263,704

(Note) The Group entered into a factoring contract regarding operating assets of its subsidiary, Guang Lian Steel (Vietnam) Co., Ltd., with Hoa Phat Steel in the Rong-guo Industrial Park. The total amount of such contract was VND255,290,917 thousand (NT$345,524 thousand). As the aforesaid property, plant and equipment were fully recognized as impairment loss, the book values of which were NT$0. As a result, the gain from disposal was NT$345,524 thousand.

6.37 Finance Costs

Item	2018	2017
Interest expense	$1,765,242	$1,571,245
Less: Amount qualified for capitalization	(500,998)	(451,050)
Finance costs	$1,264,244	$1,120,195

6.38 Employee benefits, depreciation and amortization expense

	2018		
Nature	Operating Cost	Operating Expense	Total
Employee benefits			
Salary	$1,474,761	$778,693	$2,253,454
Insurance	140,877	65,891	206,768
Pension (Note 1)	100,019	35,079	135,098
Other labor cost	394,849	109,371	504,220
Depreciation (Note 1)	1,616,988	115,653	1,732,641
Amortization	-	10,701	10,701
Total	$3,727,494	$1,115,388	$4,842,882

	2017		
Nature	Operating Cost	Operating Expense	Total
Employee benefits			
Salary	$1,411,594	$770,764	$2,182,358
Insurance	133,352	62,725	196,077
Pension (Note 2)	98,250	34,672	132,922
Other labor cost	324,490	96,424	420,914
Depreciation (Note 2)	1,541,450	107,205	1,648,655
Amortization	-	23,492	23,492
Total	$3,509,136	$1,095,282	$4,604,418

(Note 1): Excluding pension of $743 thousand and depreciation of $6,415 thousand under equipment prepayments.

(Note 2): Excluding pension of $1,898 thousand and depreciation of $12,104 thousand under equipment prepayments.

1.According to Articles of Incorporation, compensation to employees and remuneration to directors shall neither be less than 0.2 % nor greater than 0.1% of the net income before tax before which the compensation to employees and remuneration to directors are deducted from. Compensation to employees and remuneration to directors for 2018 and 2017 were distributed at 0.2% and 0.1% of the net income before tax. Any changes in the amounts, if any, after the issuance date of the annual financial statement shall be accounted for using changes in accounting estimates, and should be enterred the next year.

2.Compensation to employees and remuneration to directors for the years of 2018 and 2017 has been resolved and approved by the Board of Directors on March 21, 2019 and 2018. Relevant amounts recognized in the financial statement are as follows:

	2018		2017	
	Employee Compensation	Directors' Remuneration	Employee Compensation	Directors' Remuneration
Resolved distributed amount	$579	$145	$3,350	$837
Recognized amount in the annual financial report disposed	579	290	3,350	1,675
Difference amount	$ -	($145)	$ -	($838)

(1)The above-mentioned employee compensation was distributed in cash.

(2)The differences between the amount resolved for 2018 and 2017 and the amount recognized in financial statements are mainly estimate difference and has been adjusted in profit or loss for 2019 and 2018.

3.Information about employee compensation and remuneration to directors approved by the Board of Directors is available at the Taiwan Stock Exchange Market Observation Post System website.

6.39 Income Tax

1.Income tax expense

(1)Components of income tax expense

Item	2018	2017
Current income tax		
Current income tax expense	$232,817	$247,971
Adjustment to prior income taxes	3,119	5,314
10% tax on undistributed retained earnings	175	45,704
Current income tax expense	$236,111	$298,989
Deferred income tax originating and reversed temporary differences	($118,624)	$161,066
Effect of tax rate changes	(26,885)	-
Deferred tax expense	($145,509)	$161,066
Income tax expense (gain)	$90,602	$460,055

(2)Income tax expense (gain) associates with other comprehensive income

Item	2018	2017
Remeasurement of defined benefit plans	$6,980	($6,312)
Exchange differences on translation of foreign financial statements	(1,553)	(85,250)
Effect of tax rate changes	(33,170)	-
Total	($27,743)	($91,562)

2.Reconciliation of income before income tax and income tax expense recognized in profit or loss is as follows:

Item	2018	2017
Income before tax	$355,546	$1,805,365
Income tax expense at the statutory rate	$56,211	$346,315
Tax effect of adjusting items:		
Loss carryforwards	173,770	42,299
Loss (gain) on investments accounted for using equity method	214,560	(73,570)
Timing difference of revenue recognition	(36,946)	(7,464)
Realized (unrealized) investment loss	(96,050)	(59,053)
Unrealized inventory valuation loss (recovery gain)	(27,883)	(12,644)
Paid (unpaid) pension	(48,014)	(22,567)
Other adjustments	(2,831)	34,655
Adjustment to prior income taxes	3,119	5,314
10% tax on retained earnings	175	45,704
Net changes of deferred income tax	(145,509)	161,066
Income tax expenses recognized in profit or loss	$90,602	$460,055

The Group was subject to a tax rate of 17% for an entity in 2017 as stipulated in the Income Tax Act of the Republic of China. However, the profit-seeking enterprise income tax increased from 17% to 20% starting from 2018. In addition, the tax rate on the undistributed earnings in 2018 is lowered from 10% to 5%. The taxable amount in other jurisdictions is calculated based on the tax rate applicable therein.

3.Deferred income tax assets or liabilities from temporary differences, loss carry forwards and investment credits:

	2018						
	Beginning balance	Acquired through business combination	Recognized in profit or loss	Recognized in other comprehensive income	Effect of Exchange Rate Changes	Effect of tax rate changes	Ending balance
Deferred income tax assets：							
Temporary differences：							
Gains (losses) of investments accounted for using equity method	$6,112	$ -	($171)	$ -	$ -	$1,079	$7,020
Exchange differences on translation of foreign financial statements	131,168	-	-	1,553	-	23,147	155,868
Provision for inventory valuation loss	67,791	-	(55,307)	-	1,247	657	14,388
Investment loss ounder the cost approach	4,250	-	-	-	-	750	5,000
Impairment losses from property, plant and equipment	65,777	-	(3,488)	-	-	11,608	73,897
Timing differences in recognition of cost and sales revenue	35,698	-	(37,190)	-	-	6,300	4,808
Book-tax difference for depreciation	59,830	-	(6,973)	-	-	10,558	63,415
Net defined benefit liabilities	159,875	-	(47,869)	6,589	-	28,213	146,808
Remeasurement of defined benefit plans	11,534	-	-	(13,569)	-	2,035	-
Loss carryforwards	55,143	9,068	(5,681)	-	-	9,731	68,261
Others	12,558	-	25,592	-	(24)	6,067	44,193
Subtotal	$609,736	$9,068	($131,087)	($5,427)	$1,223	$100,145	$583,658
Deferred income tax liabilities：							
Temporary differences：							
Unrealized exchange gains	($34)	-	($17)	$ -	$ -	($6)	($57)
Gains (losses) of investments accounted for using equity method	(227,143)	-	250,458	-	-	(40,084)	(16,769)
Others	-	-	(730)	-	9	-	(721)
Subtotal	($227,177)	$ -	$249,711	$ -	$9	($40,090)	($17,547)
Total	$382,559	$9,068	$118,624	($5,427)	$1,232	$60,055	$566,111

	2017				
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of Exchange Rate Changes	Ending balance
Deferred income tax assets					
Temporary differences					
Gain (loss) of investments accounted for using equity method	$6,252	($140)	$ -	$ -	$6,112
Financial statements translation differences of foreign operations	48,883	-	82,285	-	131,168
Provision for inventory valuation loss	60,685	9,248	-	(2,142)	67,791
Investments loss under the cost approach	773	3,477	-	-	4,250
Impairment losses from property, plant and equipment	69,900	(4,123)	-	-	65,777
Timing differences in recognition of cost and sales revenue	48,478	(12,780)			35,698
Book-tax difference for depreciation	64,393	(4,563)	-	-	59,830
Net defined benefit liabilities	182,880	(22,194)	(811)	-	159,875
Remeasurement of defined benefit plans	4,411	-	7,123	-	11,534
Loss carryforwards	53,813	1,330	-	-	55,143
Others	29,112	(16,528)	-	(26)	12,558
Subtotal	$569,580	($46,273)	$88,597	($2,168)	$609,736
Deferred income tax liabilities					
Temporary differences					
Unrealized exchange gains	($3,808)	$3,774	$ -	$ -	($34)
Financial statements translation differences of foreign operations	(2,965)	-	2,965	-	-
Gain (loss) of investments accounted for using equity method	(102,951)	(124,192)	-	-	(227,143)
Timing differences in recognition of cost and sales revenue	(5,625)	5,625	-	-	-
Subtotal	($115,349)	($114,793)	$2,965	$ -	($227,177)
Total	$454,231	($161,066)	$91,562	($2,168)	$382,559

4.Items not recognized as deferred income tax assets:

Item	December 31, 2018	December 31, 2017
Loss from investment accounted for using equity method	$643,658	$579,446
Loss of investments under the cost approach	48,499	41,224
Loss carryforwards	929,509	713,223
Others	96,992	65,723

5.The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2016.

6.35 Other Comprehensive Income

	2018		
Item	Before tax	Income tax expense (benefit)	After tax
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans	($32,943)	$12,816	($20,127)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	5,241	-	5,241
Share of associates and joint ventures accounted for using equity method			
Remeasurement of defined benefit plans	(72)	(9,773)	(9,845)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	30,103	-	30,103
Subtotal	$2,329	$3,043	$5,372
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	($125,682)	$61,875	($63,807)
Share of associates and joint ventures accounted for using equity method			
Exchange differences on translation of foreign financial statements	74,303	(37,175)	37,128
The effective portion of gains (losses) on financial instruments designated as cash flow hedges	295	-	295
Subtotal	($51,084)	$24,700	($26,384)
Recognized in other comprehensive income	($48,755)	$27,743	($21,012)

Item	2017 Before tax	2017 Income tax expense (benefit)	2017 After tax
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans	$2,578	($811)	$1,767
Share of associates and joint ventures accounted for using equity method	(30,121)	7,123	(22,998)
Subtotal	($27,543)	$6,312	($21,231)
Items that may be reclassified subsequently to profit or loss:			
Unrealized valuation gain (loss) on available-for-salefinancial assets	($1,665)	$ -	($1,665)
Financial statements translation differences of foreign operations	(337,699)	40,842	(296,857)
Share of associates and joint ventures accounted for using equity method			
Financial statements translation differences of foreign operations	(232,908)	44,408	(188,500)
Unrealized valuation gain (loss) on available-for-sale financial assets	8,730	-	8,730
The effective portion of gain (loss) on financial instruments designated as cash flow hedges	(5,103)	-	(5,103)
Subtotal	($568,645)	$85,250	($483,395)
Recognized in other comprehensive income	($596,188)	$91,562	($504,626)

6.41 Earnings Per Share

Item	2018	2017
Net income attributable to shareholders of parent company	$308,506	$1,367,405
Less: Dividends for preferred shares	-	-
Net income attributable to shareholders of common stocks (A)	$308,506	$1,367,405
Weighted average number of outstanding shares (thousand shares)	1,875,811	1,821,176
Weighted average number of shares outstanding after retrospective adjustment (shares in thousands) (B)	1,875,811	1,875,811
Basic earnings per share (after tax) (NT$)(A)/(B)	$0.16	$0.73

The Company's shareholders' meeting held on June 21, 2018 had resolved to capitalize earnings and issue 54,635 thousand new shares . The record date for capital increase was set on August 29, 2018. After retrospective adjustment for 2017, the number of such shares was 1,875,811thousand shares

6.42 Business Combination

2018：

1.Acquisition of subsidiaries

Name	Date of Acquisition	Ownership interest with voting power/Acquisition percentage (%)	Consideration Transferred
Asiamax Mining Indonesia	May 23, 2018	100%/100%	$38,542
Lien-Hung Mining Co., Ltd.	September 30, 2018	90%/41%	239,208

Purposes and means of acquiring the aforementioned subsidiaries by the Group are stated as follows：

(1) Asiamax Mining Indonesia

In consideration of long-term operation development and a diversified investment strategy, the Group acquired 100% shares of Asiamax Mining Indonesia, constituting a control. Therefore, Asiamax Mining Indonesia is consolidated into the consolidated financial statements.

(2) Lien-Hung Mining Co., Ltd.

In consideration of long-term operation development and a diversified investment strategy, the Group acquired 49% shares of Lien-Hung Mining Co., Ltd. in cash in 2014, followed by a purchase of another 41% shares (Note) of which in September 2018. Since the total shares acquired have reached 90% and constituted a control, such company is included into the consolidated financial statements. In addition, the Group acquired additional 10% shares (Note) in December 2018, resulting in the changes in its shareholdings to 100%

(Note)Due to legal restriction within the local jurisdiction, the shares are registered temporarily under the name of a third-party; in order that the rights be secured, the third-party has pledged all shares under his/her name to the Group through a contract agreement.

2.Assets acquired and liabilities assumed upon acquisition date

	Asiamax Mining Indonesia	Lien-Hung Mining Co., Ltd.	Total
Current assets			
Cash and cash equivalents	$4,583	$21,941	$26,524
Other receivables	26	-	26
Inventory	-	51,405	51,405
Prepayments	1,091	9,697	10,788
Non-current assets			
Intangible assets	-	454,188	454,188
Property, plant and equipment	47,943	42,721	90,664
Deferred income tax assets	-	9,068	9,068
Refundable deposits	-	3,329	3,329
Current liabilities			
Provisions - current	-	3,577	3,577
Other payables	15,101	3,448	18,549
Contract liability	-	34,650	34,650
Identifiable net assets	$38,542	$550,674	$589,216

3.Goodwill arising out of acquisition

	Asiamax Mining Indonesia	Lien-Hung Mining Co., Ltd.	Total
Consideration transferred	$38,542	$239,208	$277,750
Add: Fair value of previously held equity on acquisition date	-	258,675	258,675
Non-controlling interests	-	52,791	52,791
Less: Fair value of obtained identifiable assets	38,542	550,674	589,216
Goodwill arising out of acquisition	$ -	$ -	$ -

4.Net cash outflows from the acquisition of subsidiaries

	Asiamax Mining Indonesia	Lien-Hung Mining Co., Ltd.	Total
Consideration paid in cash	$38,542	$239,208	$277,750
Less: Prepaid investment		(220,851)	(220,851)
Balance of cash and cash equivalents acquired	(4,583)	(21,941)	(26,524)
Net cash outflows (inflows)	$33,959	($3,584)	$30,375

5.Between the acquisition date and the end of 2018, revenue from the aforementioned subsidiaries was $45,325 thousand.

6.If the business combination had occurred at the beginning of the year, the Group’s pro forma operating revenue would have been $73,958,431 thousand.

2017：

1.Acquisition of subsidiaries

Name	Date of Acquisition	Ownership interest with voting power/Acquisition percentage (%)	Consideration Transferred
Lien-Heng Mining Co., Ltd.	August 1, 2017	75%/-	$9,371(Note)

Note: Transferred from prepaid investment.

Purposes and means of acquiring the aforementioned subsidiaries by the Group are stated as follows：

(1) Lien-Heng Mining Co., Ltd.

In consideration of long-term business development and the investment strategy of diversified management, the Group acquired from the Indonesian shareholders 75% shares of Lien-Heng Mining Co., Ltd. corporation in 2014. However, due to the failure to obtain the permits for manufacture and management, which hindered the transfer of Lien-Heng Mining Co., Ltd.’s major business to the Group, the Group recognized such investment as prepaid investment. In August 2017, Lien-Heng Mining Co., Ltd. was consolidated into the Group’s financial statements due to that the permits for mining and exploration had been obtained, a sign constituting control by the Group over Lien-Heng Mining Co., Ltd.

2.Assets acquired and liabilities assumed upon acquisition date

	Lien-Heng Mining Co., Ltd.
Current assets	
Cash and cash equivalents	$13
Other non-current assets	22,838
Current liabilities	
Other payables	11,413
Identifiable net assets	$11,438

3.Goodwill arising out of acquisition

	Lien-Heng Mining Co., Ltd.
Consideration transferred	$9,371
Add: Fair value of previously held equity on acquisition date	-
Non-controlling interests	2,067
Less: Fair value of obtained identifiable assets	(11,438)
Goodwill arising out of acquisition	$ -

4.Net cash outflows from the acquisition of subsidiaries

	Lien-Heng Mining Co., Ltd.
Consideration paid in cash	$ -
Balance of cash and cash equivalents acquired	(13)
Net cash outflows (inflows)	$(13)

5.Between the acquisition date and the end of 2017, revenue from the aforementioned subsidiaries was $0 thousand.

6.If the business combination had occurred at the beginning of the year, the Group’s pro forma operating revenue would have been $71,158,662 thousand.

6.43 Transactions with Non-controlling Interests

1.Acquisition of additional equities in subsidiaries

2018：

Between January and December, 2018, the Group had purchased in cash additional equities of 10%, 0.56%, 25% (Note), 10% (Note), and 0.3% for the subsidiaries, Da Yao Engineering & Consulting Co., Ltd., EMMT Systems Corporation, Lien-Heng Mining Co., Ltd., Lien-Hung Mining Co., Ltd., and Yieh Hsing Enterprise Co., Ltd. with $2,236 thousand, $1,917 thousand, $15,612 thousand, $123,542 thousand, and $7,647 thousand, resulting in the changes in its shareholding percentage from 50% to 60%, 85.02% to 85.58%, 75% to 100%, 90% to 100%, and 56.43% to 56.73%, respectively. Since the said transaction did not change the Group's control over the said subsidiaries, it is deemed as an equity transaction.

	Da Yao Engineering & Consulting Co., Ltd.	EMMT Systems Corporation	Lien-Heng Mining Co., Ltd.	Lien-Hung Mining Co., Ltd.	Yieh Hsing Enterprise Co., Ltd.
Carrying amount of non-controlling interests acquired	$2,234	$2,121	($2,057)	$40,285	$9,961
Consideration paid to non-controlling interests	(2,236)	(1,917)	(15,612)	(123,542)	(7,647)
Difference between the price received from acquisition or disposal of a subsidiary and its book value	($2)	$204	($17,669)	($83,257)	$2,314

Note：Due to legal restriction within the local jurisdiction, the shares are registered temporarily under the name of a third-party; in order that the rights be secured, the third-party has pledged all shares under his/her name to the Group through a contract agreement.

2017：

Between January and December, 2017, the Group had purchased in cash additional equities of 45%, 16.06%, 0.04%, 26.92%, and 0.07% in the subsidiaries, Kuo Chang Enterprise Co., Ltd., United Brightening DevelopmentCorp., Yieh Hsing Enterprise Co., Ltd., Tycoons Steel International Co., Ltd. (TSI), and EMMT Systems Corporation with $479,467 thousand, $275,217 thousand, $1,132 thousand, $106,470 thousand, and $254 thousand, resulting in the changes in its shareholding percentage from

54.04% to 99.04%, 79.5% to 95.56%, 56.39% to 56.43%, 67.31% to 94.23%, and 84.95% to 85.02%, respectively. Since the said transaction did not changethe Group's control over the said subsidiaries, it is deemed as an equity transaction.

	Kuo Chang Enterprise Co., Ltd.	United Brightening Development Corp.	Yieh Hsing Enterprise Co., Ltd.	TSI	EMMT Systems Corporation
Carrying amount of non-controlling interests acquired	$574,790	$309,749	$1,310	$107,673	$253
Consideration paid to non-controlling interests	(479,467)	(275,217)	(1,132)	(106,470)	(254)
Difference between the price received from acquisition or disposal of a subsidiary and its book value	$95,323	$34,532	$178	$1,203	($1)

2. The Group failed to subscribe to the cash offering by subsidiaries in proportion to its shareholding percentage

2018：None.

2017：

The Group failed to subscribe to the cash offering by the subsidiary, Hong Yuh Assets Management Co.,Ltd., in February, 2017, resulting in an increase of its shareholding percentage from 67.27% to 80%. Since the said transaction did not change the Group's control over the said subsidiary, it is deemed as an equity transaction:

	Hong Yuh Assets Management Co., Ltd.
Share of equity of subsidiaries' net assets computed using relative equity changes	$327,004
Subscription in cash	(350,000)
Recognized changes in ownership interests in subsidiaries accounted for using equity method	($22,996)

7. RELATED PARTY TRANSACTIONS

7.1 Parent and ultimate controlling party.

The Company is the ultimate controlling party of the Group.

7.2 Names of related parties and relationship categories

Name of related party	Related party categories
Yieh United Steel Corp.	Associates
Yieh Mau Corp.	Associates
Synn Industrial CO., Ltd.	Associate (all shares were disposed of in May, 2018)
Asiazone Co., Ltd.	Associates
Skylark Hot Spring & Resort Corp.	Associates
Zheng Xin Security Co., Ltd.	Associates
Eliter International Corp.	Associates
Unipattern Corporation Co.,Ltd.	Associates
E-Da Bus Transportation Co., Ltd.	Associates
E-Da Development Corp.	Associates
E United Japan Co., Ltd.	Associates
Lien-Hung Mining Co., Ltd.	Associates (which has become a subsidiary in September 2018)
Yieh Hong Enterprise Co., Ltd.	Other related parties
Yieh Mau Corp.	Other related parties
Li-Hsin Co., Ltd.	Other related parties
Yieh Mau Steel Materials Trading (Shanghai) Co., Ltd.	Other related parties
Angang Hanyang (Guangzhou) Stainless Steel Corporation	Other related parties
Angang Lianzhong (Guangzhou) Stainless Steel Corporation	Other related parties
Fujian Lian Wei Logistics Co., Ltd.	Other related parties
Asiamax Mining Indonesia	Other related party (which became a subsidiary in May, 2018)

Name of related party	Related party categories
Unique Step Investments Holding Ltd.	Other related parties
Skylark International Hotel Co., Ltd.	Other related parties
Pacific Harbor Stevedoring Corporation	Other related parties
Royal Palace Hong Kong Style Restaurant Co., Ltd.	Other related parties
Jinghua Commercial Asset Management Limited	Other related parties
I-Hsiang-Le International Co., Ltd.	Other related parties
Yunyu Investment Co., Ltd.	Other related parties
Chiao-Ling Leisure Co., Ltd.	Other related parties
New Spring Construction Corp.	Other related parties
E-Da Royal Hotel Company Ltd.	Other related parties
E-Da Hospital	Other related parties
I-Shou University	Other related parties
I-Shou University Internship Center	Other related parties
Muzee Corporation	Other related parties
Long Hua Travel Services Co., Ltd.	Other related parties
Yi Shou Lin	Other related parties

7.3 Significant transactions with related parties

Balance and transactions between the Company and subsidiaries (i.e., related parties) were eliminated and not disclosed when preparing such consolidated financial statements. Disclosure of related party transactions are as follows:

1. Operating revenue

Item	Related party category	2018	2017
Sales revenue	Associates	$3,009,745	$3,303,136
	Other related parties	2,959,872	1,304,156
	Total	$5,969,617	$4,607,292

Item	Related party category	2018	2017
Construction revenue	Associates	3,706	2,779
	Other related parties	223,187	542,255
	Subtotal	226,893	545,034
	Less: construction revenue that are eliminated in consolidation	(99,650)	(437,237)
	Total	$127,243	$107,797

(a) Selling price to the Group's related parties, including hot rolled steel coils, galvanized steel coils, scraps (bars), etc. and trading terms are the same with those to other customers. Payment periods were within one to two months.

(b) Selling price of hot-rolled steel coil and nickel laterite ores to related parties are set by reference to the purchase price of a non-related party as a trading counterparty. Payment term is 3 months.

(c) Selling price of carbon steel and steel scraps to related parties are set with reference to the purchase price of a non-related party as a trading counterparty. Payment term is monthly, and closes in 15 days.

(d) The construction contracts between the Group and above-mentioned related parties were established at prices negotiated by both parties. Contract proceeds were collected according to the collection clauses stated in these contracts. Unless agreed on by both parties, payments cannot be delayed.

(e) Since the Group contracted from and sub-contracted to related parties a portion of steel construction engineering at the same time, where the construction engineering belonged to the same project, the accounting treatment of which was deemed the same as such project would have been managed and supervised by other related parties. In 2018 and 2017, the eliminated construction revenue was $99,650 thousand and $437,237 thousand, respectively.

2. Purchases

Related party category	2018	2017
Associates：		
Yieh United Steel Corp.	$5,705,975	$5,448,009
Others	198,109	-
Other related parties	3,106,056	3,698,952
Total	$9,010,140	$9,146,961

Items purchased by the Group from above related parties were mainly stainless billets and carbon steel billets. The purchase prices are similar to that offered to other suppliers. Payment term is LC at sight (not significantly different than terms to other suppliers) or T/T before shipment or payment is due 120 days from invoices issued.

3. Contract assets

Related party category	December 31, 2018
Associates	$2,856
Other related parties	35,563
Total	$38,419
Less: Loss allowance	-
Net	$38,419

4. Contract liability

Related party category	December 31, 2018
Other related parties	$65,212

5. Receivables from related parties (excluding loans to related parties and Contract assets)

Accounting Item	Related party category	December 31 2018	December 31 2017
Notes receivable	Associates	$1,102	$7
	Other related parties	23	798
	Total	$1,125	$805
	Less: Loss allowance	-	-
	Net	$1,125	$805
Accounts receivable	Associates：		
	Asiazone Co., Ltd.	403,413	241,861
	Others	142,403	204,122
	Other related parties：		
	Fujian Lian Wei Logistics Co., Ltd.	451,554	311,465
	Others	170,511	3,474
	Total	$1,167,881	$760,922
	Less: Loss allowance	(1,867)	(1,014)
	Net	$1,166,014	$759,908
Contract assets receivable	Associates	$ -	$2,167
	Other related parties：		
	New Spring Construction Corp.	-	190,033
	Total	$ -	$192,200
	Less: Loss allowance	-	-
	Net	$ -	$192,200
Other receivables	Associates：		
	Yieh United Steel Corp.	$28,176	$17,551
	Others	50	725
	Other related parties：		
	Yi Shou Lin	-	15,697
	Others	5,422	35,487
	Total	$33,648	$69,460
	Less: Loss allowance	-	-
	Deferred gain from disposal of land	-	(19,399)
	Net	$33,648	$50,061

For deferred gain from disposal of land, please refer to Note 6.6.

6. Payables to related parties (excluded loans from related parties)

Accounting Item	Related party category	December 31 2018	December 31 2017
Notes payable	Associates	$472	$1,244
	Other related parties	6,884	2,815
	Total	$7,356	$4,059
Accounts payable	Associates	$102,948	$322
	Other related parties	13,357	11,977
	Total	$116,305	$12,299
Other payables	Associates	$22,385	$13,947
	Other related parties	2,595	108,611
	Total	$24,980	$122,558
Advance receipts	Other related parties	$69	$110

7. Prepayments

Related party category	December 31 2018	December 31 2017
Other related parties	$97,196	$77,217
Associates	1,665	16
Total	$98,861	$77,233

8. Asset transaction

(1)Acquisition of property, plant and equipment:

2018:

Type of related party	Transaction target	Transaction amount
Other related parties：		
New Spring Construction Corp.	Construction-in-progress (Note 1)	$879,526
Others	Other equipment (Note 2)	52
Associates	Prepayments for business equipment (Note 2)	85,882

(Note 1) The above-mentioned transaction price was by reference to appraisal reports offered by professional institutions, and were agreed on by both parties upon negotiation. As of December 31, 2018, the unpaid portion was $19,242 thousand.

(Note 2) The above-mentioned transaction price was agreed on by both parties upon negotiation with reference to appraisal reports. As of December 31, 2018, the transaction price was fully paid.

2017:

Type of related party	Transaction target	Transaction amount
Other related parties：		
New Spring Construction Corp.	Construction-in-progress (Note 1)	$1,222,764
Others	Transportation equipment (Note 2)	315
Associates	Machinery (Note 2)	844

(Note 1) The above-mentioned transaction price was by reference to appraisal reports offered by professional institutions, and were agreed on by both parties upon negotiation. As of December 31, 2017, the unpaid portion was $71,035 thousand.

(Note 2) The above-mentioned transaction price was agreed on by both parties upon negotiation with reference to appraisal reports. As of December 31, 2017, the transaction price was fully paid.

(2)Disposal of property, plant and equipment:

2018: None.

2017:

Type of related party / Name	Transaction target	Transaction amount	Gains or loss on disposal
Other related parties	Other equipment	$126	$2

The above-mentioned transaction price was agreed on by both parties upon negotiation. As of December 31, 2017, all the transaction amount was fully paid.

(3)Acquisition of investment properties: None.

(4)Disposal of investment properties: None.

(5)Acquisition of financial assets: None.

(6)Disposal of financial assets: None.

(7)Acquisition of other assets:

2018:

Type of related party / Name	Transaction target	Transaction mount
Other related parties / Unique Step Investments Holding Ltd.	38 thousand shares of Asiamax Mining Indonesia.	$38,542

The above-mentioned transaction price of shares was agreed on by both parties upon negotiation with reference to the net worth per share of the investees. As of December 31, 2018, the transaction price was fully paid.

2017:

Type of related party / Name	Transaction target	Transaction mount
Associate		
Yieh United Steel corp.	42,925 thousand shares of Kuo Chang Enterprise Co., Ltd.	$479,467
Yieh United Steel corp.	21,843 thousand shares of United Brightening Development Corp.	275,217
Yieh United Steel corp.	14,000 thousand shares of Tycoons Steel International Co., Ltd.	106,470

The above-mentioned transaction price of shares was agreed on by both parties upon negotiation with reference to the net worth per share of the investees. As of December 31, 2017, the transaction price was fully paid.

(8)Disposal of other assets: None

9. Loans to related parties: None.
10. Loans from related parties: None.
11. Endorsements and guarantees: None.
12. Others

(1)Miscellaneous income

Related party category	2018	2017
Associates	$26,741	$25,154
Other related parties	1,556	3,683
Total	28,297	28,837

These are mainly technical service income, and rent income. The rent price is determined by contract and received monthly or quarterly

(2)Miscellaneous expenses

Related party category	2018	2017
Associates	$58,674	$63,838
Other related parties	144,622	155,826
Total	203,296	219,664

These are mainly service charges, export expenses, and rent expense. The rent price is determined by contract and paid monthly or quarterly.

(3)Construction contracts

(a)Unfinished construction contracts with related parties as of December 31, 2018 were as follows:

Type of related party / Name	Name of onstruction	Total contract price	contract receivable / payable
Associates	Flue pipe installation construction	$8,975	$2,856/ -
Other related parties：			
New Spring Construction Corp.	Above-ground structures construction for E-Da Asia Commercial Plaza, etc.	3,430,491 (Note)	35,563/56,245

(b)Unfinished construction contracts with related parties as of December 31, 2017 were as follows:

Type of related party / Name	Name of construction	Total contract price	Construction contract receivable/ payable
Associates	LED screen construction, etc..	3,300	2,167/ -
Other related parties：			
New Spring Construction Corp.	Above-ground structures construction for E-Da Asia Commercial Plaza, etc.	1,965,123 (Note)	190,033/ -

(Note) As stated in Note 7.3. 1. (E), where the Group contracts from and sub-contracts to related parties the same construction project, the accounting treatment of which is deemed the same as such construction project would have been commissioned to other related parties to manage and supervise.

(4)Where the Group participated in the cash offering by related parties and consequently increased its investment are disclosed as follows:

2018:

Investee	Investment Increment: Shares (thousand shares)	Investment Increment: Amount	Shareholding Percentage: Before Offering	Shareholding Percentage: After Offering
Associates：				
Eliter International Corp.	26,133	261,338	(Note1)	(Note1)
E-Da Development Co., Ltd.	34,384	343,841	(Note1)	(Note1)

(Note1) Subscription to associates' preferred stock, and listed as financial assets measured at financial assets at fair value through profit or loss.

2017:

Investee	Investment Increment: Shares (thousand shares)	Investment Increment: Amount	Shareholding Percentage: Before Offering	Shareholding Percentage: After Offering
Associates：				
Yieh United Steel Corp.	29,268	204,876	29.31%	29.08%
Eliter International Corp.	34,845	348,450	(Note2)	(Note2)
Other	760	7,600	-	38.00%
Other	1,500	15,000	41.11%	43.33%
Other related parties：				
Skylark International Hotel Co., Ltd.	6,840	68,397	13.68%	13.68%

(Note2) Subscription to associates' preferred stock, and listed as financial assets measured at debt investments with no active market.

7.4 Information about remunerations to the major management:

Item	2018	2017
Salary and other short-term employee benefits	$96,247	$90,443
Benefits after retirement	1,221	1,281
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	$97,468	$91,724

8. PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

Item	December 31, 2018	December 31, 2017
Pledged demand deposits	$485,078	$417,392
Pledged time deposits	596,776	790,632
Subtotal of other financial assets - current	$1,081,854	$1,208,024
Pledged demand deposits	$67,590	$62,970
Pledged time deposits	46,857	857
Sub-total of other financial assets - non-current	$114,465	$63,827
Property, plant and equipment (net)	$21,055,755	$22,230,058
Long-term prepaid rent - land-use right (including current portion)	62,176	65,373
Investment properties	657,514	865,317
Investments accounted for using equity method	1,374,566	1,557,457
Accounts receivable	79,170	132,861
Total	$24,425,500	$26,122,917

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Guarantee notes issued to banks for loans, purchases, contract performance, and warranty totaled $50,099,480 thousand and $49,601,183 thousand as at December 31, 2018 and 2017, respectively.

(2) The unused letters of credit as of December 31, 2018 and 2017 are as follows:

Item	December 31, 2018	December 31, 2017
L/C Amount		
	USD 22,658	USD 19,998
	NTD 806,684	NTD 563,351
	JPY 13,180	JPY 508
	-	EUR 120
	-	AUD 13

(3) As of December 31, 2018 and 2017, letters of credit used by the Group for its contract performance and creditor's right on loans totaled $431,820 thousand and $365,379 thousand, respectively.

(4) As of December 31, 2018 and 2017, guarantee letters of credit by the Group for export business totaled $9,100 thousand and $4,300 thousand, respectively.

(5) As of December 31, 2018, and December 31, 2017, guarantee provided by banks for performance and warranty of the Group amounted to $212,161 thousand, and $12,930 thousand, respectively.

(6) The Group entered into raw material purchase agreements with suppliers of billets, including MUKAND, EAST, and OUTOKUMPU. The price was agreed on by both parties upon negotiation. As of December 31, 2018, the unperformed portion totaled 9,145 tons, amounting to $147,664 thousand.

(7) Capital expenditures committed but not yet incurred are as follows:

Item	December 31, 2018	December 31, 2017
Property, plant and equipment	$4,097,733	$4,788,422

(8) Establishment of important construction contracts

(a) As of December 31, 2018, estimated total contract costs, contract costs paid, and expected completion dates for contracts of an amount over $150,000 thousand signed but not completed are summarized below:

Type of construction	Contract price /Total estimated construction cost	Construction cost paid /Completion %	Expected year of completion /Accumulated profit or loss recognized
Construction of international multi-purpose business building with Hwa Xung Kee Ta(Note 1)	217,362 217,428	213,628 98.25%	2019 (66)
Construction and installation of 40T*42M tracked overhead container crane for China Container Transport at pier 10 and 11 of Taichung Harbor (Note 2)	202,300 203,114	199,082 98.01%	2019 (814)
Construction of E-Da Empire Buildings by New Springb Construction Corp. (Note 3)	154,688 142,907	129,517 90.63%	2019 10,678

Type of construction	Contract price /Total estimated construction cost	Construction cost paid /Completion %	Expected year of completion /Accumulated profit or loss recognized
Manufacture and installation of overhead cranes sized 300t(150t+150t)*43m for the Wind Power Department of Century Iron and Steel Industrial Co. Ltd.	205,000 201,019	19,217 9.56%	2019 381
6 40T-gantry cranes for storage in the rear area at Wharf No. 120 of Kaohsiung Harbor (Note 4)	311,100 260,717	258,917 99.31%	2019 50,035
Construction of phase 1 Pangu buildings by Greaten Construction Co., Ltd.	220,806 224,596	138,606 61.71%	2019 (3,790)
Manufacturing and installation of 13 overhead cranes, their steel tracks and safety electric bus-way for GMTC steel furnace plant at Liuying	313,600 312,494	147,495 47.20%	2019 522
YKK Taiwan's Chungli Plant No.2 construction project by Chung Lu Construction	331,610 331,262	281,545 84.99%	2019 296
Development project phase 1 of district C of the core area of Shalun Smart Green Energy Science City by Reiju Construction	259,065 257,640	153,812 59.70%	2019 851
Construction of E-Da Empire Buildings by New Spring Construction Corp. Steel structure engineering	1,320,433 1,280,441	85,104 6.65%	2020 2,659

(Note 1):Contract amount increased by $626 thousand and construction cost decreased by $944 thousand during the period.

(Note 2):Construction cost decreased by $4,992 thousand during the period.

(Note 3):Contract amount increased by $10,288thousand and construction cost decreased by $49 thousand during the period.

(Note 4):Construction cost decreased by $16,951 thousand during the period.

(b) As of December 31, 2017, estimated total contract costs, contract costs paid, and expected completion dates for contracts of an amount over $150,000 thousand signed but not completed are summarized below:

Type of construction	Contract price /Total estimated construction cost	Construction cost paid /Completion %	Expected year of completion /Accumulated profit or loss recognized
Construction of international multi-purpose business building with Hwa Xung Kee Ta (Note 1)	216,736 218,372	213,626 97.83%	2018 (1,636)
Construction and installation of 40T*42M tracked overhead container crane for China Container Transport at pier 10 and 11 of Taichung Harbor	202,300 208,106	112,670 54.14%	2018 (5,806)
YKK Taiwan's Chungli Plant No.3 construction project by Chung Lu Construction Co., Ltd. (Note2)	258,773 255,515	246,942 96.64%	2018 3,148
Main structure of the commercial building at Banciao by Sun Pao Tsun Construction Co., Ltd. (Note 3)	154,930 162,395	160,166 98.63%	2018 (7,465)
6 40T-gantry cranes for storage in the rear area at Wharf No. 120 of Kaohsiung Harbor (Note 4)	311,100 277,668	257,168 92.62%	2018 30,964
Construction of E-Da Empire Buildings by New Spring Construction Corp.	144,400 142,956	103,968 72.73%	2019 1,050
Construction of phase 1 Pangu buildings by Greaten Construction Co., Ltd.	220,806 224,596	53,543 23.84%	2019 (3,790)

(Note 1):Contract amount increased by $2,958 thousand and construction cost increased by $1,772 thousand during the period.

(Note 2):Contract amount increased by $5,000 thousand and construction cost increased by $2,913 thousand during the period.

(Note 3):Contract amount increased by $461 thousand and construction cost decreased by $6,706 thousand during the period.

(Note 4):Construction cost decreased by $25,903 thousand during the period.

(9) Operating lease agreements:

As a lessee:

The Group has leased assets including Yulin Section (Qiaotou plant) under an operation lease agreement with a term from 1996 to 2050. The Group has the right to renew the lease upon expiration. Lease expense amounted to $21,920 thousand and $24,427 thousand for 2018 and 2017, respectively. Moreover, total future minimum lease payable due to irrevocable contracts is as follows:

Item	December 31, 2018	December 31, 2017
No more than 1 year	$14,080	$9,706
More than 1 year but no more than 5 years	17,550	15,577
Over 5 years	67,366	68,482
Total	98,996	93,765

(10) Great Emperor Hotel Co., Ltd. and Kings garden International Co., Ltd., two subsidiaries, entered syndicated loan agreements with Land Bank of Taiwan and First Commercial Bank in August 2014. According to the contract, the Company and its related parties shall jointly hold more than 50% of Kings garden International Co., Ltd. and Great Emperor Hotel Co., Ltd.'s issued shares and gain the majority of directors' seats at all times. The Group held 100% of Kings garden International Co., Ltd. and Great Emperor Hotel Co., Ltd. and acquire all directors' seats of both companies as of December 31, 2018.

(11) On November 8, 2018, the Company sold to San-Hsin Crop. (1) Land No. 0001-0002 in Pingbei Section, Jiadong Township, Pingtung County; (2) Land No. 0001-0027 in Pingnan Section, Fangliao Township, Pingtung County; and (3) buildings located on building No. 25 in Pingnan Section, Fangliao Township, Pingtung County. The total contract price is $625 million, from which the expected disposal gain of $402 million is derived. The afore-mentioned transaction price is determined by both parties upon negotiation by reference to the appraisal report made by Euro-Asia Asset Evaluation Group. As of December 31, 2018, contract deposits in the amount of $62,423 thousand have been collected. The ownership transfer will be completed in accordance with the scheduled payment terms as stipulated in the contracts.

10. SIGNIFICANT DISASTER LOSS

The Company's Rolling Plant No. 3 was caught on fire in April 2018, resulting in damage of part of the equipment therein. The carrying amount of the damaged equipment was $85,048 thousand. Aside from recognizing deductible for fire loss of $7,000 thousand (presented under non-operating - other gains and losses), an insurance claim receivable for the damaged part in the amount of $78,048 thousand was also recognized. In addition, according to the terms and conditions set forth in the insurance policy, the insurance company needs to compensate for fully-damaged equipment according to their replacement cost. The claims operation is under way.

11. SIGNIFICANT SUBSEQUENT EVENTS

In order to improve the financial structure, Yieh Hsing Enterprise Co., Ltd. signed a joint credit contract with 10 banks including Mega International Commercial Bank in February 2019 for a loan amount of $2,875,000 thousand to repay the old joint loan and enrich the working capital. The loan period from 2019 to 2024, which is 5 years**.**

12. OTHERS

(1) Capital risk management

As the Group needs to maintain sufficient capital to meet the needs for expansion and plant and equipment improvement, capital management of the Group focuses on ensuring there are sufficient financial resources and operating plans to meet the demands for operating capital, capital expenditure, research and development expense, loan repayment and dividend distribution in the next 12 months.

(2) Financial Instruments

(1) Financial risk of financial instruments

i. Financial risk management policies

The Group's daily operations are affected by various financial risks, e.g. market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk. The Group is devoted to identify, assess and avoid market uncertainties in order to eliminate the potential adverse effects of market changes on the financial performance.

Before engaging in significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. While the financial plan is underway, the Group shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

ii.The nature and degree of significant financial risks

A.Market risks

(A)Foreign exchange rate risk

The Group is exposed to exchange rate risk arising from the sales, purchases and borrowings in currencies other than the Group's functional currency, as well as from net investment of foreign operations. Functional currencies adopted by entities within the Group mainly comprise New Taiwan Dollars, with few RMB , USD, and IDR. However, such transactions are denominated mainly in RMB and USD. To avoid a decrease in the value of assets dominated in foreign currency and volatility in future cash flows due to changes in exchange rates, the Group hedges the exchange rate risk with foreign-currency borrowings and derivative financial instruments .Those derivative financial instruments can diminish but not completely eliminate the impacts of changes in exchange rate. As net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

a. Exchange rate exposure and sensitivity analysis

			December 31, 2018			
				Sensitivity Analysis		
	Amount in Foreign Currency	Exchange rate	Presented amount (New Taiwan Dollars)	Range of change	Effects on profitor loss	Effects on Equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	51,255	30.715	1,574,508	Up 1%	15,745	-
USD:RMB	52,912	6.8632	1,625,178	Up 1%	16,252	-
RMB:USD	32,895	0.1457	147,216	Up 1%	1,472	-
Investments accounted for using equity method						
USD:NTD	24,176	30.715	742,578	Up 1%	-	7,426
Financial liabilities						
Monetary items						
USD:NTD	14,560	30.715	447,195	Up 1%	(4,472)	-
USD:RMB	165,044	6.8632	5,069,332	Up 1%	(50,693)	-
EUR:RMB	3,072	7.8650	107,895	Up 1%	(1,079)	-

			December 31, 2017			
				Sensitivity Analysis		
	Amount in Foreign Currency	Exchange rate	Presented amount (New Taiwan Dollars)	Range of change	Effects on profitor loss	Effects on Equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	90,760	29.760	2,700,101	Up 1%	27,001	-
USD:RMB	57,960	6.5079	1,724,905	Up 1%	17,249	-
RMB:USD	40,473	0.1536	185,079	Up 1%	1,851	-
USD:IDR	66,191,403	13,555	145,693	Up 1%	1,457	-
Investments accounted for using equity method						
USD:NTD	32,401	29.760	964,255	Up 1%	-	9,643
Financial liabilities						
Monetary items						
USD:NTD	10,008	29.760	297,831	Up 1%	(2,978)	-
USD:RMB	164,995	6.5079	4,910,239	Up 1%	(49,102)	-

If NTD appreciates against the above-mentioned currencies, held all other variables constant, the impact generated as of December 31, 2018 and 2017 would stay the same with the reverse result.

Note: Referring to non-functional currency of the respective consolidated entities denominated in foreign currency, including inter-group transaction items that have been written off, and exchange risks that can not be fully written off.

b. Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) from the Group's monetary items amounted to $(79,757) thousand and $28,795 thousand for the years ended December 31, 2018 and 2017, respectively.

(B) Price risk

2018

Since the Group's investment in securities is classified as financial assets at FVTPL or financial assets at FVTOCI on the consolidated balance sheet, the Group does not expose to price risks of securities. The Group mainly invests in domestic listed and unlisted stocks and beneficiary certificates. The price of such securities can be affected by changes in future value of those investment targets.

If the security price goes up or down by 1%, the post-tax profit or loss for the year ended December 31, 2018 will increase or decrease by $12,949 thousand due to the increase or decrease of the fair value of financial assets measured at FVTPL. The post-tax other comprehensive income for the year ended December 31, 2018 will increase or decrease by $7,151 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

2017

If the security price goes up or down by 1%, the post-tax profit or loss for the year ended December 31, 2017 will increase or decrease by $595 thousand due to the increase or decrease of the fair value of financial assets measured at FVTPL. The post-tax other comprehensive income for the year ended December 31, 2017 will increase or decrease by $449 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

(C)Interest rate risk

The carrying amount of the Group's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

Item	Carrying Amount	
	December 31, 2018	December 31, 2017
With fair value interest rate risk		
Financial assets	$3,086,190	$2,952,084
Financial liabilities	(837,598)	(989,011)
Net	2,248,592	1,963,073
With cash flow interest rate risk		
Financial assets	$4,186,186	$5,890,875
Financial liabilities	(50,079,544)	(48,793,039)
NET	($45,893,358)	($42,902,164)

a. Sensitivity analysis of those with fair value interest rate risk:

2018

Starting from 2018, the Group classifies its investment in preferred stocks with fixed income as financial assets measured at FVTPL. Fair value of such preferred stock investment changes in line with the interest rate changes in the market. If the market interest rate goes up 1% and other variables are held constant, the profit or loss for the year ended December 31, 2018 will decrease by $30,566 thousand.

2017

The Group does not classify any financial assets and liabilities with fixed interest rate as financial assets measured at FVTPL and/or FVTOCI, neither does it designate any derivatives (interest rate swaps) as hedging instruments under the fair value hedge accounting. Therefore, the fluctuation in interest rate on reporting date will not affect the income and other comprehensive income.

b. Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Group were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase in the market interest will increase (reduce) the net profit by $(458,934) thousand and $(429,022) thousand for the years ended December 31, 2018 and 2017, respectively.

B.Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

Credit risk related to operations

To maintain the quality of accounts receivable, the Group has established the procedures for credit risk management with regards to its operations. Risk assessment on individual customer includes factors that could affect the customer's ability to pay, such as the customer's financial status, the Group's internal credit ratings, historical transactions and current economic conditions.

Financial credit risk

The credit risks of bank deposits and other Financial instruments are measured and monitored by the Group's financial departments. The Group does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Group does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI.

(A) Credit concentration risk

As of December 31, 2018 and 2017 the top ten clients accounted for 42.60% and 46.96% of the Group's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(B) Measurement of expected credit impairment loss - 2018

a. Accounts receivables and contract assets apply the simplified approach. Please refer to Note 6.4. for details.

b. Indications for determining whether the credit risk is increased significantly: None. (The Group does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI.)

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets:

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

December 31, 2018	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	$-	$-	$-	$-	$-
Financial instruments to which the impairment requirements of IFRS 9 are not applicable					
Financial assets at fair value through profit and loss	1,287,196	-	-	-	-
Financial assets measured at FVTOCI	715,117	-	-	-	-
Total	$2,002,313	$-	$-	$-	$-

December 31, 2017	Decreased amount of maximum exposure to credit risks			
	Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Receivables (including related parties)	$-	$-	$1,819,026	$1,819,026

C.Liquidity risk

(A)Liquidity risk management

The Group's objecting in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents, highly-liquid marketable securities and credit lines with banks for daily operations in order to ensure the financial flexibility of the Group.

(B)The table below shows an analysis of the financial liabilities held by the Group with defined repayment terms based on maturity dates and undiscounted payment at maturity:

	December 12, 2018						
Non-derivative financial Liability	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	$ 13,646,952	$2,354,684	$ -	$ -	$ -	$ 16,001,636	$ 16,001,636
Short-term notes and bills payable	840,000	-	-	-	-	840,000	837,598
Notes payable	1,156,399	50	-	-	-	1,156,449	1,156,449
Accounts payable	1,245,748	-	-	-	-	1,245,748	1,245,748
Other payables	1,556,360	869	-	-	-	1,557,229	1,557,229
Long-term loans (including current portion)	1,224,421	2,972,618	12,167,904	12,774,314	5,047,678	34,186,935	34,077,908
Guarantee deposits Received	134	603	284	11,728	2,000	14,749	14,749
Subtotal	$19,670,014	$5,328,824	$12,168,188	$12,786,042	$5,049,678	$55,002,746	$54,891,317
Derivative financial liabilities							
Cross currency swap contracts	$7,437	$-	$-	$-	$-	$7,437	$7,437

	December 12, 2017						
Non-derivative financial Liability	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	$ 13,477,497	$2,348,026	$ -	$ -	$ -	$ 15,825,523	$ 15,825,523
Short-term notes and bills payable	990,000	-	-	-	-	990,000	989,011
Notes payable	1,816,199	295	-	-	-	1,816,494	1,816,494
Accounts payable	1,114,431	-	-	-	-	1,114,431	1,114,431
Other payables	1,629,122	5,025	-	-	-	1,634,147	1,634,147
Long-term loans (including current portion)	2,272,767	1,422,726	4,352,947	20,629,759	4,400,140	33,078,339	32,967,516
Guarantee deposits Received	290	-	-	12,349	2,000	14,639	14,639
Subtotal	$21,300,306	$3,776,072	$4,352,947	$20,642,108	$4,402,140	$54,473,573	$54,361,761
Derivative financial liabilities							
Cross currency swap contracts	$21,033	$-	$-	$-	$-	$21,033	$21,033

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(2) Types of Financial instruments

As of December 31, 2018 and 2017, the carrying amount of the various financial assets and financial liabilities is as follows:

	December 31	
Financial assets	2018	2017
Financial assets measured at amortized cost		
Cash and cash equivalents	$5,522,926	$ -
Notes receivables and accounts receivables (including related parties)	4,807,282	-
Other receivables	274,801	-
Other financial assets - current	1,109,111	-
Refundable deposits	1,350,617	-
Other financial assets - noncurrent	114,465	-
Loans and receivables		
Cash and cash equivalents	-	7,704,425
Notes receivables and accounts receivables (including related parties)	-	4,661,409
Other receivables	-	277,705
Other financial assets - current	-	1,236,064
Refundable deposits	-	69,570
Other financial assets - noncurrent	-	63,827
Financial assets at fair value through profit or loss - current	285,944	49,534
Financial assets at fair value through profit or loss - noncurrent	1,011,252	9,999
Financial assets at fair value through other comprehensive income or loss - noncurrent	715,117	-

Available-for-sale financial assets - noncurrent	-	44,910
Financial assets carried at cost - noncurrent	-	551,462
Bond investments with no active market - noncurrent	-	554,755
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term loans	16,001,636	15,825,523
Short-term notes and bills payable	837,598	989,011
Notes receivables and accounts payable (including related parties)	2,402,197	2,930,925
Other payables (including related parties)	1,557,229	1,634,147
Long-term loans (including current portion)	34,077,908	32,967,516
Deposits received	14,749	14,639
Financial liabilities at fair value through profit or loss - current	7,437	21,033

(3) Fair Value Information:

1. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12(3)3.For fair value of investment property measured at cost, please refer to Note 6.17. For fair value of investments in associates with quoted prices in an open market, please refer to Note 6.11
2. Definition of the three levels in fair value:

   Level 1:

   Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments is included in Level 2.

Level 3

Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments, equity investment without active market and investment property is included in Level 3.

3. Financial instruments not measured at fair value

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, including cash and cash equivalents, accounts receivables, other financial assets, refundable deposits, short term loans, short-term bills payable, accounts payable, long-term loans (including current portion), and deposits received, is the reasonable approximation of their fair value.

4. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Group's fair value hierarchy is disclosed in the following table:

	December 31, 2018			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	$63,093	$10,016	$-	$73,109
Domestic unlisted stocks	-	-	1,221,776	1,221,776
Derivative financial instruments	-	2,311	-	2,311
Financial assets measured at FVTOCI				
Domestic unlisted stocks	-	-	684,067	684,067
Domestic listed stocks	31,050	-	-	31,050
Total	$94,143	$12,327	$1,905,843	$2,012,313

Liabilities:				
Recurring fair value				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	$-	$7,437	$-	$7,437

	December 31, 2017			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	$49,534	$9,999	$-	$59,533
Available-for-sale financial assets				
Equity securities	44,910	-	-	44,910
Total	$94,444	$9,999	$-	$104,443
Liabilities:				
Recurring fair value				
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	$-	$21,033	$-	$21,033

5. Fair value valuation technique for instruments measured at fair value:

(1) The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Group are stated by their natures and types as follows:

a. Listed stocks: closing prices

b. Open-end funds: net worth

(2) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties.

Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.

The fair value of the Group’s holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, quoted prices from a third party, the net worth of an entity and the operating performance.

In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Group does not disclose the quantitative information.

(3) When evaluating financial instruments that are non-standard and with lower complexity, e.g. debt instruments with no active markets, interest rate swaps, foreign exchange swaps and options, the Group adopts valuation techniques that are commonly used by market participants.The parameters used in the valuation models for those financial instruments are normally observable data in the market.

(4) Valuation of derivative financial instruments adopts valuation models that are commonly used by marketparticipants, e.g. discounted cash flows method and option pricing model.

(5) Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group.Therefore, when needed, estimates from the valuation model would be adjusted based on additional parameters, e.g. model risk or liquidity risk.According to the Group's policies of fair value valuation management and relevant control procedures, the Group's management considers that valuation adjustments as being necessary and appropriate for a fair and just presentation of financial and non-

financial instruments on the consolidated balance sheet. Every price data and parameters used in the valuation is reviewed thoroughly and adjusted for current market conditions.

(6) The Group incorporates the adjustment of credit risk assessment into the fair value measurement of financial and non-financial instruments to reflect the credit risk of counter-party and the credit quality of the Group.

6. Transfers between Level 1 and Level 2 fair value hierarchy: None

7. Statement of changes in Level 3 fair value hierarchy:

Item	Investment in unquoted financial instruments
January 1, 2018	$-
Adjustment due to retrospective application of IFRS 9	1,253,273
Addition	605,179
Proceeds from capital reduction	(2,352)
Recognized in profit and loss	30,641
Recognized in other comprehensive income	19,102
December 31, 2018	$1,905,843

8. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified though use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offsetting financial assets and financial liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

A. Significant transactions information

(a) Loans to others: Please see Table 1 attached;

(b) Endorsements and guarantees provided to others: Please see Table 2 attached;

(c) Marketable securities held (excluding investments in subsidiaries and associates) at the end of the period: Please see Table 3 attached;

(d) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached;

(e) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: Please see Table 5 attached;

(f) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: Please see Table 6 attached;

(g) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 7 attached;

(h) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 8 attached;

(i) Information about the derivative financial instruments transaction: Please see Note 6.2. for details;

(j) The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 9 attached;

B. Information on investees (before consolidated elimination): Please see Table 10 attached;

C. Information on investment in mainland China (before consolidated elimination): Please see Table 11 attached.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Loans to Others
For the Year Ended December 31, 2018

TABLE 1

Unit: Thousands of NT Dollar/ Foreign Currency

No.	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan	Transaction amount	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)
													Item	Value		
0	Yieh Phui Enterprise Co., Ltd.	Great Emperor Hotel Co., Ltd.	Other receivables - related party	Y	700,000	–	–	2.50%	2	–	Operating capital	–	–	–	11,115,148 (Note 2)	11,115,148 (Note 1)
0	Yieh Phui Enterprise Co., Ltd.	Kingsgarden International Co., Ltd.	Other receivables - related party	Y	900,000	–	–	2.50%	2	–	Operating capital	–	–	–	11,115,148 (Note 2)	11,115,148 (Note 1)
1	EMMT Systems Corporation	AWID Asia Co., Ltd.	Other receivables - related party	Y	2,000	–	–	–	2	–	Operating capital	–	–	–	184,374 (Note 2)	184,374 (Note 1)
2	Yieh Phui (Hong Kong) Holdings Limited	Yieh Phui (China) Technomaterial Co., Ltd.	Long-term receivable - related party	Y	4,799,547 (RMB 35,700) (USD 149,925)	3,504,535 (RMB 31,080) (USD 109,570)	3,504,535 (RMB 31,080) (USD 109,570)	4.73009%- 9.13483%	2	–	Operating capital	–	–	–	11,115,148 (Note 3)	11,115,148 (Note 3)
3	Yieh Phui (China) Technomaterial Co., Ltd.	Tianjin Lianfa Precision Steel Corporation	Long-term receivable - related party	Y	152,477 (RMB 33,000)	111,883 (RMB 25,000)	111,883 (RMB 25,000)	4.00%	2	–	Operating capital	–	–	–	11,115,148 (Note 3)	11,115,148 (Note 3)
4	Good Honor Holdings Ltd.	Yieh Phui (Hong Kong) Holdings Limited	Long-term receivable - related party	Y	269,550 (USD 9,000)	138,218 (USD 4,500)	138,218 (USD 4,500)	3.05%- 4.15%	2	–	Operating capital	–	–	–	11,115,148 (Note 3)	11,115,148 (Note 3)
5	Lian So (H.K) Co., Limited	Lian Yang (Hong Kong) Trading Limited	Other receivables - related party	Y	139,298 (USD 4,500)	138,218 (USD 4,500)	–	–	2	–	Operating capital	–	–	–	174,054 (Note 2)	174,054 (Note 1)

(Note 1) The maximum amount of total loans to others shall not exceed 40% of the creditor's net worth.

(Note 2) The maximum amount of loans granted to a single entity shall not exceed 40% of the creditor's net worth.

(Note 3) Total loans between foreign entities that are 100% owned directly or indirectly by the Company shall not exceed 40% of the Company’s net worth and loans to a single entity shall not exceed 40% of the Company’s net worth.

(Note 4) The maximum amount of loans granted to a party by an entity in need of short-term financing shall not exceed 40% of such entity’s own net worth, and limit of loans granted to a single party by such entity, except for Shin Yang Steel Co., Ltd. which is capped at 20% of its net worth, shall not exceed 5% of such entity’s net worth.

(Note 5) Nature of loans is classified as follows: Entities having business relations with the Company - 1; entities with needs for short-term financing - 2.

(Note 6) Transactions between the aforesaid subsidiaries and the parent company have been written off.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Endorsements and Guarantees Provided to Others
For the Year Ended December 31, 2018

TABLE 2

Unit: Thousands of NT Dollar/ Foreign Currency

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantees collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement	Maximum endorsement/ guarantee allowable	Guarantee provided by parent company to subsidiary	Guarantee provided by a subsidiary to parent company	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship with the endorser/ guarantor										
0	Yieh Phui Enterprise Co., Ltd. (Note 1)	Yieh Phui (China) Technomaterial Co., Ltd.	Investee of the Company's Sub-subsidiary	27,787,869	8,845,459 (RMB 1,907,500)	6,657,009 (RMB 1,487,500)	5,626.613 (RMB 1,257,259)	–	23.96%	27,787,869	Y	–	Y
		Shin Yang Steel Co., Ltd.	Subsidiary of the Company	27,787,869	1,786,000	1,536,000	708,156	336,000	5.53%	27,787,869	Y	–	–
		Yieh Phui (Hong Kong) Holdings Limited	Subsidiary of the Company	27,787,869	4,550,385 (USD 147,000)	4,515,105 (USD 147,000)	3,930,118 (USD 123,426) (RMB 31,080)	–	16.25%	27,787,869	Y	–	–
1	Shin Phui Steel Corporation (Note 2)	Yieh Phui Enterprise Co., Ltd.	Parent company of the company	1,612,568	1,571,740	942,230	942,230	942,230	292.15%	1,612,568	–	Y	–
2	Kingsgarden International Co., Ltd. (Note 3)	Great Emperor Hotel Co., Ltd.	(Note 9)	24,428,441	7,186,000	7,186,000	4,154,000	7,186,000	205.92%	24,428,441	–	–	–
3	Great Emperor Hotel Co., Ltd. (Note 4)	Kingsgarden International Co., Ltd.	(Note 9)	22,745,284	7,413,000	7,413,000	4,616,000	7,413,000	228.14%	22,745,284	–	–	–
4	Shin Yang Steel Co., Ltd. (Note 6)	Yieh Phui Enterprise Co., Ltd.	Parent company of the company	2,958,815	900,000	900,000	700,000	900,000	91.25%	2,958,815	–	Y	–
5	Yieh Phui (China) Technomaterial Co., Ltd. (Note 5)	Tianjin Lianfa Precision Steel Corporation	Subsidiary of the Company	9,284,707	79,458 (RMB 17,000)	76,080 (RMB 17,000)	76,080 (RMB 17,000)	–	0.82%	9,284,707	Y	–	Y
6	Champion Logistic Inc. (Note 7)	Yieh Phui (Hong Kong) Holdings Limited	The same ultimate parent company	1,212,676 (USD 39,482)	495,280 (USD 16,000)	491,440 (USD 16,000)	–	–	40.53%	1,212,676 (USD 39,482)	–	–	–

(Note 1): The maximum amount of endorsement/guarantee provided by the Company shall not exceed the Company's net worth. The same limit applies to the endorsement/guarantee provided by the Company to a single subsidiary.

(Note 2): The maximum amount of endorsement/guarantee provided by Shin Phui shall not exceed 5 times of Shin Phui's net worth. The same limit applies to the endorsement/guarantee provided by Shin Phui to a single entity.

(Note 3): The maximum amount of endorsement/guarantee provided by Kingsgarden International Co., Ltd. shall not exceed 7 times of Kingsgarden's net worth. The same limit applies to the endorsement/guarantee provided by Kingsgarden International Co., Ltd. to a single entity.

(Note 4): The maximum amount of endorsement/guarantee provided by Great Emperor Hotel Co., Ltd. shall not exceed 7 times of Great Emperor Hotel's net worth. The same limit applies to endorsement/guarantee provided by Great Emperor Hotel Co., Ltd. to a single entity.

(Note 5): The maximum amount of endorsement/guarantee provided by Yieh Phui (China) Technomaterial Co., Ltd. shall not exceed the net worth of Yieh Phui (China) Technomaterial Co., Ltd. The same limit applies to the endorsement/guarantee provided Yieh Phui (China) Technomaterial Co., Ltd. to a single subsidiary.

(Note 6): The maximum amount of endorsement/guarantee provided by Shin Yang shall not exceed 3 times of Shin Yang's net worth. The same limit applies to the endorsement/guarantee provided by Shin Yang to a single entity.

(Note 7): The maximum amount of endorsement/guarantee provided by Champion Logistic Inc. shall not exceed 100% of its net worth; the same limit applies to the endorsement/guarantee provided by Champion Logistic Inc. to a single entity.

(Note 8): The net worth referred to above is based on the latest financial statements audited or reviewed by independent auditors.

(Note 9): Mutually guaranteed companies based on the need of construction contract.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 2018

TABLE 3 **Unit: Thousands of NT Dollar/ Foreign Currency**

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018 Number of shares	Book value	Ownership (%)	Fair value	Note
Yieh Phui Enterprise Co., Ltd.	Fund/ Paradigm Global Oil Resources Fund	None	Financial assets at fair value through profit or loss - current	516	2,426	—	2,426	
	Fund/ SinoPac RMB Bond Fund	None	Financial assets at fair value through profit or loss - current	300	2,666	—	2,666	
	Fund/ Schroder 2022 Maturity Emerging Market Sovereign Bond Fund	None	Financial assets at fair value through profit or loss - current	30	8,939	—	8,939	
	Fund/ Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	None	Financial assets at fair value through profit or loss - current	30	9,077	—	9,077	
	Fund/certificates/Manulife Global Preferred Income Fund	None	Financial assets at fair value through profit or loss - current	15	4,340	—	4,340	
	Fund/ BlackRock LifePath® Series- 2050 Target Date Fund of Funds	None	Financial assets at fair value through profit or loss - current	500	4,435	—	4,435	
	Fund/Fengyu Strategic Income Fund	None	Financial assets at fair value through profit or loss - current	2	2,979	—	2,979	
	Fund/ Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	None	Financial assets at fair value through profit or loss - current	26	7,903	—	7,903	
	Fund/ Lianbo China A-share fund	None	Financial assets at fair value through profit or loss - current	300	2,766	—	2,766	
	Preferred stock/E-Da Development Corp. – Preferred stock A	An investee accounted for using equity method	Financial assets at fair value through profit or loss - current	17,065	182,429	—	182,429	
		Total			227,960		227,960	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018				Note
				Number of shares	Book value	Ownership (%)	Fair value	
	Financial bonds / Bank of Panhsin Sinsing Branch – 2014 First term subordinated financial bonds	None	Financial Assets at Fair Value through Profit or Loss - Non-current	10,000	10,016	—	10,016	
	Preferred stock/Eliter International Corp.- Preferred stock D	An investee accounted for using equity method	Financial Assets at Fair Value through Profit or Loss - Non-current	26,275	280,781	—	280,781	
	Preferred stock/E-Da Development Corp.- Preferred stock B	An investee accounted for using equity method	Financial Assets at Fair Value through Profit or Loss - Non-current	28,442	291,818	—	291,818	
	Preferred stock/Eliter International Corp.- Preferred stock E	An investee accounted for using equity method	Financial Assets at Fair Value through Profit or Loss - Non-current	19,706	208,182	—	208,182	
		Total			790,797	—	790,797	
	Stock/ TaiwanVes-Power Co., Ltd.	Related party in substance	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	1,800	54,104	3.60%	54,104	
	Stock/ New Spring Construction Corp.	Related party in substance	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	8,549	79,354	15.49%	79,354	
	Stock/ Ascentke Venture Capital Corp.	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	2,117	20,916	6.42%	20,916	
	Stock/ Taiwan Implant Technology Company, Ltd.	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	701	6,466	4.20%	6,466	
	Stock/ Sunny Bank	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	4,159	37,400	0.17%	37,400	
	Stock/ Universal Venture Capital Investment Co., Ltd.	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	1,100	7,535	0.91%	7,535	
	Stock/Yieh Corporation Limited	Related party in substance	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	200	110,368	5.28%	110,368	
	Stock/Pacific Harbor Stevedoring Corporation	Director of the entity is the Company's director	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	150	5,008	3.00%	5,008	
	Stock/ ImageDJ Software Co., Ltd.	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	24	535	0.96%	535	
	Stock/ Chao-Feng Venture Capital Co., Ltd.	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	1,000	7,553	0.79%	7,553	
	Stock/ Skylark International Hotel Co.,Ltd.	Related party in substance	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	20,528	349,804	13.68%	349,804	
	Stock/ Asia Pacific Telecom Co., Ltd.	None	Financial Assets at Fair Value through Other comprehensive income or loss - noncurrent	4,500	31,050	—	31,050	
		Total			710,093		710,093	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018 Number of shares	Book value	Ownership (%)	Fair value	Note
WORTHING HONOR HOLDINGS LTD	Stock/ SEE Corporation None Financial assets at fair value through profit	None	Financial assets at fair value through profit or loss - current	1	—	—	—	
EMMT Systems Corporation	Stock/ Rodan (Taiwan) Ltd.	None	Financial assets at fair value through other comprehensive income - noncurrent	86	16	0.73%	16	
Kuo Chang Enterprise Co., Ltd.	Preferred stock/Eliter International Corp.- Preferred stock D	An investee of the Parent Company under equity method.	Financial assets at fair value through profit or loss - noncurrent	1,997	21,352	—	21,352	
	Preferred stock/Eliter International Corp.- Preferred stock E	An investee of the Parent Company under equity method.	Financial assets at fair value through profit or loss - noncurrent	1,498	15,819	—	15,819	
	Total				37,171		37,171	
United Brightening Development Corp.	Preferred stock/Eliter International Corp.- Preferred stock D	An investee of the Parent Company under equity method.	Financial assets at fair value through profit or loss - noncurrent	639	6,830	—	6,830	
	Preferred stock/Eliter International Corp.- Preferred stock E	An investee of the Parent Company under equity method.	Financial assets at fair value through profit or loss - noncurrent	479	5,064	—	5,064	
	Total				11,894		11,894	
Yieh Hsing Enterprise Co., Ltd.	Fund/SinoPac CSI 300 Dividend Index Fund)	None	Financial assets at fair value through profit or loss - current	221	3,490	—	3,490	
	Fund/Schroder 2022 Maturity Emerging Market Quality Sovereign Bond Fund	None	Financial assets at fair value through profit or loss - current	10	3,026	—	3,026	
	Fund//(BlackRock LifePath® Series - 2030 Target Date Fund of Funds	None	Financial assets at fair value through profit or loss - current	200	1,904	—	1,904	
	Fund/Franklin U.S. Opportunities Fund	None	Financial assets at fair value through profit or loss - current	5	2,483	—	2,483	
	Fund/JPMorgan Investment Funds - Global Income Fund	None	Financial assets at fair value through profit or loss - current	0.35	1,914	—	1,914	
	Fund/ Lianbo China A-share fund	None	Financial assets at fair value through profit or loss - current	200	1,844	—	1,844	
	Fund/ ABITL Global High Yield Fund	None	Financial assets at fair value through profit or loss - current	295	2,901	—	2,901	
	Preferred stock/E-Da Development Corp. - Preferred stock A	An investee accounted for using equity method	Financial assets at fair value through profit or loss - current	3,565	38,111	—	38,111	
	Total				55,673	—	55,673	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Yieh Hsing Enterprise Co., Ltd.	Preferred stock/Eliter International Corp.- Preferred stock D	An investee accounted for using equity method	Financial assets at fair value through profit or loss - noncurrent	5,934	63,432	—	63,432	
	Preferred stock/Eliter International Corp.- Preferred stock E	An investee accounted for using equity method	Financial assets at fair value through profitor loss - noncurrent	4,450	46,995	—	46,995	
	Preferred stock/E-Da Development Corp.- Preferred stock B	An investee accounted for using equity method	Financial assets at fair value through profit or loss - noncurrent	5,942	60,963	—	60,963	
	Total				171,390	—	171,390	
	Pacific Harbor Stevedoring Corporation	Director of the entity is the Company’s chairman	Financial assets at fair value through other comprehensive income - noncurrent	150	5,008	3.00%	5,008	

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
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

TABLE 4

Unit: Thousand shares; Thousand New Taiwan Dollars

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Beginning balance		Addition		Disposal				Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Yieh Phui Enterprise Co., Ltd.	Tycoons Steel International Co., Ltd.	Investments accounted for using equity method	Liquidation	Subsidiary of the Company	14,700	109,745	–	(3,239) (Note 1)	14,700	106,138	106,506	(368)	–	–
	Synn Industrial Co., Ltd.	Investments accounted for using equity method	Hsin Wei Investment Co., Ltd., Li-Tai Enterprise Co., Ltd., Chang Wei Investment Co., Ltd., Winvik Enterprise Co., Ltd., Li Yuan Enterprise Co., Ltd.	None	45,975	571,760	—	(46,794) (Note 2)	45,975	617,884	524,966	92,918	–	—
	Great Emperor Hotel Co., Ltd.	Investments accounted for using equity method	Capital increase by Cash, Yieh Hsing Enterprise Co.	Investee of the Company's Sub-subsidiary	–	–	118,000	1,168,965 (Note 3)	–	–	–	–	118,000	1,168,965
	Kingsgarden International Co., Ltd.	Investments accounted for using equity method	Capital increase by cash	Investee of the Company's Sub-subsidiary	–	–	142,000	1,399,854 (Note 4)	—	—	—	—	142,000	1,399,854
	Champion Logistic Inc.	Investments accounted for using equity method	Proceeds from Capital reduction	Subsidiary of the Company	57,000	1,709,343	—	—	20,000	–	543,914 (Note 5)	—	37,000	1,165,429
Champion Logistic Inc.	Tycoons Steel International Co., Ltd.	Investments accounted for using equity method	Liquidation	Subsidiary of the Company	34,000	248,244 (USD 8,529)	–	(1,903) (USD -65) (Note 1)	34,000	245,489 (USD 8,435)	246,341 (USD 8,464)	(852) (USD -29)	—	—

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Beginning balance		Addition		Disposal				Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hong Yuh Assets Management Co., Ltd.	Lien-Hsin steel Co., Ltd.	Investments accounted for using equity method	Capital Increase by Cash	Subsidiary of the Company	250	45,735	1,390	276,630 (Note 6)	—	—	—	—	1,640	322,365
Lian So (H.K) Co., Limited	Lien-Hsin steel Co., Ltd.	Investments accounted for using equity method	Capital Increase by Cash	Subsidiary of the Company	—	—	1,485	291,897 (Note 7)	—	—	—	—	1,485	291,897

(Note 1): These are gains (losses) on investments accounted for using equity method and shares of other comprehensive income.

(Note 2): These are gains on investment accounted for using equity method in the amount of $1,206 thousand and cash dividends in the amount of $(48,000) thousand.

(Note 3): Including capital increase by cash of $1,215,400 thousand, gains and losses on investment accounted for using equity method in the amount of $(555) thousand and capital surplus of $(45,880) thousand recognized due to the failure to subscribe to new shares in proportion to its shareholding percentage.

(Note 4): Including capital increase by cash of $1,4315,700 thousand, acquisition of $30,900 thousand, gains and losses on investment accounted for using equity method in the amount of $(3,192) thousand and capital surplus of $(59,554) thousand recognized due to the failure to subscribe to new shares in proportion to its shareholding percentage.

(Note 5):Including proceeds from capital reduction of $(630,636) thousand, gains (losses) on investments accounted for using equity method and shares of other comprehensive income of $86,735 thousand, accumulated earning/loss recognized in proportion to the Company’s shareholding percentage of $(13) thousand.

(Note 6):Including capital increase by cash of $421,208 thousand, gains (losses) on investments accounted for using equity method and shares of other comprehensive income of $(83,989) thousand, accumulated earning/loss recognized in proportion to the Company’s shareholding percentage of $(106,079) thousand and capital surplus of $45,490 thousand recognized due to the failure to subscribe to new shares in proportion to its shareholding percentage.

(Note 7):Including capital increase by cash of $456,118 thousand, gains (losses) on investments accounted for using equity method and shares of other comprehensive income of $(39,076) thousand, accumulated earning/loss recognized in proportion to the Company’s shareholding percentage of $(79,844) thousand and capital surplus of $(45,301) thousand recognized due to the failure to subscribe to new shares in proportion to its shareholding percentage.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Acquisition of individual Real Estate Properties at Costs of At Least NT$300 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2018

TABLE 5

<table>
<tr><th rowspan="2">Company name</th><th rowspan="2">Real estate</th><th rowspan="2">Transaction date</th><th rowspan="2">Transaction amount</th><th rowspan="2">Payment terms</th><th rowspan="2">Counterparty</th><th rowspan="2">Relationship with the seller</th><th colspan="4">Prior transaction of related counterparty</th><th rowspan="2">Price reference</th><th rowspan="2">Purpose of acquisition</th><th rowspan="2">Other terms</th></tr>
<tr><th>Owner</th><th>Relationship</th><th>Transfer Date</th><th>Amount</th></tr>
<tr><td>Kingsgarden International Co., Ltd.</td><td rowspan="2">Construction of commercial building at E-da Asia Plaza</td><td rowspan="2">103. 1.28 ~ 107. 7.10</td><td>4,991,711</td><td>3,296,073</td><td rowspan="2">New Spring Construction Corp., Taiwan Cement Corporation, Yieh Hsing Enterprise Co., Ltd. and Yieh Phui Enterprise Co., Ltd., Teco Electric & Machinery Co., Ltd. etc.</td><td rowspan="2">Related party in substance, Parent company, ultimate parent company</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">—</td><td rowspan="2">Determined at prices agreed on by both parties upon negotiation or through price competition with reference to appraisal reports issued by professional appraisal institutions</td><td>To build a boutique shopping mall</td><td rowspan="2">None</td></tr>
<tr><td>Great Emperor Hotel Co., Ltd.</td><td>4,279,078</td><td>2,629,315</td><td>For development of an international hotel</td></tr>
</table>

Note: Transactions between the aforesaid subsidiaries and the parent company are eliminated.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Disposal of Individual Real Estate Properties at Prices of at Least NT$300 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2018

TABLE 6 **Unit: Thousands of NT Dollars/Foreign Currency**

Real estate disposed by	Real estate	Transaction date or date of the event	Acquisition date	Book value	Transaction amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Price reference	Other terms
Yieh Phui Enterprise Co., Ltd.	No.0001, 0002, Pingbei Section, Jiadong Township, No.0001-0027, Pingnan Section, Jixiang Township, and Pingnan Section, Minxiang Township, No. 25	107.11. 8	95. 6-106. 12	218,095	624,326	62,423	— (Note)	Sanxin Industrial Co., Ltd.	—	Enrich the working capital of the company	Euro-Asia Asset Evaluation Group	None

(Note): As of December 31, 2018, the transfer has not been completed. Please refer to Note 6.9 and Note 9.11.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2018

TABLE 7

Unit: Thousands of NT Dollars/Foreign Currency

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yieh Phui Enterprise Co., Ltd.	Yieh Hong Enterprise Co., Ltd.	Related party in substance	Purchases	2,673,899	10.95%	T/T or Sight L/C before goods acceptance.	–	–	–	–	–
	Yieh Mau Corp.	Related party in substance	Sales	1,559,171	5.19%	1-2 months	–	–	563	0.03%	Accounts receivable
	Asiazone Co., Limited	An investee accounted for using equity method	Sales	1,652,551	5.50%	1-2 months	–	–	402,111	24.97%	Accounts receivable
	Shin Yang Steel Co., Ltd.	Subsidiary of the Company	Sales	861,870	2.87%	1-2 months	–	–	94,025	5.84%	Accounts receivable
	Shin Phui Steel Corporation	Subsidiary of the Company	Sales	354,845	1.18%	1-2 months	–	–	36,446	2.26%	Accounts receivable
	Yieh United Steel Corporation	An investee accounted for using equity method	Sales	269,716	0.90%	1-2 month for galvanized steel coils, monthly closing at 15 days for scraps of carbon steel.	–	–	14,857	0.92%	Accounts receivable
	New Spring Construction Corp.	Related party in substance	Sales	223,187	0.74%	Pursuant to the agreement	–	–	164,519	10.22%	Accounts receivable
Shin Yang Steel Co., Ltd.	Yieh Hong Enterprise Co., Ltd.	Related party in substance	Purchases	262,090	9.64%	T/T or Sight L/C before goods acceptance.	–	–	4,238	3.98%	Accounts payable

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yieh Phui (Hong Kong) Holdings Limited	Fujian Lian Wei Logistics Co., Ltd.	Related party in substance	Sales	1,108,928 (USD 36,818)	57.64%	3 months	—	—	377,243 (USD 12,282)	76.63%	Accounts receivable
	Yieh United Steel Corporation	An investee of the Parent Company under equity method.	Sales	814,936 (USD 27,057)	42.36%	3 months	—	—	115,054 (RMB 3,746)	23.37%	Accounts receivable
Yieh Phui (China) Technomaterial Co., Ltd.	Tianjin Lianfa Precision Steel Corporation	Subsidiaries	Sales	1,389,628 (RMB 305,625)	4.95%	1-2 months	—	—	234,971 (RMB 52,504)	29.26%	Accounts receivable
	Asiazone Co., Limited	An investee of the Ultimate Parent Company under equity method	Sales	106,159 (USD 3,636)	0.39%	1-2 months	—	—	1,302 (USD 42)	0.16%	Accounts receivable
Lian Yang (Hong Kong) Trading Limited	Fujian Lian Wei Logistics Co., Ltd.	Related party in substance	Sales	141,512 (USD 4,698)	100%	3 months	—	—	74,311 (USD 2,419)	100%	Accounts receivable
Tianjin Lianfa Precision Steel Corporation	Angang Lianzhong (Guangzhou) Stainless Steel Corporation	Related party in substance	Purchases	126,682 (RMB 27,862)	8.82%	T/T in advance	—	—	—	—	—
Yieh Hsing Enterprise Co., Ltd.	Yieh United Steel Corporation	An investee accounted for using equity method	Purchases	5,606,491	77.65%	T/T or Sight L/C before goods acceptance.	—	—	—	—	—
			Sales	105,778	1.21%	Payment term is monthly, and closes in 15 days	—	—	9,599	3.92%	Accounts receivable

Purchaser/ seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Yieh Hsing Enterprise Co., Ltd.	Asiazone Co., Limited	An investee of the Parent Company under equity method.	Purchases	103,458 (USD 22,203)	1.43%	120 days after the order	—	—	102,948	95.91%	Accounts payable

Note: Transactions between the aforesaid subsidiaries and the parent company are eliminated.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital
For the Year Ended December 31, 2018

TABLE 8

Creditor	Counterparty	Relationship with the counterparty	Ending balance	Turnover rate	Overdue receivables		Amount collected subsequent to the end of the reporting period (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Yieh Phui Enterprise Co., Ltd.	New Spring Construction Corp.	Related party in substance	164,519	2.7	–	–	164,519	–
	Asiazone Co., Limited	An investee accounted for using equity method	402,111	5.36	–	–	402,111	–
Yieh Phui (Hong Kong) Holdings Limited	Yieh Phui (China) Technomaterial Co., Ltd.	Subsidiaries	3,504,535 (RMB 31,080) (USD 109,570)	(Note 1)	–	–	–	–
	Fujian Lian Wei Logistics Co., Ltd.	Related party in substance	377,243 (USD 12,282)	3.24	–	–	USD 4,000	–
	Yieh United Steel Corporation	An investee of the Parent Company under equity method.	115,054 (USD 3,746)	5.66	–	–	USD 3,746	–
Good Honor Holdings Ltd.	Yieh Phui (Hong Kong) Holdings Limited	Same ultimate parent company as the Company	138,218 (USD 4,500)	(Note 1)	–	–	–	–
Yieh Phui (China) Technomaterial Co., Ltd.	Tianjin Lianfa Precision Steel Corporation	Subsidiaries	111,883 (RMB 25,000)	(Note 1)	–	–	–	–
			234,971 (RMB 52,504)	5.86	–	–	RMB 52,504	–

(Note 1): These are accounts receivable financing, on which the calculation of turnover doesn't apply.
(Note 2): Amounts received as of Machr 21, 2019
(Note 3): Transactions between the aforesaid subsidiaries and the parent company have been written off.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Intercompany Relationship and Significant Intercompany Transactions
For the Year Ended December 31, 2018

TABLE 9

Individual transactions not exceeding NT$50,000 thousand are not disclosed. Transactions disclosed in assets or revenue will not be disclosed in the opposite transaction.

Unit: Thousands of NT Dollars

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Yieh Phui Enterprise Co., Ltd.	Shin Phui Steel Corporation	1	Sales revenue	354,845	—	0.48%
				Long-term prepaid rent	75,500	—	0.09%
		Shin Yang Steel Co., Ltd.	1	Sales revenue	861,870	—	1.17%
				Accounts receivable	94,025	—	0.11%
1	Yieh Phui (Hong Kong) Holdings Limited	Yieh Phui (China) Technomaterial Co., Ltd.	1	Long-term receivables	3,504,535 (RMB 31,080) (USD 109,570)	—	4.03%
2	Good Honor Holdings Ltd.	Yieh Phui (Hong Kong) Holdings Limited	3	Other receivables	138,218 (USD 4,500)	—	0.16%
3	Yieh Phui (China) Technomaterial Co., Ltd.	Tianjin Lianfa Precision Steel Corporation	1	Sales revenue	1,389,628 (RMB 305,625)	—	1.88%
				Accounts receivable	234,971 (RMB 52,504)	—	0.27%
				Long-term receivables	111,883 (RMB 25,000)	—	0.13%

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
4	Kingsgarden International Co., Ltd.	Yieh Hsing Enterprise Co., Ltd.	2	Land	2,522,985	(Note 4)	2.90%
5	Great Emperor Hotel Co., Ltd.	Yieh Hsing Enterprise Co., Ltd.	2	Land	2,445,476	(Note 4)	2.81%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Gain from disposal of $4,968,461 thousand is derived from the proceeds of sale of $7,633,283 thousand less land value increment tax of $20,491 thousand and book value of $2,644,331 thousand. However, as it is unrealized gain from downstream transactions between the parent company and its subsidiary, this amount was eliminated.

Note 5: Transactions between the aforesaid subsidiaries and the parent company have been written off.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Information on Investees (Excluding Information on Investment in Mainland China)
For the Year Ended December 31, 2018

TABLE 10

Unit: Thousands of NT Dollar/ Foreign Currency

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Yieh Phui Enterprise Co., Ltd.	Yieh Phui (Hong Kong) Holdings Limited	Hong Kong	Investment	7,455,887	7,455,887	233,500	100%	9,263,962	(439,145)	(439,145)	
	Champion Logistic Inc.	Samoa	Investment	1,282,475	1,913,111	37,000	96.10%	1,165,429	17,944	17,412	
	Eliter International Corp.	Kaohsiung City	Construction of	2,833,595	2,833,595	283,584	32.84%	2,715,880	(149,541)	(49,115)	
	Yieh Hsing Enterprise Co., Ltd.	Kaohsiung City	Wire rods trading	2,246,530	2,238,883	301,042	56.73%	1,559,024	15,185	17,202	
	Tangeng Iron Works Co., Ltd.	Kaohsiung City	Steel trading	1,453,572	1,453,572	39,553	11.30%	1,214,180	(1,441,675)	(162,922)	
	E-Da Development Corp.	Kaohsiung City	Leisure development	1,868,658	1,868,658	186,866	28.44%	1,056,934	(261,012)	(74,238)	
	United Brightening Development	Kaohsiung City	Technical consultation for steel products	1,836,383	1,836,383	152,972	95.56%	1,671,139	(217,502)	(207,850)	
	Shin Yang Steel Co., Ltd.	Kaohsiung City	Steel products related	870,000	870,000	87,000	100%	986,272	159,808	159,808	
	Synn Industrial Co., Ltd.	Kaohsiung City	Steel products related	—	294,000	—	—	—	4,020	1,206	
	Yieh Mau Corp.	Kaohsiung City	Trading &	422,605	422,605	47,779	23%	610,022	123,617	29,860	
	Kuo Chang Enterprise Co., Ltd.	Kaohsiung City	Wholesaling of	1,256,726	1,256,726	97,417	99.04%	1,137,467	(134,667)	(133,374)	
	Asiazone Co.,Limited	Hong Kong	Steel trading	595,424	595,424	15,090	32.80%	653,667	71,905	23,588	
	Shin Phui Steel Corporation	Kaohsiung City	Trading of steel	295,736	295,736	31,246	100%	323,368	4,955	4,167	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Yieh Phui Enterprise Co., Ltd.	Sin Bang Investment & Development Co., Ltd.	Kaohsiung City	Investment	295,809	295,809	22,313	100%	254,521	(29,888)	(29,888)	
	Tycoons Steel International Co., Ltd.	Cayman Island	Investment	—	427,629	—	—	—	(29,407)	(8,313)	
	Hsing Jui Investments Limited.	Samoa	Investment	—	4,603	—	—	—	(126)	(126)	
	EMMT Systems Corporation	Taichung City	Manufacturing and marketing of military specification printed circuit boards	308,075	306,158	28,858	78.10%	359,992	118,244	92,152	
	Good Honor Holdings Ltd.	British Virgin Islands	Investment	14,723	14,723	46	100%	161,096	4,941	4,941	
	Gen-Wan Technology Corp.	Kaohsiung City	Telecommunication	148,609	148,609	2,447	86.99%	30,998	8,738	7,601	
	Cheng Shin Security Co., Ltd.	Kaohsiung City	Security	14,000	14,000	1,400	35%	14,273	(1,658)	(580)	
	Da Yao Engineering & Consulting Co., Ltd.	Kaohsiung City	Management service	—	9,800	—	—	—	(76)	(43)	
	E-Da Bus Transportation Co., Ltd.	Kaohsiung City	Bus transportation	36,086	36,086	3,609	17.09%	4,679	(40,226)	(6,873)	
	E-DA Tour Bus Co., Ltd.	Kaohsiung City	Bus transportation	9,500	9,500	950	19%	1,974	(7,610)	(1,446)	
	Golden Developments Holdings Ltd.	Hong Kong	Investment	—	2,928	—	—	—	(155)	(155)	
	E-Da Cultural Creative Industry Co., Ltd.	Kaohsiung City	Cultural creativity	22,800	38,000	2,280	19%	255	(425)	(81)	
	Worthing honor Holdings Ltd.	British Virgin Islands	Investment	6,672	6,672	100	100%	2,819	10	10	
	Cheng Shin Apartment Building Management and Maintenance Co., Ltd.	Kaohsiung City	Maintenance and management of utilities, air condition and parking space in buildings.	—	3,915	—	—	—	(1,923)	(615)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Yieh Phui Enterprise Co., Ltd.	E United Japan Co., Ltd.	Japan	Steel trading	8,027	8,027	—	47%	4,755	212	100	
	Skylark Hot Spring & Resort Corp.	Kaohsiung City	Hotel industry	11,700	11,700	1,170	14.63%	—	(1,843)	(165)	
	Eda Entertainment Co., Ltd.	Kaohsiung City	Entertainment industry	74,100	74,100	7,410	19%	48,037	(1,745)	(332)	
	Li Hui Development Co., Ltd.	Kaohsiung City	Investment	321,216	321,216	62,884	44.56%	311,793	13,277	(825)	(Note1)
	Ji Chang Enterprise Co., Ltd.	Kaohsiung City	Investment	5,050	5,050	1,042	45%	4,806	16	(110)	(Note1)
	Yieh United Steel Corporation	Kaohsiung City	Steel products related businesses	4,923,615	4,826,777	660,037	25.19%	3,988,269	(1,517,499)	(400,126)	(Note1)
	Hong Yuh Assets Management Co.,Ltd.	Kaohsiung City	Management service	1,064,000	768,000	109,600	80%	527,323	(232,596)	(186,077)	
	E-Da Visual Effects Company Limited.	Kaohsiung City	Entertainment industry	10,393	10,393	1,470	49%	—	(13,719)	(1,808)	
	Lian So(H.K) Co., Limited	Hong Kong	Investment	507,342	311,110	16,560	80%	406,710	(34,547)	(27,638)	
	E-Da Health Biotechnology Co., Ltd.	Kaohsiung City	Manufacturer of food additives	3,800	3,800	380	19%	3,718	(59)	(11)	
	Yieh Phui America Inc.	U.S.	Trading of steel products	292	—	1,000	100%	15,958	15,348	15,348	
	Great Emperor Hotel Co., Ltd.	Kaohsiung City	Hotel industry	1,215,400	—	118,000	35.98%	1,168,965	(7,550)	(555)	
	Kingsgarden International Co., Ltd.	Kaohsiung City	Leasing, sales, and development of residential and commercial buildings, department stores	1,462,600	—	142,000	40.11%	1,399,854	(17,546)	(3,191)	
	Total			32,881,400	30,993,185	—	—	31,068,139	(4,207,920)	(1,362,207)	

Note 1: Due to cross ownership and the adoption of equity method between the Company and Yieh United Steel Corporation and its subsidiaries, Li Hui Development Co., Ltd. and Ji Chang Enterprise Co., Ltd., investment gain/loss is accounted for using the treasury stock approach. Thus, the income/loss of investee for the period excludes gain/loss accounted for using equity method by Yieh United Steel Corporation in relation to the Company.

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Shin Phui Steel Corporation	Companyco Technology	Taichung City	RADIO	37,492	37,492	3,830	42.53%	3,694	(1,843)	(784)	
	Yieh United Steel Corporation	Kaohsiung City	Steel products related businesses	24,562	24,562	3,178	0.12%	19,196	(1,517,499)	(1,897)	(Note2)
	Great Emperor Hotel Co., Ltd.	Kaohsiung City	Hotel industry	515	—	50	0.01%	495	(7,550)	(1)	
	Kingsgarden International Co., Ltd.	Kaohsiung City	Leasing, sales, and development of residential and commercial buildings, department stores	515	—	50	0.01%	493	(17,546)	(1)	
Gen-Wan Technology Corp.	EMMT Systems Corporation	Taichung City	Manufacturing and marketing of military specification printed circuit boards	27,630	27,630	2,763	7.48%	34,473	118,243	8,843	
EMMT Systems Corporation	Companyco Technology	Taichung City	RADIO	45,000	45,000	4,500	49.97%	4,340	(1,843)	(921)	
	Applied Wireless Identifications Group, Inc.	San Francisco, US	RFID	242,545	242,545	40,488	91.47%	156,226	28,753	26,301	
	UniPattern Corporation	Taipei City	Manufacture of computer and peripherals	54,960	54,960	5,200	43.33%	51,537	1,930	837	
Applied Wireless Identifications Group, Inc..	AWID Asia Co., Ltd.	Kaohsiung City	Telecommunications equipment wholesaling	77,070 (USD 2,509)	74,668 (USD 2,509)	3,030	100%	18,010 (USD 586)	(33) (USD 1)	(33) (USD 1)	
Champion Logistic Inc.	Tycoons Steel International Co., Ltd.	Cayman Island	Investment	—	699,360 (USD 23,500)	—	—	—	(29,407) (USD1,004)	(19,227) (USD 656)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Shin Yang Steel Co., Ltd.	Yieh United Steel Corporation	Kaohsiung City	Steel products related businesses	17,385	17,385	2,195	0.08%	13,261	(1,517,499)	(1,311)	(Note1)
Sin Bang Investment & Development Co., Ltd.	Tangeng Iron Works Co., Ltd.	Kaohsiung City	Steel trading	265,482	265,482	7,224	2.06%	221,759	(1,441,675)	(29,756)	
Kuo Chang Enterprise Co., Ltd.	Yieh United Steel Corporation	Kaohsiung City	Steel products related businesses	439,197	439,197	56,817	2.17%	343,253	(1,517,499)	(34,096)	(Note1)
	Eliter International Corp.	Kaohsiung City	Construction of buildings	219,977	219,977	21,558	2.50%	206,508	(149,541)	(3,733)	
	Tangeng Iron Works Co., Ltd.	Kaohsiung City	Steel trading	786,714	786,714	21,328	6.09%	953,087	(1,441,675)	(87,852)	

Note 1: Due to cross ownership and the adoption of equity method between the Company and Yieh United Steel Corporation , investment gain/loss is accounted for using the treasury stock approach. Thus, the income/loss of investee for the period excludes gain/loss accounted for using equity method by Yieh United Steel Corporation in relation to the Company.

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
United Brightening Development Corp.	Chao Ying Investment Development Co., Ltd.	Kaohsiung City	Investment	341,992	341,992	30,400	100%	275,156	(36,850)	(36,850)	
	Yieh United Steel Corporation	Kaohsiung City	Steel products related businesses	449,508	449,508	58,151	2.22%	351,312	(1,517,499)	(34,726)	(Note1)
	Champion Logistic Inc.	Samoa	Investment	49,376	49,376	1,500	3.90%	47,247	17,944	532	
	Da Yao Engineering & Consulting Co., Ltd.	Kaohsiung City	Management service	–	199	–	–	–	(76)	(1)	
	Tangeng Iron Works Co., Ltd.	Kaohsiung City	Steel trading	1,177,838	1,177,838	32,050	9.16%	1,412,142	(1,441,675)	(132,016)	
	Tycoons Steel International Co., Ltd.	Cayman Island	Investment	–	9,374	–	–	–	(29,407)	(170)	
	Eliter International Corp.	Kaohsiung City	Construction of buildings	70,393	70,393	6,898	0.8%	66,090	(149,541)	(1,195)	
Chao Ying Investment Development Co., Ltd.	Tangeng Iron Works Co., Ltd.	Kaohsiung City	Steel trading	336,957	336,957	8,898	2.55%	273,147	(1,441,675)	(36,651)	

(Note 1): Due to cross ownership and the adoption of equity method between the Company and Yieh United Steel Corporation, investment gain/loss is accounted for using the treasury stock approach. Thus, the income/loss of investee for the period excludes gain/loss accounted for using equity method by Yieh United Steel Corporation in relation to the Company.

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Hong Yuh Assets Management Co.,Ltd.	Lien-Yu Co., Ltd.	Indonesia	Trading business	—	9,265	—	—	—	314	126	
	Lien-Hsin steel Co., Ltd.	Indonesia	Metal manufacturing industry	514,670	93,462	1,640	52.48%	403,263	(80,690)	(63,396)	
	Prepayment for stock subscription - Lien-Hsin steel Co., Ltd.	Indonesia	Metal manufacturing industry	—	184,257	—	—	—	—	—	
	Lien-Sheng steel Co., Ltd.	Indonesia	Metal manufacturing industry	1,633	1,633	50	10%	890	(1,243)	(124)	
	Lien-Hung Mining Co., Ltd.	Indonesia	Nickle mining	100,303	295,632	3,787	19%	94,859	(80,163)	(74,509)	
	Lien-Heng Mining Co., Ltd.	Indonesia	Nickle mining	9,371	9,371	381	75%	(7,757)	(359)	(269)	
	Asiamax Mining Indonesia	Indonesia	Nickle mining	38,542	—	38	100%	23,479	24,880	(15,063)	
	Prepayment for stock subscription - Asiamax Mining Indonesia	Indonesia	Nickle mining	50,844	—	—	—	—	—	—	
Lian So (H.K) Co., Limited	Lien-Sheng steel Co., Ltd.	Indonesia	Metal manufacturing industry	13,822 (USD 450)	13,392 (USD 450)	450	90%	8,009 (USD 261)	(1,243) (USD 41)	(1,119) (USD 37)	
	Lian Yang (Hong Kong) Trading Limited	Hong Kong	Trading business	92,145 (USD 3,000)	—	3,000	100%	102,668 (USD 3,343)	10,319 (USD 343)	10,319 (USD 343)	
	Lien-Hsin steel Co., Ltd.	Indonesia	Metal manufacturing industry	456,118 (USD 14,850)	—	1,485	47.52%	365,150 (USD 11,888)	(80,690) (USD2,679)	(17,294) (USD 574)	
	Prepayment for stock subscription - Lien-Hsin steel Co., Ltd.	Indonesia	Metal manufacturing industry	—	266,352 (USD 8,950)	—	—	—	—	—	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Lien-Hsin steel Co., Ltd.	Lien-Hung Mining Co., Ltd.	Indonesia	Nickle mining	453,419 (USD14,762)	—	16,142	81%	404,400	(80,163)	(16,632)	
	Lien-Heng Mining Co., Ltd.	Indonesia	Nickle mining	20,994 (USD 684)	—	127	25%	(2,586)	(359)	(15)	
	Prepayment for stock subscription - Lien-Hung Mining Co., Ltd.	Indonesia	Nickle mining	—	231,367 (USD 7,886)	—	—	—	—	—	
	Prepayment for stock subscription - Lien-Heng Mining Co., Ltd.	Indonesia	Nickle mining	—	17,143 (USD 580)	—	—	—	—	—	
Yieh Hsing Enterprise Co., Ltd.	Great Emperor Hotel Co., Ltd.	Kaohsiung City	Hotel industry	2,099,500	2,100,000	209,950	64.01%	—(Note 2)	(7,550)	(8,606)	(Note 3)
	Kingsgarden International Co., Ltd.	Kaohsiung City	Leasing, sales, and development of residential and commercial buildings, department stores	2,119,500	2,150,000	211,950	59.87%	—(Note 2)	(17,546)	(16,596)	(Note 3)
	United Winner Metals L.P	Virginia, US	Scrap steel recycling	108,152	108,752	—	33.75%	88,911	13,406	4,523	
	Cheng Shin Security Co., Ltd.	Kaohsiung City	Security	4,000	4,000	400	10%	4,078	(1,658)	(166)	
	Cheng Hsin Building Management and Maintenance Co., Ltd. (the former Cheng Hsin House Management Co.)	Kaohsiung City	Maintenance and management of utilities, air condition and parking space in buildings.	—	750	—	—	—	(1,923)	(144)	
	Eliter International Corp.	Kaohsiung City	Construction of buildings	639,772	639,772	64,043	7.42%	613,557	(149,541)	(11,092)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as the year-end			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2018	December 31, 2017	Number of Shares	Percentage of Ownership	Carrying Value			
Yieh Hsing Enterprise Co., Ltd.	E-Da Development Corp.	Kaohsiung City	Leisure development	390,380	390,380	39,038	5.94%	222,484	(261,012)	(15,509)	
	Yieh United Steel Corporation	Kaohsiung City	Steel products related business	20,204	20,204	2,542	0.10%	15,359	(1,517,499)	(1,526)	(Note 1)
	E-Da Health Biotechnology Co., Ltd.	Kaohsiung City	Manufacturer of food additives	3,800	3,800	380	19.00%	3,718	(59)	(11)	
Kingsgarden International Co., Ltd.	Yi Hua International Co., Ltd	Kaohsiung City	Leasing, selling and development of residential and commercial buildings	7,000	4,200	700	70%	2,646	(1,902)	(1,331)	

(Note 1): Due to cross ownership and the adoption of equity method between the Company and Yieh United Steel Corporation, investment gain/loss is accounted for using the treasury stock approach. Thus, the income/loss of investee for the period excludes gain/loss accounted for using equity method by Yieh United Steel Corporation in relation to the Company.

(Note 2): The Group sold land lot no. 16, 17 and 18 at Long Dong Section, Gushan District, Kaohsiung City to subsidiaries, Great Emperor Hotel Co., Ltd. and Kingsgarden International Co., Ltd., in December 2012. The unrealized gain from the sale of land was about $4,968,461 thousand. After deducting the investments accounted for using equity method, the credit balance of investment of $959,872 thousand was reclassified to “other non-current liabilities - others”.

(Note 3): The internal gains under the consolidation basis are eliminated.

(Note 4): Transactions between the aforesaid subsidiaries and the parent company are eliminated.

Yieh Phui Enterprise Co., Ltd. and Subsidiaries
Information on Investment in Mainland China
For the Year Ended December 31, 2018

TABLE 11

Unit: Thousands of NT Dollar/ Foreign Currency

Name of Investor	Investee in Mainland China	Main business activities	Total Amount of Paid-in Capital	Investment method (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	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
						Outflow	Inflow						
Yieh Phui Enterprise Co., Ltd.	Yieh Phui (China) Technomaterial Co., Ltd.	Manufacturing and marketing of pickled, cold rolled, galvanized and pre-painted steel	7,254,883 (USD 236,200) (Note 6)	(2).1	7,171,953 (USD 233,500)	–	–	7,171,953 (USD 233,500)	(464,474)	100%	(464,474) (2、2)	9,284,707	–
	Changshou ChangHuei Trading Co.	Trading of steel products	44,753 (RMB 10,000)	(2).1 (Note 4)	–	–	–	–	406	100%	406 (2、3)	46,461	–
	Tianjin Lianfa Precision Steel Corporation	Manufacturing and marketing of special high grade alloy	414,653 (USD 13,500)	(2).1 (Note 5)	–	–	–	–	(48,919)	100%	(48,919) (2、2)	(89,154)	–
AWID Asia Co., Ltd.	AWID Sanghai Co., Ltd.	Telecommunications equipment wholesaling	21,501 (USD 700)	(1)	21,501 (USD 700)	–	–	21,501 (USD 700)	(1,616)	100%	(1,616) (2、2)	2,555	–
	AWID Changshou Co., Ltd.	Telecommunications equipment wholesaling	9,215 (USD 300)	(1)	9,215 (USD 300)	–	–	9,215 (USD 300)	(1,345)	100%	(1,345) (2、2)	4,867	–

Investor	Investee in Mainland China	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yieh Phui Enterprise Co., Ltd.	Yieh Phui (China) Technomaterial Co., Ltd.	7,254,883 (USD 233,500)	7,171,953 (USD 236,200)	16,672,721
AWID Asia Co., Ltd.	AWID SanghaiCo., Ltd.	21,501 (USD 700)	21,501 (USD 700)	80,000
	AWIDChangshou Co., Ltd.	9,215 (USD 300)	9,215 (USD 300)	80,000

(Note 1): Investment methods are classified into the following three categories.

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

a. Yieh Phui (Hong Kong) Holdings Limited

(3) Others

(Note 2): Investment gain or loss recognized in the current period:

(1) Please specify if it is in the preparation stage without any investment gains or losses generated.

(2) Recognition basis of investment profit or loss is categorized into three types, which shall be identified.

1. Financial statements audited and certified by the international CPA firms that cooperates with ROC CPA firms.

2. Financial statements reviewed, or audited and certified by the CPA firm of the parent company in Taiwan.

3. Others

(Note 3): The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on the reporting date (USD:NTD 1:30.715; RMB: NTD 1:4.4753). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to December 31, 2018 (USD: NTD 1:30.1192; RMB: NTD 1:4.5499).

(Note 4): Yieh Phui (China) Technomaterial Co., Ltd. invests in Changshou ChangHuei Trading Co. with equity funds of RMB 10 million. As of December 31, 2018, accumulated investment amounted to RMB 10 million.

(Note 5): The Company originally holds 100% of Tianjin Lianfa Precision Steel Corporation Beneficiary (paid-in capital equals USD 13,500 thousand) through its holding in Hsing Jui Investments Limited. It transfered its ownership to Yieh Phui (China) Technomaterial Co., Ltd. at RMB 20,000 thousand in July 2015. The said proceed, net of tax, of RMB 19,990 thousand (equivalent to USD 3,213 thousand) has been transferred back to the Company’s account in Taiwan.

(Note 6): Yieh Phui (China) Technomaterial Co., Ltd. recapitalized its retained earnings of USD 2,700 thousand in April 2017.

(Note 7): Investment in Changshu Chief Leading Edge Construction Materials Co., Ltd. was completely sold in February, 2013. Investment amount and earnings were received.
Investment in Jiangsu J & Y Engineering Co., Ltd. was liquidated in 2012. Thus:

(1) Accumulated investment of NT$ 498,539 thousand by investees in China that were disposed of.

(2) Investment gains received from China investees that were disposed: NT$ 69,518 thousand.

(2) Significant transactions between the Company and investees in Mainland China during January 1 and December 31, 2018, directly or indirectly through the third area are as follows:

1. Significant transactions between the Company and investees in China: Table 7 attached ~ Table 8 attached in Note 13.
2. Financing between the Company and investees in China: Table 1 attached in Note 13.
3. Endorsement and guarantee provided by the Company for investees in China: Table 2 attached in Note 13.

14. Segment Information

(1) General information

For the purpose of management, the separates its operations based on business unit and have four reportable segments: Business Unit Yieh Phui, Business Unit Yieh Hsing, Business Unit Yieh Phui (China, including Yieh Phui Hong Kong), and Other business units. The operations of some subsidiaries were not included in the operating decision report due to the small scale of their operation, and, therefore, were not included in the reportable segments. Their operating results were collectively expressed under the “other business unit”:

- Business Unit Yieh Phui: Primarily engaging in manufacturing and marketing of coated steel and manufacturing and installation of crane.
- Business Unit Yieh Hsing: Primarily engaging in manufacturing and marketing of steel pipe, steel sheet, and wire rods.
- Business Unit Yieh Phui (China, including Yieh Phui Hong Kong): Primarily engaging in manufacturing and marketing of coated steel.
- Other business units: Primarily engaging in manufacturing and marketing of steel, iron, and military supplies, wholesale of telecommunication equipment, and investment business.

(2) Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. Furthermore, because the information of assets and liabilities is not reported to the chief operating decision maker for operation decision making, segment assets and liabilities are not disclosed. The accounting policies for reportable segments are the same as Group’s accounting policies described in Note 2.

(3) The segment information provided to the chief operating decision-maker:

Year 2018	Business Unit Yieh Phui	Business Unit Yieh Hsing	Business Unit Yieh Phui (China)	All other business units	Elimination	Total
Sales from external customers	$29,815,797	$8,741,762	$28,938,752	$6,459,528	($99,650)	$73,856,189
Sales among intersegments	1,223,319	-	1,389,628	140,371	($2,753,318)	-
Total sales	$31,039,116	$8,741,762	30,328,380	$6,599,899	($2,852,968)	$73,856,189
Operating profit (loss)	$898,759	$140,202	$266,666	$121,917	$30,966	$1,458,510
Non-operating income and expenses						(1,102,964)
Income before income tax						$355,546
Income tax expense (benefit)						90,602
Net income after tax						$264,944
Total assets						$87,061,593
Total liabilities						$57,419,961

Year 2018	Business Unit Yieh Phui	Business Unit Yieh Hsing	Business Unit Yieh Phui (China)	All other business units	Elimination	Total
Sales from external customers	$28,089,554	$7,904,601	$30,554,389	$5,047,355	($437,237)	$71,158,662
Sales among intersegments	1,089,664	88,406	1,281,795	154,565	($2,614,430)	-
Total sales	$29,179,218	$7,993,007	31,836,184	$5,201,920	($3,051,667)	$71,158,662
Operating profit (loss)	$1,461,328	$12,929	$857,775	($158,863)	$38,205	$2,211,374
Non-operating income and expenses						(406,009)
Income before income tax						$1,805,365
Income tax expense (benefit)						460,055
Net income after tax						$1,345,310
Total assets						$87,228,348
Total liabilities						$57,592,487

(4) Information on product and service:

Revenue derived from main goods and services provided by the Company's continuing operations are classified by business segment. Please refer to disclosure of revenue by business segment.

(5) Geographical information:

Areas	2018	2017
Sales from external customers:		
Taiwan	$18,341,615	$18,273,613
US	10,104,815	11,298,368
Asia	36,017,634	36,058,080
Europe	9,230,750	4,940,907
Others	161,375	587,694
Total	$73,856,189	$71,158,662

	December 31	
Areas	2018	2017
Noncurrent assets:		
Taiwan	$41,150,036	$41,630,823
US	16,340,698	15,999,749
Others	790,907	358,247
Total	$58,281,641	$57,988,819

(6) Major customer information:No customer has reached the disclosure standards.