YC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of YC Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of YC Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to Other matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audit of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Valuation of inventory

Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(6) for details of inventories. As of December 31, 2019, the inventories and allowance for valuation loss amounted to NT$7,376,708 thousand and NT$143,872 thousand, respectively.

The Group is mainly engaged in manufacturing, processing, and selling of packaging materials, including BOPP film, adhesives and polystyrene sheets, as well as land development and construction. The Group's inventories are measured at the lower of cost and net realisable value, and an allowance for inventory valuation losses is provided based on individually identified reasonable net realisable value and usable condition of obsolete or slow-moving inventories.

Considering that the Group's inventories and the allowance for inventory valuation losses are material to the financial statements and the determination of net realisable value for obsolete or slow-moving inventories involves judgements and estimates, we identified the valuation of inventory as a key audit matter.

How our audit addressed the matter

As this key audit matter had covered different consolidated entities based on our audit and the reports of other auditors, we performed the following audit procedures on the above key audit matter:

1. Assessed and obtained an understanding of the internal control procedures and provision policies in relation to the allowance for inventory valuation losses.

2. For packaging material business, we have:

(1) Obtained the net realisable value valuation report of inventories, assessed the calculation logic, verified the related records, and selected samples to check the source data of net realisable value.

(2) Obtained the details of the individually identified obsolete or slow-moving inventories, reviewed the related supporting documents, and verified the records.

(3) Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

3. For land development and construction business, we have:

(1) Obtained the valuation data in relation to the net realisable value of inventories and compared with the last sales contract in order to assess the reasonableness of the net realisable value of buildings and land held for sale at the end of the year.

(2) Obtained the valuation data in relation to the net realisable value of inventories to ascertain whether the data source, assumptions and methods adopted by the Group are reasonable. Tested data in order to check the reasonableness of the net realisable value of buildings and land held for sale.

Valuation of investment property

<u>Description</u>

Refer to Note 4(19) for accounting policy on investment property, Note 5(2) for uncertainty of accounting estimates and assumptions applied on fair value valuation and Note 6(11) for details of investment property. As of December 31, 2019, the fair value of investment property was NT$1,857,961 thousand.

The Group's investment property is valued by external experts using the fair value model. Additionally, the Group's investment property is material to the financial statements. Given that the valuation process is subject to significant assumptions on discount rate and future lease income and has material effect on the fair value measurement, we consider it as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the appointed external appraisers in conformity with the rules of qualification and independence.
2. Reviewed whether the valuation method used in the appraisal report is consistent with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For investment properties accounted for using the income approach, assessed whether the lease income and rental growth rate are reasonable by referencing to the market rental rate.

Appropriateness of impairment assessment of property, plant and equipment

Description

Refer to Notes 4(16)(21) for the accounting policy on property, plant and equipment and non-financial assets impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to the impairment of non-financial assets, and Note 6(13) for the details of non-financial assets impairment. The Group recognised impairment loss on property, plant and equipment of NT$607,383 thousand for the year ended December 31, 2019.

Certain property, plant and equipment of the Group's indirect subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., may be impaired due to international oil price and market fluctuations resulting to a reduction in the actual production capacity for the year ended December 31, 2019. Management appointed an external appraiser to assess the recoverable amount of property, plant and equipment. Since the assessment involves subjective judgment, contained a high degree of uncertainty, and may have a significant effect to the financial statements, we considered the impairment assessment of property, plant and equipment as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures in respect of the above key audit matter:

1. Confirmed whether management has identified all individual assets which may be impaired and ascertained whether these were all included in the valuation process.

2. Verified whether the appointed independent appraisers have complied with the specialisation, qualification and independence requirements.

3. Obtained an understanding of the valuation method and assumptions used by the appraiser, and examined whether the valuation method is reasonable.

Other matter –audits by other auditors

We did not audit the financial statements of a wholly-owned consolidated subsidiary, which statements reflect total assets of NT$1,524,589 thousand and NT$1,619,521 thousand as at December 31, 2019 and 2018, both constituting 5% of consolidated total assets, respectively, and net sales revenue of NT$1,255,335 thousand and NT$1,308,855 thousand, constituting 8% and 7% of consolidated total sales revenue for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of YC Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Lin, Yi-Fan	Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan
March 27, 2020

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,965,198	9	$ 2,474,493	8
1110	Financial assets at fair value through profit or loss - current	6(2) and 8	358,634	1	449,626	1
1120	Financial assets at fair value through other comprehensive income - current	6(3) and 8	592,909	2	748,150	2
1136	Current financial assets at amortised cost	6(4)	553,252	2	639,653	2
1150	Notes receivable, net	6(5) and 8	667,034	2	1,022,992	3
1170	Accounts receivable, net	6(5) and 8	2,391,730	7	2,408,913	7
1200	Other receivables		94,562	-	93,837	-
1220	Current tax assets		1,982	-	-	-
130X	Inventories, net	6(6) and 8	7,232,836	22	7,915,070	24
1410	Prepayments		583,474	2	619,569	2
1470	Other current assets		110,762	-	118,598	1
11XX	**Total current assets**		15,552,373	47	16,490,901	50
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	435,460	1	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	86,960	-	16,430	-
1535	Non-current financial assets at amortised cost	6(4) and 8	237,807	1	63,747	-
1550	Investments accounted for under equity method	6(7)	355,724	1	357,174	1
1600	Property, plant and equipment, net	6(8) and 8	13,192,774	40	14,370,740	43
1755	Right-of-use assets	6(9) and 8	1,000,751	3	-	-
1760	Investment property, net	6(11) and 8	1,857,961	5	819,954	2
1780	Intangible assets, net	6(12)	269,763	1	258,490	1
1840	Deferred income tax assets	6(30)	207,935	1	182,977	1
1900	Other non-current assets	6(14) and 8	82,689	-	667,487	2
15XX	**Total non-current assets**		17,727,824	53	16,736,999	50
1XXX	**Total assets**		$ 33,280,197	100	$ 33,227,900	100

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(15) and 8	$ 6,505,803	20	$ 6,293,763	19
2110	Short-term notes and bills payable	6(16)	550,000	2	590,000	2
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,150	-	-	-
2130	Current contract liabilities	6(25)	141,778	-	97,002	-
2150	Notes payable		292,919	1	480,693	1
2170	Accounts payable		725,871	2	927,642	3
2180	Accounts payable - related parties	7	-	-	100,832	-
2200	Other payables		666,763	2	543,246	2
2230	Current income tax liabilities		89,559	-	86,032	-
2280	Current lease liabilities		110,818	-	-	-
2300	Other current liabilities	6(17)(19) and 8	7,970,828	24	3,609,816	11
21XX	**Total current liabilities**		17,055,489	51	12,729,026	38
	Non-current liabilities					
2530	Corporate bonds payable	6(18) and 8	971,544	3	-	-
2540	Long-term borrowings	6(19) and 8	4,246,818	13	10,308,022	31
2570	Deferred income tax liabilities	6(30)	513,094	2	415,251	2
2580	Non-current lease liabilities		427,012	1	-	-
2600	Other non-current liabilities	6(20)(21)	494,991	1	406,432	1
25XX	**Total non-current liabilities**		6,653,459	20	11,129,705	34
2XXX	**Total liabilities**		23,708,948	71	23,858,731	72
	Equity attributable to owners of parent					
	Share capital	6(22)				
3110	Common stock		5,718,342	17	5,300,623	16
	Capital surplus	6(23)				
3200	Capital surplus		2,751,507	8	2,640,718	7
	Retained earnings	6(24)				
3310	Legal reserve		620,361	2	566,002	2
3320	Special reserve		637,634	2	369,130	1
3350	(Accumulated deficit) unappropriated retained earnings		(341,174)	(1)	875,702	3
	Other equity interest					
3400	Other equity interest		55,037	-	(473,920)	(1)
3500	Treasury stocks	6(22)	(414,770)	(1)	(531,049)	(2)
31XX	**Equity attributable to owners of the parent**		9,026,937	27	8,747,206	26
36XX	**Non-controlling interest**		544,312	2	621,963	2
3XXX	**Total equity**		9,571,249	29	9,369,169	28
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 33,280,197	100	$ 33,227,900	100

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except (loss) earnings per share)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
4000	**Sales revenue**	6(25) and 7	$ 16,177,441	100	$ 19,810,468	100
5000	**Operating costs**	6(6)(29) and 7	(14,293,020)	(88)	(17,524,456)	(88)
5950	**Net operating margin**		1,884,421	12	2,286,012	12
	Operating expenses	6(29)				
6100	Selling expenses		(956,540)	(6)	(1,028,202)	(5)
6200	General and administrative expenses		(660,915)	(4)	(608,472)	(3)
6300	Research and development expenses		(62,763)	-	(55,317)	(1)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	3,757	-	(14,518)	-
6000	**Total operating expenses**		(1,676,461)	(10)	(1,706,509)	(9)
6900	**Operating profit**		207,960	2	579,503	3
	Non-operating income and expenses					
7010	Other income	6(26)	378,400	2	251,593	1
7020	Other gains and losses	6(27)	(678,662)	(4)	355,039	2
7050	Finance costs	6(28)	(450,962)	(3)	(497,882)	(3)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	102,089	1	111,489	1
7000	**Total non-operating income and expenses**		(649,135)	(4)	220,239	1
7900	**(Loss) profit before income tax**		(441,175)	(2)	799,742	4
7950	Income tax expense	6(30)	(123,201)	(1)	(273,090)	(2)
8200	**(Loss) profit for the year**		($ 564,376)	(3)	$ 526,652	2

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except (loss) earnings per share)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plans	6(21)	($ 9,945)	-	$ 14,744	-
8312	Gains on revaluation	6(11)	563,270	3	-	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	100,754	1	(205,672)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(121,705)	(1)	(1,970)	-
8310	**Other comprehensive income (loss) that will not be reclassified to profit or loss**		532,374	3	(192,898)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(132,214)	(1)	(37,416)	-
8367	Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income	6(3)	433	-	-	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method		(13,466)	-	(8,180)	-
8360	**Other comprehensive loss that will be reclassified to profit or loss**		(145,247)	(1)	(45,596)	-
8300	**Other comprehensive income (loss) for the year**		$ 387,127	2	($ 238,494)	(1)
8500	**Total comprehensive (loss) income for the year**		($ 177,249)	(1)	$ 288,158	1
	(Loss) profit attributable to:					
8610	Owners of the parent		($ 509,016)	(3)	$ 543,593	2
8620	Non-controlling interest		(55,360)	-	(16,941)	-
	Total		($ 564,376)	(3)	$ 526,652	2
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		($ 109,858)	(1)	$ 314,369	1
8720	Non-controlling interest		(67,391)	-	(26,211)	-
	Total		($ 177,249)	(1)	$ 288,158	1
	(Loss) earnings per share	6(31)				
9750	**Basic (loss) earnings per share**		($ 0.99)		$ 1.11	
9850	**Diluted (loss) earnings per share**		($ 0.99)		$ 1.11	

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
				Retained Earnings			Other Equity Interest								
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Revaluation surplus	Other equity - others	Treasury stocks	Total	Non-controlling interest	Total equity
2018															
Balance at January 1, 2018		$ 5,348,213	$ 2,631,380	$ 507,124	$ 363,766	$ 594,152	($ 125,406)	$ -	($ 80,011)	$ -	$ -	($ 555,650)	$ 8,683,568	$ 727,041	$ 9,410,609
Effect of retrospective application and retrospective restatement		-	-	-	-	90,737	-	(106,516)	80,011	-	-	-	64,232	(3,357)	60,875
Balance at January 1 after adjustments		5,348,213	2,631,380	507,124	363,766	684,889	(125,406)	(106,516)	-	-	-	(555,650)	8,747,800	723,684	9,471,484
Profit for the year		-	-	-	-	543,593	-	-	-	-	-	-	543,593	(16,941)	526,652
Other comprehensive income (loss) for the year		-	-	-	-	12,774	(36,326)	(205,672)	-	-	-	-	(229,224)	(9,270)	(238,494)
Total comprehensive income (loss)		-	-	-	-	556,367	(36,326)	(205,672)	-	-	-	-	314,369	(26,211)	288,158
Distribution of 2017 earnings :	6(24)														
Legal reserve		-	-	58,878	-	(58,878)	-	-	-	-	-	-	-	-	-
Special reserve		-	-	-	5,364	(5,364)	-	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(304,473)	-	-	-	-	-	-	(304,473)	-	(304,473)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	3,161	-	-	-	-	-	-	3,161	-	3,161
Treasury stocks transferred to employees	6(22)(23)	-	(86)	-	-	-	-	-	-	-	-	32,599	32,513	-	32,513
Changes in ownership interests in subsidiaries	6(23)	-	(3,078)	-	-	-	-	-	-	-	-	-	(3,078)	-	(3,078)
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(23)	-	12,502	-	-	-	-	-	-	-	-	-	12,502	-	12,502
Purchase of treasury shares	6(22)	-	-	-	-	-	-	-	-	-	-	(55,588)	(55,588)	-	(55,588)
Cancellation of treasury stocks	6(22)	(47,590)	-	-	-	-	-	-	-	-	-	47,590	-	-	-
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(75,510)	(75,510)
Balance at December 31, 2018		$ 5,300,623	$ 2,640,718	$ 566,002	$ 369,130	$ 875,702	($ 161,732)	($ 312,188)	$ -	$ -	$ -	($ 531,049)	$ 8,747,206	$ 621,963	$ 9,369,169

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
				Retained Earnings			Other Equity Interest								
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Revaluation surplus	Other equity - others	Treasury stocks	Total	Non-controlling interest	Total equity
2019															
Balance at January 1, 2019		$ 5,300,623	$ 2,640,718	$ 566,002	$ 369,130	$ 875,702	($ 161,732)	($ 312,188)	$ -	$ -	$ -	($ 531,049)	$ 8,747,206	$ 621,963	$ 9,369,169
Loss for the year		-	-	-	-	(509,016)	-	-	-	-	-	-	(509,016)	(55,360)	(564,376)
Other comprehensive income (loss) for the year		-	-	-	-	(7,956)	(133,649)	101,187	-	439,576	-	-	399,158	(12,031)	387,127
Total comprehensive income (loss)		-	-	-	-	(516,972)	(133,649)	101,187	-	439,576	-	-	(109,858)	(67,391)	(177,249)
Distribution of 2018 earnings :	6(24)														
Legal reserve		-	-	54,359	-	(54,359)	-	-	-	-	-	-	-	-	-
Special reserve		-	-	-	268,504	(268,504)	-	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(255,198)	-	-	-	-	-	-	(255,198)	-	(255,198)
Issuance of shares	6(22)(23)	450,000	74,500	-	-	-	-	-	-	-	-	-	524,500	-	524,500
Share-based payments	6(22)(23)	-	9,045	-	-	-	-	-	-	-	-	-	9,045	-	9,045
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	(121,843)	-	121,843	-	-	-	-	-	-	-
Treasury stocks transferred to employees	6(22)(23)	-	(187)	-	-	-	-	-	-	-	-	70,924	70,737	-	70,737
Changes in ownership interests in subsidiaries	6(23)	-	2,508	-	-	-	-	-	-	-	-	-	2,508	-	2,508
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(23)	-	8,906	-	-	-	-	-	-	-	-	-	8,906	-	8,906
Due to recognition of equity component of convertible bonds issued	6(18)(23)	-	29,091	-	-	-	-	-	-	-	-	-	29,091	-	29,091
Cancellation of treasury stocks	6(22)(23)	(32,281)	(13,074)	-	-	-	-	-	-	-	-	45,355	-	-	-
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(10,260)	(10,260)
Balance at December 31, 2019		$ 5,718,342	$ 2,751,507	$ 620,361	$ 637,634	($ 341,174)	($ 295,381)	($ 89,158)	$ -	$ 439,576	$ -	($ 414,770)	$ 9,026,937	$ 544,312	$ 9,571,249

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

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 441,175)	$ 799,742
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)(27)	(230,445)	(45,502)
Expected credit impairment (gain) loss	12(2)	(3,757)	14,518
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(102,089)	(111,489)
Depreciation	6(8)(9)(29)	907,203	849,802
Impairment loss on property, plant and equipment	6(8)(13)(27)	607,383	40,608
Loss (gain) on disposal of property, plant and equipment	6(27)	46,900	(488,853)
Gain on fair value adjustment of investment property	6(11)(27)	(12,216)	(66,938)
Amortization	6(12)(29)	9,593	4,276
Rental expense	6(14)	-	13,257
Interest income	6(26)	(25,329)	(24,436)
Dividend income	6(26)	(59,856)	(115,377)
Interest expense	6(28)	450,962	497,882
Gains on write-off of past due payable	6(26)	(55,830)	-
Loss on bond redemption and repurchase	6(27)	-	4
Share-based payments	6(22)(23)	9,045	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		355,958	(426,616)
Accounts receivable, net		4,245	215,073
Other receivables		(725)	56,245
Inventories		563,240	588,643
Prepayments		11,995	220,720
Other current assets		(13,257)	(15,809)
Changes in operating liabilities			
Current contract liabilities		44,776	-
Notes payable		(187,774)	26,728
Accounts payable		(145,941)	(152,514)
Accounts payable - related parties		(100,832)	15,630
Other payables		121,364	(112,402)
Other current liabilities		(7,559)	(81,982)
Other non-current liabilities		(4,897)	32,961
Cash inflow generated from operations		1,740,982	1,734,171
Interest received		23,516	24,436
Dividends received		160,771	268,092
Interest paid		(436,353)	(523,311)
Income tax paid		(185,561)	(81,783)
Net cash flows from operating activities		1,303,355	1,421,605

(Continued)

YC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 1,491,467)	($ 1,156,795)
Proceeds from disposal of financial assets at fair value through profit or loss		1,354,255	974,777
Acquisition of financial assets at fair value through other comprehensive income		(704,464)	(697,536)
Proceeds from disposal of financial assets at fair value through other comprehensive income		978,247	1,294,002
Increase in financial assets at amortised cost		(87,659)	(145,452)
Acquisition of property, plant and equipment	6(32)	(1,028,658)	(612,994)
Proceeds from disposal of property, plant and equipment		97,754	823,311
Acquisition of right-of-use assets		(11,528)	-
Acquisition of intangible assets		(15,033)	-
Decrease in other non-current assets		92,882	64,520
Decrease in liabilities directly related to non-current assets held for sale		-	(682,920)
Decrease in other current assets		-	271,732
Increase in other non-current liabilities		288,121	-
Net cash flows (used in) from investing activities		(527,550)	132,645
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(33)	244,274	(1,471,480)
Decrease in short-term notes and bills payable	6(33)	(40,000)	(73,000)
Proceeds from issuance of bonds	6(33)	996,260	-
Bonds repurchased		-	(99)
Bonds expired		-	(94,055)
Proceeds from long-term borrowings	6(33)	6,578,327	5,637,531
Repayment of long-term borrowings	6(33)	(8,221,952)	(5,744,530)
Decrease in lease liabilities	6(33)	(129,927)	-
Proceeds from issuance of shares	6(22)	524,500	-
Purchase of treasury shares	6(22)	-	(55,588)
Treasury stocks transferred to employees		66,444	-
Payment of cash dividends		(246,292)	(291,971)
Change in non-controlling interest		(10,260)	(75,510)
Net cash flows used in financing activities		(238,626)	(2,168,702)
Effect of exchange rate fluctuations on cash and cash equivalents		(46,474)	25,034
Net increase (decrease) in cash and cash equivalents		490,705	(589,418)
Cash and cash equivalents at beginning of year		2,474,493	3,063,911
Cash and cash equivalents at end of year		$ 2,965,198	$ 2,474,493

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

YC CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, expect as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) YC Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in researching, designing, manufacturing, processing, and sale of petrochemical and packaging materials, including BOPP film and adhesive tape, as well as land development and construction.

(2) The Company had been listed as Second (TIGER) category securities on Gre Tai Securities Market since April, 2000, and had been listed as general securities since April, 2001. Since January 21, 2008, the Company had been listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 27, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' and 'lease liability' by $1,295,675 and $682,326, respectively, and decreased other current assets, lease assets, other non-current assets, other current liabilities and other non-current liabilities by $19,407, $290,337, $524,995, $16,855 and $204,535, respectively, with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

   (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

   (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

   (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $5,886 was recognised for the year ended December 31, 2019.

   (d) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate ranging from 1.82% to 6.50%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 543,575
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018	286,828
Less: Short-term leases	(856)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$ 829,547
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 682,326
Incremental borrowing interest rate at the date of initial application	1.82%~6.50%

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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.

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(2) Financial assets and liabilities at fair value through other comprehensive income measured at fair value.

(3) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

(4) Investment property remeasured at fair value.

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

(3) Basis of consolidation

A. Basis for preparation of 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 unrealised 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 recognised 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 recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss 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 recognised 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
YC Co., Ltd.	YEM CHIO (BVI) Co., Ltd. (YEM CHIO)	Manufacturing of adhesives and polystyrene sheets; investment holdings	100	100	
	ACHEM Technology Corporation	Manufacturing of adhesives and polystyrene sheets; investment holdings	100	100	
	Xin Chio Co., Ltd.	Manufacturing of wrapping material and computer hardware, software and peripherals for cloud service; business of import and export; design, research, development and distributing for the aforementioned products	43.84	43.43	
	Chuang-Yi Investment Co., Ltd.	Investment holdings	100	100	
	UINN Hotel Co., Ltd. (UINN Hotel)	Hotel management and related business	100	100	
	Wong Chio Development, Ltd.	Undertaking civil engineering and hydraulic engineering	100	100	
	WONG CHIO (Samoa) Co., Ltd. (WONG CHIO)	Investment holdings	-	-	
YEM CHIO	ASIA PLASTICS (BVI) Co., Ltd. (ASIA PLASTICS)	Manufacturing of adhesives and polystyrene sheets; investment holdings	45	45	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
YEM CHIO	WAN CHIO (BVI) Co., Ltd. (WAN CHIO)	Manufacturing and marketing of raw materials; investment holdings	49.66	49.66	
ACHEM Technology Corporation	ASIACHEM International Corporation	Investment holdings	100	100	
	ACHEM Opto-Electronic Corporation	Manufacturing of electronic parts and components	78.48	78.48	
	Valueline Investment Corporation	Investment holdings	100	100	
	ACHEM Technology Holdings Limited	Investment of high technology industry	100	100	
	Xin Chio Co., Ltd.	Manufacturing of wrapping material and computer hardware, software and peripherals for cloud service; business of import and export; design, research, development and distributing for the aforementioned products	25.39	25.15	
Xin Chio Co., Ltd.	Master Package (Shanghai) Material Technology Co., Ltd.	Wholesale, import and export of various wrapping materials, computer software, hardware and peripherals	100	100	
	ACHEM (Tianjin) Adhesive Product Co., Ltd.	Sales of various adhesive products	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
Xin Chio Co., Ltd.	ACHEM Technology (Wuhan) Limited	Sales of various adhesive products	100	100	
ASIA PLASTICS	Achem Technology (Ningbo) Co., Ltd. (Ningbo Yem Chio Co., Ltd.)	Manufacturing and sales of adhesives and polystyrene sheets	100	100	
WAN CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	50.06	50.06	
ASIACHEM International Corporation	Fuzhou Fuda Plastic Products Co., Ltd.	Discontinued operations	100	100	Note 1
	Shaanxi Heyangder Adhesive Product Co., Ltd. (Formerly: Wanchio Technology Adhesive Product (Weinan) Co., Ltd.)	Manufacturing and sale of various adhesives products, raw materials, wrapping materials and paper products	100	100	Note 4
ACHEM Technology Holdings Limited	ACHEM Technology China	Investment in high technology industry	100	100	
	ACHEM Technology Americas Ltd.	Investment in high technology industry	100	100	
	ACHEM Technology (M) Sdn. Bhd.	Business of import, export and distribution	90	90	
	ACHEM Technology (Vietnam) Ltd.	Manufacturing and sales of various adhesive products	100	100	
	WAN CHIO (BVI) Co., Ltd. (WAN CHIO)	Manufacturing and marketing of raw materials; investment holdings	31.53	31.53	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
ACHEM Technology Holdings Limited	ACHEM Technology (India) Ltd.	Sales of various adhesive products	100	100	Note 2
	ASIA PLASTICS (BVI) Co., Ltd. (ASIA PLASTICS)	Sales of adhesives and polystyrene sheets; investment holdings	55	55	
ACHEM Technology China	ACHEM Technology Huizhou Adhesive Products Ltd.	Discontinued operations	100	100	Note 1
	ACHEM Technology (Chengdu) Limited	Manufacturing and sales of various adhesive products	100	100	
	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Manufacturing and sales of various adhesive products	100	100	
	Foshan Inder Adhesive Product Co., Ltd.	Manufacturing and sales of various adhesive products	62.30	62.30	
	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Manufacturing and sales of various adhesive products	100	100	
	LANDMART Global Limited (LANDMART)	Manufacturing and sales of various adhesives products; investment holdings	100	100	Note 3
ACHEM Technology Americas Ltd.	ACHEM Industry America Inc.	Manufacturing and sales of various adhesive products	100	100	
ACHEM Opto-Electronic Corporation	AOE Holding Limited	Investment in high technology industry	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	23.78	23.78	
Ningbo Yem Chio Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	26.16	26.16	
LANDMART	ACHEM Technology (Shanghai) Limited	Manufacturing and sales of various adhesive products	100	100	Note 3

Note 1: Fuzhou Fuda and ACHEM Technology Huizhou have ceased operations.

Note 2: ACHEM Technology (India) Ltd. underwent liquidation in May 2017.

Note 3: In October 2017, ACHEM Technology China increased its investment in its wholly-owned subsidiary, LANDMART, in the amount of US$28 million and then transferred its 100% equity interest in ACHEM Technology (Shanghai) Limited to LANDMART. As of December 31, 2019, ACHEM Technology (Shanghai) Limited has not completed the registration.

Note 4: The Company's second-tier subsidiary, Wanchio Technology Adhesive Product (Weinan) Co., Ltd., was renamed as Shaanxi Heyangder Adhesive Product Co., Ltd. in December 2018. The registration had been completed.

C. Related parties in the consolidated financial statements:

Names and relationship of related parties
Associate
Winda Opto-Electronic Co., Ltd.
Other related party - companies with significant influence over WAN CHIO - Toyota Tsusho Corporation
Other related party - companies with significant influence over Foshan Inder Adhesive Product Co., Ltd. - Foshan Plastics Group Co., Ltd.
Other related parties
Li, Zhi-Xian
Li, Shu-Wei
NOMAL GARDEN CO., LTD.
Yong Chen International, LLC.

D. Subsidiaries not included in the consolidated financial statements: None.

E. Adjustments for subsidiaries with different balance sheet dates: None.

F. Significant restrictions: None.

G. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. The Group's operating cycle on construction projects is usually longer than 1 year. The assets and liabilities in relation to constructions and long-term construction contracts are classified as current or non-current based on operating cycle (usually is 4 to 5 years). Other assets and liabilities are classified as current or non-current based on a year.

B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the 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.

(6) Cash equivalents

A. Cash equivalents refer to 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.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

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

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

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Lease receivables/ leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

A. Inventories are stated 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.

B. Except for recognising profit or loss using the completed contract method, costs are stated at acquisition cost basis during construction. In accordance with IFRSs, the related interest expense is capitalised.

(15) Investments accounted for using equity method / associates

A. 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 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. 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.

E. 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.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated and the main production equipment of Wan Chio Petrochemical (Jiangsu) Co., Ltd. is depreciated using the units-of-output depreciation method to allocate the cost. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 and structures	3 ～ 60 years
Machinery and equipment	2 ～ 25 years
Transportation equipment	3 ～ 12 years
Office equipment	2 ～ 15 years
Leasehold assets	17 ～ 20 years

(17) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Leased assets/ operating leases (lessee)

Prior to 2019

A. 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 recognised 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.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(20) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill shall be tested annually for impairment, and recognised based on the cost less accumulated depreciation. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

B. Other intangible assets, mainly acquired special technology, are amortised using the straight-line method over 3 years.

(21) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised 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 or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities 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) They 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 policy.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and gains or losses arising from these financial liabilities are recognised in profit or loss.

(24) <u>Derecognition of financial liabilities</u>

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) <u>Convertible bonds payable</u>

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. Embedded call options and put options

Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds

Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Embedded conversion options (meet the definition of equity)

Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus –share options.

(26) Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Land development and resale

(a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

(b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

(27) Employee benefits

A. Short-term employee benefits

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.

B. Pensions

(a) 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 or a reduction in the future payments.

(b) Defined benefit plans

i. 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 period or prior periods. 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 net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from 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 redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

D. 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 obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(28) Employee share-based payment

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. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(29) Income tax

A. 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.

B. The current income tax expense 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.

C. 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 income 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 income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

D. 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.

(30) Share capital

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

B. Where the Group repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(32) 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.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption and obsolete inventories on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. Investment property

The fair value valuation of investment property relies on the real estate appraisers to determine future cash flows, discount rate and profit or loss which is likely to accrue or incur afterwards based on the experts' judgement, utilisation of the assets and industrial characteristics. Any changes of economic circumstances or estimates due to the change of the Group's strategy might affect the value of investment property.

C. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 3,507	$ 7,872
Checking accounts and demand deposits	2,032,982	2,441,232
Time deposits	837,333	25,389
Bonds sold under repurchase agreements	91,376	-
	$ 2,965,198	$ 2,474,493

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents that were pledged as collateral were reclassified to financial assets at amortised cost. Details are provided in Notes 6(4) and 8.

(2) Financial assets/liabilities at fair value through profit or loss

	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 308,645	$ 207,997
Bank debentures	30,332	-
Emerging stocks	-	103,255
Beneficiary certificates	86,567	88,587
	425,544	399,839
Valuation adjustments	(66,910)	49,787
	$ 358,634	$ 449,626

	December 31, 2019	December 31, 2018
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	$ 500	$ -
Valuation adjustment	650	-
	$ 1,150	$ -

	December 31, 2019	December 31, 2018
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 90,181	$ -
Valuation adjustment	345,279	-
	$ 435,460	$ -

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	230,952	45,502
Debt instruments	143	-
	$ 231,095	$ 45,502

B. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Year ended December 31	
	2019	2018
Financial liabilities designated as at fair value through profit or loss		
Debt instrument	($ 650)	$ -

C. The issuance of convertible bonds by the Company amounting to $1,150 was recognised under 'financial liabilities designated as at fair value through profit or loss on initial recognition' due to their compound instrument feature.

(a) For the year ended December 31, 2019, the Group has recognised the changes in fair value amounting to $650, and they are not attributable to the changes in credit risk of the liabilities.

(b) For the terms of the 8th and 9th secured convertible bonds issued by the Company, please refer to Note 6 (18).

D. Details of the Group's certain financial assets at fair value through profit or loss pledged to others as collateral for short-term borrowings are provided in Note 8.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	$ 562,838	$ 957,234
Valuation adjustments	30,071	(209,084)
	$ 592,909	$ 748,150
Non-current items:		
Debt instrument		
Bank debenture	$ 59,685	$ -
Valuation adjustment	433	-
	60,118	-
Equity instruments		
Unlisted shares	132,149	133,616
Emerging stocks	1,467	-
Valuation adjustments	(106,774)	(117,186)
	26,842	16,430
	$ 86,960	$ 16,430

A. The Group has elected to classify equity investments that are considered to be strategic investments or have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $39,368, $28,422, $580,383 and $736,158 as at December 31, 2019 and 2018, respectively.

B. Due to adjustments on strategic investments for the years ended December 31, 2019 and 2018, the Group sold its investments in stocks at fair value of $493,864 and $1,294,002, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 100,754	($ 205,672)
Cumulative (losses) gains reclassified to retained earnings due to derecognition	($ 121,843)	$ 3,161
Dividend income recognised in profit or loss		
Held at end of year	$ 37,196	$ 40,569
Derecognised during the year	5,923	61,038
	$ 43,119	$ 101,607
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 433	$ -

D. As at December 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $60,118.

E. Details of the Group’s certain financial assets at fair value through other comprehensive income pledged to others as collateral for short-term borrowings are provided in Note 8.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Restricted demand deposits	$ 1,509	$ 1,501
Restricted time deposits	551,743	638,152
	$ 553,252	$ 639,653
Non-current items:		
Restricted demand deposits	$ 124,384	$ 52,942
Restricted time deposits	113,423	10,805
	$ 237,807	$ 63,747

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2019	2018
Interest income	$ 12,012	$ 9,031

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $791,059 and $703,400, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 667,841	$ 1,025,046
Less: Allowance for uncollectible accounts	(807)	(2,054)
	$ 667,034	$ 1,022,992
Accounts receivable	$ 2,486,239	$ 2,524,766
Less: Allowance for uncollectible accounts	(94,509)	(115,853)
	$ 2,391,730	$ 2,408,913

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2019		December 31, 2018	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 667,840	$ 1,922,180	$ 1,014,297	$ 2,024,580
Up to 30 days	1	327,623	8,139	294,311
31 to 90 days	-	163,479	2,119	103,395
91 to 180 days	-	20,688	-	26,707
Over 180 days	-	52,269	491	75,773
	$ 667,841	$ 2,486,239	$ 1,025,046	$ 2,524,766

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, accounts and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $3,189,609.

C. As of December 31, 2019 and 2018, the Group had outstanding discounted notes receivable amounting to $163,012 and $238,629, respectively. The Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were deducted directly from notes receivable.

D. Details of notes and accounts receivable pledged to others as collateral are provided in Note 8.

E. As of December 31, 2019, the information on collateral pledged for accounts receivable was not disclosed due to the immaterial amount. The Group has no collateral pledged for the accounts receivable as of December 31, 2018.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

A. Inventories were as follows:

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Packaging Material Sales Channel business:			
Raw materials and supplies	$ 892,785	($ 48,564)	$ 844,221
Work-in-progress	303,860	(20,637)	283,223
Finished goods	397,368	(21,296)	376,072
Merchandise	297,505	(53,375)	244,130
Inventories in transit	91,144	-	91,144
	1,982,662	(143,872)	1,838,790
Land Development & Construction business:			
Construction-in-progress	4,338,787	-	4,338,787
Land held for building	210,679	-	210,679
Buildings and land held for sale	844,580	-	844,580
	5,394,046	-	5,394,046
	$ 7,376,708	($ 143,872)	$ 7,232,836

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Packaging Material Sales Channel business:			
Raw materials and supplies	$ 1,009,276	($ 32,340)	$ 976,936
Work-in-progress	269,148	(16,835)	252,313
Finished goods	453,653	(19,773)	433,880
Merchandise	604,527	(66,914)	537,613
Inventories in transit	152,985	-	152,985
	2,489,589	(135,862)	2,353,727
Land Development & Construction business:			
Construction-in-progress	3,740,658	-	3,740,658
Land held for building	627,091	-	627,091
Buildings and land held for sale	1,192,724	-	1,192,724
	5,560,473	-	5,560,473
Others	973	(103)	870
	$ 8,051,035	($ 135,965)	$ 7,915,070

B. The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2019	2018
Cost of inventories sold	$ 13,539,478	$ 16,134,107
Cost of construction sold	351,905	1,016,519
Unamortised fixed production overhead	390,433	357,209
Loss on market price decline	11,204	16,621
	$ 14,293,020	$ 17,524,456

C. Amount of borrowing costs capitalised as part of inventory and the range of interest rates for such capitalisation are as follows:

	Year ended December 31	
	2019	2018
Amount capitalized	$ 86,059	$ 83,978
Range of interest rates	1.71%~3.08%	2.39%~2.65%

D. The Group’s construction is located in Neihu District, Taipei City - the Headquarters Office Buildings of YC Group. Certain floors were reclassified as ‘investment property’ based on their usage. Details are provided in Note 6(11).

E. Information about the inventories that were pledged to others as collateral is provided in Note 8.

(7) Long-term investments accounted for under the equity method

A. Details of long-term equity investments accounted for under the equity method are set forth below:

Related parties	December 31, 2019	December 31, 2018
Winda Opto-Electronic Co., Ltd.	$ 355,724	$ 357,174

B. Investment income accounted for under the equity method for the years ended December 31, 2019 and 2018 is set forth below:

	Year ended December 31	
Investee company	2019	2018
Winda Opto-Electronic Co., Ltd.	$ 102,089	$ 111,489

C. (a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	December 31, 2019	December 31, 2018	Nature of relationship	Method of measurement
Winda Opto-Electronic Co., Ltd.	China	41.85%	41.85%	Has significant influence over the Group	Equity method

(b) The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Winda Opto-Electronic Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	$ 835,813	$ 884,458
Non-current assets	144,700	175,981
Current liabilities	(94,959)	(147,209)
Non-current liabilities	(29,941)	(27,000)
Total net assets	$ 855,613	$ 886,230
Share in associate's net assets	$ 358,074	$ 370,360
Negative goodwill	(2,350)	(13,186)
Carrying amount of the associate	$ 355,724	$ 357,174

Statement of comprehensive income

	Winda Opto-Electronic Co., Ltd.	
	Year ended December 31	
	2019	2018
Revenue	$ 894,853	$ 1,005,502
Profit for the year from continuing operations	243,939	266,308
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 243,939	$ 266,308
Dividends received from associates	$ 100,915	$ 152,715

(c) The Group's material associate has no quoted market prices.

(8) Property, plant and equipment

	2019								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1									
Cost	$ 2,512,173	$ 5,270,078	$ 12,353,682	$ 171,546	$ 348,796	$ 290,337	$ 301,182	$ 140,621	$ 21,388,415
Accumulated depreciation and impairment	(706)	(1,785,874)	(4,824,726)	(117,867)	(186,133)	-	(102,369)	-	(7,017,675)
	$ 2,511,467	$ 3,484,204	$ 7,528,956	$ 53,679	$ 162,663	$ 290,337	$ 198,813	$ 140,621	$ 14,370,740
Opening net book amount as at January 1	$ 2,511,467	$ 3,484,204	$ 7,528,956	$ 53,679	$ 162,663	$ 290,337	$ 198,813	$ 140,621	$ 14,370,740
Additions	278,634	416,279	68,229	5,464	8,258	-	6,135	230,394	1,013,393
Disposals	-	(11,065)	(126,884)	(879)	(615)	-	(58)	(5,153)	(144,654)
Transfers	-	11,266	163,608	4,080	18,838	-	3,895	(201,687)	-
Reclassifications	(4,184)	(193,585)	21,373	-	-	(290,337)	114	20,262	(446,357)
Depreciation charge	(65)	(165,253)	(552,578)	(14,389)	(31,418)	-	(23,488)	-	(787,191)
Impairment loss	-	-	(607,383)	-	-	-	-	-	(607,383)
Net exchange differences	(8,743)	(51,233)	(141,182)	(592)	(674)	-	(1,643)	(1,707)	(205,774)
Closing net book amount as at December 31	$ 2,777,109	$ 3,490,613	$ 6,354,139	$ 47,363	$ 157,052	$ -	$ 183,768	$ 182,730	$ 13,192,774
At December 31									
Cost	$ 2,777,880	$ 5,222,293	$ 11,659,571	$ 172,671	$ 365,191	$ -	$ 306,071	$ 182,730	$ 20,686,407
Accumulated depreciation and impairment	(771)	(1,731,680)	(5,305,432)	(125,308)	(208,139)	-	(122,303)	-	(7,493,633)
	$ 2,777,109	$ 3,490,613	$ 6,354,139	$ 47,363	$ 157,052	$ -	$ 183,768	$ 182,730	$ 13,192,774

	2018								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leased assets	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1									
Cost	$ 2,637,251	$ 5,281,455	$ 12,210,597	$ 170,597	$ 308,936	$ 290,337	$ 277,928	$ 117,221	$ 21,294,322
Accumulated depreciation and impairment	(599)	(1,573,991)	(4,219,939)	(108,679)	(164,477)	-	(82,804)	-	(6,150,489)
	$ 2,636,652	$ 3,707,464	$ 7,990,658	$ 61,918	$ 144,459	$ 290,337	$ 195,124	$ 117,221	$ 15,143,833
Opening net book amount as at January 1	$ 2,636,652	$ 3,707,464	$ 7,990,658	$ 61,918	$ 144,459	$ 290,337	$ 195,124	$ 117,221	$ 15,143,833
Additions	-	7,571	106,117	3,795	6,727	-	2,426	373,075	499,711
Disposals	(127,164)	(191,924)	(14,181)	(668)	(281)	-	(240)	-	(334,458)
Transfers	-	42,158	232,597	4,330	39,008	-	25,214	(343,307)	-
Reclassifications	-	102,674	(12,861)	-	68	-	(117)	(5,567)	84,197
Depreciation charge	(107)	(164,018)	(620,655)	(15,348)	(27,129)	-	(22,545)	-	(849,802)
Impairment loss	-	(9,117)	(31,374)	-	-	-	(117)	-	(40,608)
Net exchange differences	2,086	(10,604)	(121,345)	(348)	(189)	-	(932)	(801)	(132,133)
Closing net book amount as at December 31	$ 2,511,467	$ 3,484,204	$ 7,528,956	$ 53,679	$ 162,663	$ 290,337	$ 198,813	$ 140,621	$ 14,370,740
At December 31									
Cost	$ 2,512,173	$ 5,270,078	$ 12,353,682	$ 171,546	$ 348,796	$ 290,337	$ 301,182	$ 140,621	$ 21,388,415
Accumulated depreciation and impairment	(706)	(1,785,874)	(4,824,726)	(117,867)	(186,133)	-	(102,369)	-	(7,017,675)
	$ 2,511,467	$ 3,484,204	$ 7,528,956	$ 53,679	$ 162,663	$ 290,337	$ 198,813	$ 140,621	$ 14,370,740

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2019	2018
Amount capitalized	$ 1,478	$ 1,600
Range of the interest rates	1.88%~1.93%	1.83%~1.93%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. In June 2011, ACHEM Technology Corporation revalued its assets in accordance with the laws and regulations. The gross revaluation increment in the amount of $569,967, net of provision for land revaluation increment tax of $228,975, was recorded as "Unrealised revaluation increment" in the amount of $340,992, under other stockholders' equity adjustments. The Company recognised this "Unrealised revaluation increment" into special reserve amounting to $170,769 in proportion to shares held.

D. ACHEM Technology Corporation's real estate lot in Rui-Hu Section No. 0392-0000 (311 square meters), Yangmei District, Taoyuan City, which was worth $189,218 has been registered under the names of employees and eventually registered under the name of ACHEM Technology Corporation.

E. Certain assets and liabilities have been reclassified as disposal group held for sale following the approval of the ACHEM Technology Corporation's Board of Directors on December 15, 2017 to sell 55% equity of LANDMART and its subsidiary, ACHEM Technology (Shanghai) Limited, to NOMAL GARDEN. As the registration of the transfer of equity interest of ACHEM Technology (Shanghai) Limited has not yet been completed, the termination of sales agreement was entered into under mutual agreement on May 30, 2018, and the related assets and liabilities were reclassified back to their original accounts.

F. In January 2019, the Company exercised pre-emptive rights on the land at Changhua Coastal Industrial Park leased from the Industrial Development Bureau, Ministry of Economic Affairs. The land transfer procedure was completed, and the land was transferred into property, plant and equipment in May 2019. Please refer to Note 6(9) for details.

G. For the year ended December 31, 2019, the office building in Neihu District, Taipei City and plant in Shanghai, China amounting to $278,330 were reclassified as 'investment property' from 'property, plant and equipment'. Please refer to Note 6(11) for details.

(9) Leasing arrangements－lessee / events after the balance sheet date

Effective 2019

A. The Group leases various assets including land, buildings as well as machinery and equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Land	$ 196,723	$ -
Land use right	416,596	13,033
Buildings and structures	60,382	20,266
Machinery and equipment	327,050	86,713
	$ 1,000,751	$ 120,012

C. The Company entered into a finance lease contract with the Ministry of Economic Affairs Changhua Coastal Industrial Park Service Center in 2006 and 2008, to lease land in Changhua. The lease agreement has an option that enables the Company to purchase the land at market price on the contract signing date at the end of the lease period. All rental payments the Company has paid can be deducted from the purchase price.

In December 2018, the Company submitted an application to the Industrial Development Bureau, Ministry of Economic Affairs for the approval to exercise pre-emptive rights (specified in the finance lease contract in 2006) on the industrial land located in No. 215, Shanglin Section of Lugang District, Changhua Coastal Park. Subsequently, the Industrial Development Bureau, Ministry of Economic Affairs approved the Company’s application to exercise pre-emptive rights in accordance with Zhang-Bin-Gong-Zi Letter No. 1086070235 in January 2019. In May 2019, the land transfer procedure was completed, and the land was reclassified as property, plant and equipment.

In November 2019, the Company submitted an application to the Industrial Development Bureau, Ministry of Economic Affairs for the approval to exercise pre-emptive rights (specified in the finance lease contract in 2008) on the industrial land located in No. 490 and 491, Shanglin Section of Lugang District, Changhua Coastal Park. Subsequently, the Industrial Development Bureau, Ministry of Economic Affairs approved the Company’s application to exercise pre-emptive rights in accordance with Zhang-Bin-Gong-Zi Letter No. 1096070289 in January 2020. On March 10, 2020, the chairman was authorised to handle the subsequent related affairs in the exercise of pre-emptive rights as resolved by the Board of Directors.

D. Land use rights are contracts signed by the Group for land use rights in Mainland China and Vietnam. The contract term is 44~50 years. Rents were paid in full at the time the contract was signed.

E. On December 31, 2018, the land use right was classified as ‘other non-current assets - long-term prepaid rents’. Please refer to Note 6(14) for details.

F. For the year ended December 31, 2019, the additions to right-of-use assets was $20,020.

G. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 21,019
Expense on short-term lease contracts	25,791

H. For the year ended December 31, 2019, the Group’s total cash outflow for leases was $188,265.

I. Information on the right-of-use assets that were pledged to others as collateral is provided in Note 8.

J. For the year ended December 31, 2019, the plant in Shanghai, China amounting to $65,641 was reclassified as ‘investment property’ from ‘right-of-use assets - land use rights’. Please refer to Note 6(11) for details.

(10) Leasing arrangements - lessor

Effective 2019

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the year ended December 31, 2019, the Group recognised rent income in the amount of $120,639, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2019
2020	$ 83,477
2021	59,001
2022	53,331
2023	49,410
2024	20,720
	$ 265,939

(11) Investment property

	December 31, 2019	December 31, 2018
At January 1	$ 819,954	$ 631,787
Reclassifications	1,026,235	121,469
Gain on fair value adjustment	12,216	66,938
Exchange rate differences	(444)	(240)
At December 31	$ 1,857,961	$ 819,954

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2019	2018
Rental revenue from investment property	$ 19,054	$ 13,120
Direct operating expenses arising from the investment property that generated rental income during the year	$ 2,034	$ 1,686
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ 157	$ 378

B. Fair value basis of investment property

The Group's investment property mainly comprises office buildings and plant located in Neihu District, Taipei City and Shanghai, China. The Group earns rental income from leasing and the lease terms are between 1 to 7 years. As of December 31, 2019 and 2018, the related assumptions are as follows:

(a) The location, valuation method, appraisal firm, appraiser and appraisal date are shown below:

	December 31, 2019	December 31, 2018
Object	Office building and plant	Office building
Location	Neihu District, Taipei City and Shanghai, China	Neihu District, Taipei City
Valuation method	Income approach	Income approach
Appraisal firm	PANASIA Real Estate Appraisers Firm	PANASIA Real Estate Appraisers Firm
Appraiser	CHUNG, SHAO-YU	CHUNG, SHAO-YU
Effective date for appraisal	December 31, 2019	December 31, 2018

(b) The information on the average leasing rate for the years ended December 31, 2019 and 2018, changes in the income generated in the past, and comparison between local rents and rents for objects similar to the Group's office buildings and plant is provided in the table below:

	Year ended December 31	
	2019	2018
Estimated rents (in dollars/per ping /monthly)	\$599~\$1,148	\$1,100
Local rents and rent quotes for similar objects	Approximate to estimated rents	Approximate to estimated rents
Income	\$ 16,300	\$ 11,347
Average leasing rates	0%~100%	82%

(c) The fair value of the Group's office buildings is measured using the discounted cash flow analysis of income approach. Valuation is based on local rents and rents of similar objects, which are used to determine the annual increase range in the rents. Net rental income for the next 10 years is estimated based on idling loss. The estimated net rental income plus the ending disposal value is the future cash inflow, which is calculated to the appraisal date by using appropriate discount rate. Future cash outflow is estimated based on the Company's current operations and possible future changes and future cash outflow refers to expenses directly related to operations, such as land value tax, house tax, insurance fees, management fees and repair expense that were actually incurred for the year.

(d) Discount rate range is set in the table below. Discount rates are based on the interest rate for a two-year deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points. Risk premium is determined based on liquidity, risk, value increment and the difficulty of management.

	December 31, 2019	December 31, 2018
Discount rates	2.75%~7.92%	2.75%

C. The information on the Group's investment property is provided in Note 12(3).

D. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation: None.

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

F. Reclassifications:

(a) The Company leased some floors in the Headquarters Office Buildings of YC Group in Neihu District, Taipei City for the years ended December 31, 2019 and 2018. Hence, inventories amounting to \$118,994 and \$121,469 were reclassified to investment property, respectively.

(b) For the year ended December 31, 2019, the office building in Neihu District, Taipei City and plant in Shanghai, China totalling $343,971 were reclassified as ‘investment property’ from ‘property, plant and equipment’ and ‘right-of-use assets - land use rights’, and the difference of $563,270 between the fair value and carrying amount was recognised in other comprehensive income in accordance with IAS 16.

(12) Intangible assets

	2019		
	Goodwill	Others	Total
Opening net book amount as at January 1	$ 183,295	$ 75,195	$ 258,490
Additions	-	27,333	27,333
Amortisation charge	-	(9,593)	(9,593)
Net exchange differences	(4,399)	(2,068)	(6,467)
Closing net book amounts at December 31	$ 178,896	$ 90,867	$ 269,763

	2018		
	Goodwill	Others	Total
Opening net book amount as at January 1	$ 177,639	$ 80,549	$ 258,188
Amortisation charge	-	(4,276)	(4,276)
Net exchange differences	5,656	(1,078)	4,578
Closing net book amounts at December 31	$ 183,295	$ 75,195	$ 258,490

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2019	2018
Administrative expenses	$ 9,593	$ 4,276

B. Goodwill allocated to the cash-generating units of material packaging department:

	December 31, 2019	December 31, 2018
ACHEM Industry America Inc.	$ 96,312	$ 100,228
Ningbo Yem Chio Co., Ltd.	11,864	12,347
Xin Chio Co., Ltd.	70,720	70,720
	$ 178,896	$ 183,295

C. Goodwill is allocated to the cash-generating units identified by the Group. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are gross profit margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Impairment of non-financial assets

A. The Group recognised impairment loss of $607,383 and $40,608 for the year ended December 31, 2019 and 2018, respectively. Details of such loss are as follows:

	Year ended December 31	
	2019	2018
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss－buildings and structures	$ -	$ 9,117
Impairment loss－machinery and equipment	607,383	31,374
Impairment loss－other equipment	-	117
	$ 607,383	$ 40,608

B. The impairment loss reported by operating segments is as follows:

	Year ended December 31	
	2019	2018
	Recognised in profit or loss	Recognised in profit or loss
Packaging material business	$ 607,383	$ 40,608

C. For the year ended December 31, 2019, the Group's second-tier subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was affected by the Crude oil price and market factor, which lead to the descent of actual product capacity, thus, there were indications that the property, plant and equipment had been impaired. The Group had adjusted its carrying amount based on the recoverable amount and recognised impairment loss of $607,383. The recoverable amount was calculated from the fair value of property, plant and equipment less the disposal cost and referred to used period and the depreciation of machine equipment based on cost method with replacement cost. The fair value is classified as a level 3 fair value.

D. In 2018, certain plants were damaged by a fire and production shut down which resulted to an impairment of the Group's property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of $40,608 accordingly. The recoverable amount of cash-generating unit is the asset's fair value less costs to sell or value in use. The fair value is the replacement value, which is included in Level 3, and the discount rate used in value in use is 5.3%.

The damage caused by the fire has been calculated by the insurance company. Fire insurance claims income amounting to $27,754 was recognised by the Group for the year ended December 31, 2019. Please refer to Note 6(26) for details.

(14) Other non-current assets

	December 31, 2019	December 31, 2018
Long-term prepaid rents (land use right)	$ -	$ 506,449
Refundable deposits	46,654	89,313
Others	36,035	71,725
	$ 82,689	$ 667,487

A. Long-term prepaid rents are contracts signed by the Group for land use rights in Mainland China and Vietnam. The contract term is 44~50 years. Rents were paid in full at the time of contract (shown as long-term prepaid rents). The Group recognised rental expenses of $13,257 for the year ended December 31, 2018.

B. Information on other non-current assets that were pledged to others as collateral is provided in Note 8.

(15) Short-term borrowings

	December 31, 2019	December 31, 2018
Bank borrowings-		
Secured bank borrowings	$ 2,073,348	$ 2,640,788
Unsecured bank borrowings	4,432,455	3,652,975
	$ 6,505,803	$ 6,293,763
Range of the interest rates	1.30%~5.90%	1.24%~5.90%

Details of short-term borrowings pledged as collateral are provided in Note 8.

(16) Short-term bills payable

	December 31, 2019	December 31, 2018
Commercial paper	$ 550,000	$ 590,000
Range of the interest rates	1.25%~2.04%	1.21%~1.99%

(17) Other current liabilities

	December 31, 2019	December 31, 2018
Long-term borrowings		
Current portion		
-within one year	$ 5,578,628	$ 1,193,201
-within one operating cycle	2,368,150	2,368,152
Finance lease liabilities	-	16,855
Others	24,050	31,608
	$ 7,970,828	$ 3,609,816

(18) Bonds payable

	Domestic secured convertible bonds	
	December 31, 2019	December 31, 2018
The Company		
8th convertible bonds payable	$ 506,300	$ -
Less: Discount on bonds payable	(20,528)	-
	485,772	-
9th convertible bonds payable	506,300	-
Less: Discount on bonds payable	(20,528)	-
	485,772	-
	$ 971,544	$ -

A.

	8th domestic secured convertible corporate bonds	9th domestic secured convertible corporate bonds
Principal amount	$500,000	$500,000
Face rate	0%	0%
Effective rate	0.93%	0.93%
Outstanding period	5 years	5 years
Maturity date	June 14, 2024	June 14, 2024
Guarantee banks	Mega International Commercial Bank	First Bank
Collateral	Cash in banks of $102,530	Cash in banks of $102,530
Repayment at maturity	The bonds along with yield to maturity annual rate of 0.25% are repayable in full by cash at face value at maturity.	The bonds along with yield to maturity annual rate of 0.25% are repayable in full by cash at face value at maturity.
Redemption	From the date after three months of the bonds issue (September 15, 2019) to 40 days (May 5, 2024) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met: (a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market. (b)The outstanding balance of the bonds is less than 10% of total issue amount.	From the date after three months of the bonds issue (September 15, 2019) to 40 days (May 5, 2024) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met: (a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market. (b)The outstanding balance of the bonds is less than 10% of total issue amount.
Put options	The bondholders have the right to require the Company to redeem any bonds at face value plus 0.25% interest during the period from the date after issuance to 30 days before three years.	The bondholders have the right to require the Company to redeem any bonds at face value plus 0.25% interest during the period from the date after issuance to 30 days before three years.
Conversion price (dollars/per share) (Adjusted)	$13.40	$13.40
Conversion period	During the period from the date after three months of issuance of bonds to the maturity date.	During the period from the date after three months of issuance of bonds to the maturity date.
Converted amount	$ -	$ -
Redeemed amount	$ -	$ -
Repurchased amount	$ -	$ -

B. With regards to the issuance of convertible bonds, the equity conversion options of 8th and 9th issuances amounting to $29,091 was separated from the liability components and was recognised in "capital surplus - stock options" in accordance with IAS 32. As of December 31, 2019, the balance of "Capital surplus - stock options" changed to $29,091, due to execution of conversion from bonds into common stock and bonds matured. The fair value of put and call options embedded in bonds payable was separated from the value of bonds payable, and was recognised in "financial liabilities at fair value through profit or loss" in accordance with IFRS 9.

(19) Long-term borrowings

Type of borrowings	December 31, 2019	December 31, 2018
Long-term bank borrowings		
Secured borrowings	$ 7,395,243	$ 8,483,669
Unsecured borrowings	4,798,353	5,385,706
	12,193,596	13,869,375
Less: Current portion		
-within one year	(5,578,628)	(1,193,201)
-within one operating cycle	(2,368,150)	(2,368,152)
	$ 4,246,818	$ 10,308,022
Range of the interest rates	1.48%~5.50%	1.46%~5.50%

A. In September 2016, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Taiwan Cooperative Bank and others, and the agreement period is 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of $3 billion pursuant to the agreement. The primary terms of the agreement are as follows:

(a) Tranche A: Non-revolving line of $2,000,000

(b) Tranche B: Revolving line of $1,000,000. The proceeds of the loan were used to increase medium-term working capital.

(c) The Company's revolving credit facility is subject to following terms and financial covenants:

i. The Company shall pledge land, plant and auxiliary facilities, machinery and equipment, and related auxiliary equipment at Changhua Coastal Industrial Park as collateral.

ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders' equity – intangible assets)) of no higher than 250% (Liability ratio was then changed into 300% in accordance with the supplementary agreement signed in December 2017.); interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%; consolidated tangible net worth of not less than $8 billion.

(d) As of December 31, 2019 and 2018, the amount drawn was $2,850,000 and $3,000,000, respectively.

B. In June 2018, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Jih Sun International Bank and others for a period of 3 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of $1.1 billion pursuant to the agreement. The primary terms of the agreement are as follows:

(a) Tranche A: Revolving line of $600,000

(b) Tranche B: Revolving line of $500,000. It can be used to provide guarantee for issuing commercial paper during the credit period

(c) The Company's revolving credit facility is subject to following terms and financial covenants:

i. The Company shall pledge land and buildings at No. 389, Section 1, Wenhuasan Road, Linkou District, New Taipei City as a collateral.

ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders' equity – intangible assets)) of no higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%; consolidated tangible net worth of not less than $8 billion.

(d) The Company will not be deemed in violation of the loan covenant if it meets the required financial ratios in the consolidated financial statements in next review, however, it will be subject to an additional annual rate of 0.10% for the outstanding principal as of December 31, 2019.

(e) As of December 31, 2019 and 2018, the amount drawn was $1,075,000 and $1,000,000, respectively.

C. In August 2017, ACHEM Technology Corporation entered into a syndicated loan agreement with the consortium banks led by First Bank. The primary terms of the agreement are as follows:

(a) Tranche A: five-year non-revolving line of $1,200,000. The proceeds of the loan were used to repay existing financial liabilities (including but not limited to the credit line of 2012 syndicated loan) and increase medium-term working capital.

(b) Tranche B: five-year revolving line of $1,800,000. The proceeds of the loan were used to repay existing financial liabilities (including but not limited to the credit line of 2012 syndicated loan) and increase medium-term working capital.

(c) ACHEM Technology Corporation's revolving credit facility is subject to following terms and financial covenants:

i. The ACHEM Technology Corporation shall pledge 12 lots, 35 factories at Yangmei District, Taoyuan City and 33 items of machinery and equipment as collateral; and

ii. ACHEM Technology Corporation on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio (total liabilities/tangible net equity/ total stockholders' equity – intangible assets) of no higher than 200%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%.

(d) As of December 31, 2019 and 2018, the amount drawn was $2,880,000 and $2,900,000, respectively.

D. ACHEM Technology Holdings Limited has signed a syndicated loan agreement with syndicated banking group consisting of Mega International Commercial Bank and others in September 2014. The joint guarantor is ACHEM Technology Corporation and related party - Li, Zhi-Xian. The primary terms of the agreement are as follows:

(a) Tranche A: five-year non-revolving line of US$35 million. The proceeds of the loan were used to support funds for Wanchio Adhesive Product (Jiangsu) Co., Ltd.'s construction of plant for adhesive products.

(b) Tranche B: five-year revolving line of US$15 million. The proceeds of the loan were used to increase medium-term working capital.

(c) Main commitments of the joint guarantors are as follows:

ACHEM Technology Corporation on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:

i. Current ratio (current assets/current liabilities) of at least 100%.

ii. Liability ratio (total liabilities/tangible net equity) of no higher than 180%.

iii. Interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%.

(d) As of December 31, 2019 and 2018, the amount drawn was US$9,500 thousand and US$13,300 thousand, respectively.

E. Wan Chio Petrochemical Co., Ltd. (Jiangsu) signed a syndicated loan agreement in December 2014, totaling US$97 million, with Mega International Commercial Bank and other syndicated banks. The joint guarantor is the Company. The subsidiary re-signed a credit contract to repay the remaining balance amounting to US$50,440 thousand in November 2018. The primary terms of the agreement are as follows:

(a) The total line of the five-year non-revolving credit is US$97 million. The proceeds of the loan were used to increase medium-term working capital.

(b) Wan Chio Petrochemical Co., Ltd. (Jiangsu) and the Company's revolving credit facility are subject to the following terms and financial covenants:

i. The land-use rights and factory equipment of Wan Chio Petrochemical Co., Ltd. (Jiangsu) shall not be pledged to others.

ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios: Current ratio of at least 100%; debt ratio (direct and contingent liabilities/ net tangible assets) not exceeding 300%; the number of times interest earned (including depreciation and amortisation) of at least 300%; net tangible assets of at least NT$8 billion.

(c) The Company is liable to the breach penalty calculated at 0.10% per annum for the outstanding principal for the violation of loan covenant if it fails to maintain certain financial ratios in the consolidated financial statements as of December 31, 2019.

(d) As of December 31, 2019 and 2018, the amount drawn were both US$50,440 thousand.

F. The Group reclassified the balance of long-term liabilities to 'long-term liabilities expiring within one year' of current liabilities due to violation of the loan covenant as it failed to maintain certain financial ratios in the consolidated financial statements as of December 31, 2019. There was no violation of the loan covenant as of December 31, 2018.

G. In addition to the collaterals provided as stated in Note 8, as of December 31, 2019, the Group had issued guarantee notes totaling $19,897,270 for the bank loans and bonds payable.

H. The Group's borrowings should be repaid in full by August 2031 at the latest in accordance with the contracts.

(20) Finance lease liabilities

Prior to 2019

A. In December 2018, the Company submitted an application to the Industrial Development Bureau, Ministry of Economic Affairs for approval to exercise pre-emptive rights (specified in the finance lease contract in 2006) on industrial land located in No. 215, Shanglin Section of Lugang District, Changhua Coastal Park. Subsequently, the Industrial Development Bureau, Ministry of Economic Affairs approved the Company's application to exercise pre-emptive rights in accordance with Zhang-Bin-Gong-Zi Letter No. 1086070235 in January 2019. Please refer to Note 6 (9) for details.

B. (a) For the lease contract signed in 2006, the lease and payment terms are as follows:

Quarterly rent	Period of the lease	Payment
$ 1,124	2006.7.1～ 2007.6.30	Quarterly in advance
1,499	2007.7.1～ 2009.6.30	Quarterly in advance
1,874	2009.7.1～ 2023.6.30	Quarterly in advance

(b) Future minimum lease payments and their present values are as follows:

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 7,497	$ 2,444	$ 5,053
Non-current			
Later than one year but not later than five years	54,259	6,527	47,732
	$ 61,756	$ 8,971	$ 52,785

C. (a) For the lease contract signed in December 2008, the lease and payment terms are as follows:

Quarterly rent	Period of the lease	Payment
$ -	2009.1.1~2010.12.31	Previous two years rent-free
3,150	2011.1.1~2012.12.31	Quarterly in advance
4,200	2013.1.1~2014.12.31	Quarterly in advance
5,250	2015.1.1~2028.12.31	Quarterly in advance

(b) Future minimum lease payments and its present value:

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 20,999	$ 9,197	$ 11,802
Non-current			
Later than one year but not later than five years	83,997	29,640	54,357
Over five years	120,076	17,630	102,446
	204,073	47,270	156,803
	$ 225,072	$ 56,467	$ 168,605

D. Finance lease liabilities below 1 year are recognised as “other current liabilities” and finance lease liabilities over 1 year are recognised as “other non-current liabilities”.

(21) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 408,524	$ 405,910
Fair value of plan assets	(218,645)	(221,301)
Net defined benefit liability	$ 189,879	$ 184,609

(c) Movements in net defined benefit liabilities are as follows:

2019	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 405,910	($ 221,301)	$ 184,609
Current service cost	3,678	-	3,678
Interest (expense) income	3,295	(1,976)	1,319
	412,883	(223,277)	189,606
Remeasurements:			
Return on plan assets	-	(9,107)	(9,107)
Change in financial assumptions	5,836	-	5,836
Experience adjustments	13,216	-	13,216
	19,052	(9,107)	9,945
	431,935	(232,384)	199,551
Pension fund contribution	-	(7,509)	(7,509)
Paid pension	(23,411)	21,248	(2,163)
Balance at December 31	$ 408,524	($ 218,645)	$ 189,879

2018	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 457,578	($ 225,152)	$ 232,426
Current service cost	4,788	-	4,788
Interest (expense) income	4,193	(2,038)	2,155
	466,559	(227,190)	239,369
Remeasurements:			
Return on plan assets	-	(4,791)	(4,791)
Change in financial assumptions	3,377	-	3,377
Experience adjustments	(13,331)	-	(13,331)
	(9,954)	(4,791)	(14,745)
	456,605	(231,981)	224,624
Pension fund contribution	-	(31,775)	(31,775)
Paid pension	(50,695)	42,455	(8,240)
Balance at December 31	$ 405,910	($ 221,301)	$ 184,609

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2019	2018
Discount rate	0.60%~0.70%	0.80%~0.90%
Future salary increases	2.00%~3.00%	2.00%~3.00%

For the years ended December 31, 2019 and 2018, assumptions regarding future mortality rate were estimated in accordance with the Taiwan Standard Ordinary Experience Mortality Table. Future mortality rate of the Company and domestic subsidiaries was set based on the improved Taiwan's published annuity table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 7,274)	$ 7,496	$ 6,311	($ 6,163)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 7,564)	$ 7,802	$ 6,629	($ 6,470)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to $3,100.

(g) As of December 31, 2019, the weighted average duration of that retirement plan is 7~9 years.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Company and local subsidiaries for the years ended December 31, 2019 and 2018 were $29,392 and $30,048, respectively.

(d) The contributions to pension costs under the local employment act of the overseas subsidiaries for the years ended December 31, 2019 and 2018 were $37,018 and $46,095, respectively.

(22) Share capital

A. As of December 31, 2019, the Company's authorised capital was $6,600,000 (including reserve for issuance of employee share options of $40,000). The paid-in capital was $5,718,342, consisting of ordinary stock with a par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares (in thousand shares) outstanding are as follows:

	2019	2018
At January 1	492,040	493,084
Capital increase in cash	45,000	-
Treasury stocks transferred to employees	5,622	2,584
Shares retired	-	(3,628)
At December 31	542,662	492,040

B. Treasury shares

	Number of shares (in thousands)	Carrying amount
At January 1, 2019	38,022	$ 531,049
Treasury stocks transferred to employees	(5,622)	(70,924)
Eliminated shares	(3,228)	(45,355)
At December 31, 2019	29,172	414,770

	Number of shares (in thousands)	Carrying amount
At January 1, 2018	41,737	$ 555,650
12th repurchase of treasury shares	3,628	55,588
Eliminated shares	(4,759)	(47,590)
Treasury stocks transferred to employees	(2,584)	(32,599)
At December 31, 2018	38,022	$ 531,049

(a) For the years ended December 31, 2019 and 2018, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Cash capital increase reserved for employee preemption	2019.7.19	4,500,000 shares	Immediately
Treasury stocks transferred to employees	2019.4.17	5,265,000 shares	Immediately
Treasury stocks transferred to employees	2019.1.17	357,000 shares	Immediately
Treasury stocks transferred to employees	2018.4.25	2,584,000 shares	Immediately

(b) On March 19, 2019, the Board of Directors resolved to increase capital by cash through the issuance of 45 million shares at a par value of $10 (in dollars) per share totaling $450,000 to repay bank loans. On July 4, 2019, the Board of Directors resolved to increase capital by cash at an issuance price of $11.7 (in dollars) per share with the effective date set on July 19, 2019, and the registration had been completed. Of the issued shares, 4,500 thousand shares amounting to $9,045 at option fair value of $2.01 (in dollars) per share were recognised as wages and salaries as they were reserved for employee share options in accordance with the Company Act.

(c) On July 4, 2019, the Company's Board of Directors resolved to retire 3,228 thousand treasury shares in line with the Company's capital decrease with the effective date set on July 31, 2019, and the registration had been completed.

(d) The Company's additional ordinary shares issued due to shares conversion (recorded in treasury stocks) amounted to 4,759 thousand shares. In February 2018, the Board of Directors resolved to retire shares amounting to 4,759 thousand shares, equivalent to $47,590, and the reduction ratio is 0.89%. The Securities and Futures Bureau, Financial Supervisory Commission has approved the capital reduction through effective registration, with the effective date set on February 6, 2018 as resolved by the Board of Directors, and related registrations had been completed.

(e) On November 13, 2017, to transfer shares to employees, the Board of Directors resolved the 12th repurchase of the Company's common stock on Taiwan Stock Exchange during the period from November 14, 2017 to January 12, 2018. The repurchase price ranged between $13.8 and $20 (in dollars) per share. The repurchase of a total of 9,380 thousand shares was completed on January 12, 2018, for a total consideration of $139,273.

(f) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(g) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(h) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(i) Details of the Company's common stock held by the subsidiaries as at December 31, 2018 are as follows:

		December 31, 2018	
Name of company holding the shares	Reason for reacquisition	Number of Shares (thousand shares)	Carrying amount
Achem Technology Corporation	Investment	3,228	$ 45,355
YEM CHIO	〃	15,880	223,108
ACHEM Technology Holdings Limited	〃	1,127	15,838
Valueline Investment Corporation	〃	991	13,919
		21,226	$ 298,220

(j) Details of the Company's common stock held by the subsidiaries as at December 31, 2019 are as follows:

		December 31, 2019	
Name of company holding the shares	Reason for reacquisition	Number of Shares (thousand shares)	Carrying amount
YEM CHIO	Investment	15,880	$ 223,108
ACHEM Technology Holdings Limited	〃	1,127	15,838
Valueline Investment Corporation	〃	991	13,919
		17,998	$ 252,865

(23) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2019			
	Share premium	Stock options	Others	Total
At January 1	$ 1,821,344	$ 5,210	$ 814,164	$ 2,640,718
Capital increase in cash	74,500	-	-	74,500
Share-based payment transaction	3,045	-	6,000	9,045
Treasury stock transferred to employees	-	-	(187)	(187)
Eliminated shares	(11,092)	-	(1,982)	(13,074)
Recognition of changes in ownership interest in subsidiaries	-	-	2,508	2,508
Issuance of bonds	-	29,091	-	29,091
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	-	-	8,906	8,906
Options lapsed	-	(347)	347	-
At December 31	$ 1,887,797	$ 33,954	$ 829,756	$ 2,751,507

	2018			
	Share premium	Stock options	Others	Total
At January 1	$ 1,821,344	$ 5,210	$ 804,826	$ 2,631,380
Treasury stock transferred to employees	-	-	(86)	(86)
Recognition of changes in ownership interest in subsidiaries	-	-	(3,078)	(3,078)
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	-	-	12,502	12,502
At December 31	$ 1,821,344	$ 5,210	$ 814,164	$ 2,640,718

(24) Retained earnings / Subsequent event

A. In accordance with the Company's Articles of Incorporation, the annual net profit should be used initially to pay all taxes and to cover any accumulated deficit; 10% of the annual net profit should be set aside as legal reserve; and setting aside an additional special reserve pursuant to Article 41 of ROC Securities Exchange Act. The remainder, if any, shall be distributed which will be proposed by the Board of Directors and approved by the stockholders.

If the aforementioned purposes or reasons of setting aside special reserve no longer apply, the Company should reverse and recognise such special reserve as distributable, and be distributed in accordance with this Article.

The Company authorises the Board of Directors to distribute earnings in cash or dividends and bonuses from capital surplus by the special resolution; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

B. The Company's dividend policy is summarized below:
As the Company operates in a mature industry and is in the stable profit stage with sound financial structure, it has a steady dividend pay out ratio policy. According to the policy, after setting aside legal and special reserve, the remainder shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributable.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2018 and 2017 earnings had been resolved at the stockholders' meeting on June 20, 2019 and June 26, 2018, respectively. (Related information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.) Details are summarized below:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Special reserve	$ 268,504		$ 5,364	
Legal reserve	54,359		58,878	
Cash dividends	255,198	$ 0.50	304,473	$ 0.60
	$ 578,061		$ 368,715	

F. Subsequent event:

The resolution made at the shareholders' meeting on March 27, 2020 is outlined as follows:

(a) The Company compensated accumulated deficit with legal reserve of $341,174 for the year ended December 31, 2019.

(b) The Company issued cash of $0.3 (in dollars) per share from capital surplus amounting to $166,265 for the year ended December 31, 2019.

G. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(29).

(25) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

	Year ended December 31, 2019			
	Packaging material business segment	Real estate business segment	Other operating segment	Total
Total segment revenue	$ 17,643,548	$ 583,098	$ 580,463	$ 18,807,109
Inter-segment revenue	(2,620,904)	-	(8,764)	(2,629,668)
Revenue from external customer contracts	$ 15,022,644	$ 583,098	$ 571,699	$ 16,177,441

	Year ended December 31, 2018			
	Packaging material business segment	Real estate business segment	Other operating segment	Total
Total segment revenue	$ 20,888,553	$ 1,801,292	$ 603,130	$ 23,292,975
Inter-segment revenue	(3,436,172)	(41,911)	(4,424)	(3,482,507)
Revenue from external customer contracts	$ 17,452,381	$ 1,759,381	$ 598,706	$ 19,810,468

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities:			
Contract liabilities – Advance sales receipts	$ 99,860	$ 79,783	$ 99,314
Contract liabilities – Pre-sold house	41,918	17,219	455,047
	$ 141,778	$ 97,002	$ 554,361

C. For the years ended December 31, 2019 and 2018, revenue recognised that was included in the contract liability balance at the beginning of the year amounted to $73,667 and $476,515, respectively.

(26) Other income

	Year ended December 31	
	2019	2018
Interest income	$ 25,329	$ 24,436
Rental revenue	120,639	61,550
Dividend income	59,856	115,377
Revenue from government grant	61,049	-
Indemnity income from insurance	27,754	-
Gain on write off of past due payables	55,830	-
Other income	27,943	50,230
	$ 378,400	$ 251,593

(27) Other gains and losses

	Year ended December 31	
	2019	2018
(Losses) gains on disposal of property, plant and equipment	($ 46,900)	$ 488,853
Gains on financial assets (liabilities) at fair value through profit or loss	230,445	45,502
Foreign exchange loss	(208,233)	(130,054)
Gains on fair value adjustment of investment property	12,216	66,938
Impairment loss recognised in profit or loss, property, plant and equipment	(607,383)	(40,608)
Losses on bond redemption and repurchase	-	(4)
Other gains and losses	(58,807)	(75,588)
	($ 678,662)	$ 355,039

(28) Finance costs

	Year ended December 31	
	2019	2018
Interest expense:		
Bank borrowings	$ 512,708	$ 573,128
Convertible bonds	4,772	2,588
Lease liabilities	21,019	-
Lease payable	-	7,744
Less: Capitalisation of qualifying assets	(87,537)	(85,578)
	$ 450,962	$ 497,882

(29) Expenses by nature

	Year ended December 31	
	2019	2018
Employee benefit expense		
Wages and salaries	$ 1,300,319	$ 1,339,536
Labor and health insurance fees	73,664	72,205
Pension costs	71,407	83,086
Other personnel expenses	119,471	132,466
	1,564,861	1,627,293
Depreciation	907,203	849,802
Amortization	9,593	4,276
	$ 2,481,657	$ 2,481,371

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to offset prior years' operating losses. For the remainder, if any, at least 0.5% shall be distributed as employees' compensation and the Board of Directors is authorised to determine the distribution of directors' and supervisors' remuneration based on the usual industry standard but shall not exceed 1%.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $0 and $3,130, respectively; while no directors' and supervisors' remuneration was accrued for both years. The aforementioned amounts were recognised in salary expenses.

   No employees' compensation and directors' and supervisors' remuneration were accrued due to the accumulated deficit for the year ended December 31, 2019.

   Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

C. For 2018, the employees' compensation resolved by the Board of Directors amounted to $3,036. The difference of ($94) between the amount resolved by the Board of Directors and the amount recognised in the 2018 financial statements amounting to $3,130 had been adjusted in the profit or loss for 2019.

(30) Income tax

A. Components of income tax expense:

	Year ended December 31	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 144,067	$ 232,159
Prior year income tax under (over) estimation	27,954	(33,070)
Total current tax	172,021	199,089
Deferred tax:		
Origination and reversal of temporary differences	(48,820)	81,089
Impact of change in tax rate	-	(7,088)
Total deferred tax	(48,820)	74,001
Income tax expense	$ 123,201	$ 273,090

B. The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2019	2018
Remeasurement of defined benefit obligations	($ 1,989)	$ 1,970
Value increase on revaluation of property	123,694	-
	$ 121,705	$ 1,970

C. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	($ 368,461)	$ 162,041
Effects from items disallowed by tax regulation	163,589	(53,330)
Taxable loss not recognised as deferred tax assets	319,271	174,108
Prior year income tax under (over) estimation	27,954	(33,070)
Land value increment tax	9,242	34,585
Change in assessment of realisation of deferred tax assets	(27,949)	(7,941)
Others	(445)	(3,303)
Income tax expense	$ 123,201	$ 273,090

D. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	$ 25,851	($ 2,762)	$ -	$ 23,089
Accrued pension liabilities	32,521	1,220	1,936	35,677
Prepayments for land value increment tax	75,244	-	(18,675)	56,569
Others	49,361	43,239	-	92,600
	182,977	41,697	(16,739)	207,935
-Deferred tax liabilities:				
Fair value adjustment of investment property	(20,662)	(6,273)	(105,019)	(131,954)
Unrealised profit from sales	(10,116)	(992)	-	(11,108)
Reserve for land revaluation increment tax	(228,975)	-	-	(228,975)
Investment income accounted for using the equity method	(52,404)	6,335	-	(46,069)
Gain on disposal of plant	(89,248)	3,203	-	(86,045)
Others	(13,846)	4,850	53	(8,943)
	(415,251)	7,123	(104,966)	(513,094)
	($ 232,274)	$ 48,820	($ 121,705)	($ 305,159)

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	$ 17,931	$ 7,920	$ -	$ 25,851
Accrued pension liabilities	36,788	1,279	(5,546)	32,521
Prepayments for land value increment tax	75,244	-	-	75,244
Others	30,043	19,318	-	49,361
	160,006	28,517	(5,546)	182,977
-Deferred tax liabilities:				
Accrued pension liabilities	(77)	-	(3,629)	(3,706)
Fair value adjustment of investment property	(20,451)	(211)	-	(20,662)
Unrealised profit from sales	(8,598)	(1,518)	-	(10,116)
Reserve for land revaluation increment tax	(228,975)	-	-	(228,975)
Investment income accounted for using the equity method	(47,679)	(4,725)	-	(52,404)
Others	(3,324)	(96,064)	-	(99,388)
	(309,104)	(102,518)	(3,629)	(415,251)
	($ 149,098)	($ 74,001)	($ 9,175)	($ 232,274)

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company’s other subsidiaries as of December 31, 2019 are as follows:

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010-2018	Amount filed/ assessed	$ 229,506	$ 229,506	2028

F. The amounts of deductible temporary differences that are not recognised as deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	$ 50,359	$ 32,041

G. Wan Chio Petrochemical (Jiangsu) Co., Ltd. was established as a foreign wholly owned manufacturing enterprise in Mainland China. According to local regulations, when companies start to generate profit, they are entitled to the income tax exemption for the first 2 years and 50% income tax exemption for the third to fifth year. However, the Company has not utilised this benefit because it has not generated any profit yet. Foshan Inder Adhesive Product Co., Ltd. has been assessed as highest technology enterprise by Guangdong Provincial Department of Science and Technology on December 4, 2009, and reviewed once every three years after assessment. Thus, the enterprise income tax rate was reduced to 15% from 2009 until 2020.

H. The status of the Company's and its domestic subsidiaries' income tax returns is as follows:

	Latest year approved
Achem Technology Corporation, Xin Chio Co., Ltd., UINN Hotel, WONG CHIO DEVELOPMENT, LTD., CHUANG-YI INVESTMENT CO., LTD., ACHEM Opto-Electronic Corporation and Valueline Investment Corporation	2017
The Company	2016

I. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(31) (Loss) earnings per share

	Year ended December 31, 2019		
	Amount after tax	Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to the parent	($ 509,016)	514,862	$ 0.99

	Year ended December 31, 2018		
	Amount after tax	Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 543,593	491,287	$ 1.11

(32) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2019	2018
Purchase of property, plant and equipment	$ 1,013,393	$ 499,711
Add: Opening balance of finance lease liabilities	-	237,373
Opening balance of payable on equipment and construction	63,798	161,555
Less: Ending balance of finance lease liabilities	-	(221,390)
Ending balance of payable on equipment and construction	(48,533)	(63,798)
Opening balance of other notes receivable	-	(457)
Cash paid during the year	$ 1,028,658	$ 612,994

(33) Changes in liabilities from financing activities

	2019					
	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 6,293,763	$ 13,869,375	$ 590,000	$ -	$ 682,326	$ 21,435,464
Changes in cash flow from financing activities	244,274	(1,643,625)	(40,000)	996,260	(129,927)	(573,018)
Impact of changes in foreign exchange rate	(32,234)	(32,154)	-	-	(22,750)	(87,138)
Changes in other non-cash items	-	-	-	(24,716)	8,181	(16,535)
At December 31	$ 6,505,803	$ 12,193,596	$ 550,000	$ 971,544	$ 537,830	$ 20,758,773

	2018				
	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Liabilities from financing activities-gross
At January 1	$ 7,830,499	$ 13,925,287	$ 663,000	$ 94,150	$ 22,512,936
Changes in cash flow from financing activities	(1,471,480)	(106,999)	(73,000)	(94,154)	(1,745,633)
Impact of changes in foreign exchange rate	(65,256)	51,087	-	-	(14,169)
Changes in other non-cash items	-	-	-	4	4
At December 31	$ 6,293,763	$ 13,869,375	$ 590,000	$ -	$ 20,753,138

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of major related parties: Please refer to Note 4(3) C.

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31	
	2019	2018
Sales of buildings and land		
-Other related parties	$ 32,394	$ -
Sales of products		
-Other related parties	2,553	8,320
	$ 34,947	$ 8,320

(a) On March 19, 2019, the Board of Directors resolved to sell the buildings and land as well as parking space of 'JiPin' construction at Linkou District, New Taipei City to Yong Chen International, LLC. for a contract price of $34,620 (including business tax of $2,226), and the property rights were transferred.

(b) Goods are sold based on the price lists in force and terms that are under mutual agreement.

B. Purchases:

	Year ended December 31	
	2019	2018
Purchases of goods:		
-Other related parties	$ 175,994	$ 596,109

The purchase terms and prices to related parties are based on mutual agreement.

C. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts payable:		
-Toyota Tsusho Corporation	$ -	$ 100,832

D. Property transactions

Disposal of LANDMART's equity:

The Company's indirect subsidiary, ACHEM Technology China, sold its 55% equity interest in LANDMART to NOMAL GARDEN CO., LTD. under an agreement signed in December 2017 for a consideration of RMB 193,630 thousand. As of December 31, 2017, the Company has received RMB 146,890 thousand. On May 30, 2018, the termination of sales agreement has been entered into under mutual agreement, and related payments were returned without interest.

E. Endorsements and guarantees provided to the Group by related parties

	December 31, 2019	December 31, 2018
Other related parties	$ 26,478,631	$ 28,168,892

F. Endorsements and guarantees provided to related parties:

	December 31, 2019	December 31, 2018
Associates	$ -	$ 79,820

(3) Key management compensation

	Year ended December 31	
	2019	2018
Salaries and other shot-term employee benefits	$ 21,076	$ 31,822
Post-employment benefits	416	1,203
	$ 21,492	$ 33,025

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2019	December 31, 2018	Purpose
Financial assets at fair value through profit or loss	$ -	$ 146,679	Short-term borrowings
Financial assets at fair value through other comprehensive income	456,195	721,435	Short-term borrowings
Current - financial assets at amortised cost			
- Demand deposits	1,509	1,501	Consideration trust for inventory purchases and sales, etc.
- Time deposits	551,743	638,152	Borrowings, purchase and performance guarantee for construction
Non-current financial assets at amortised cost			
- Demand deposits	124,384	52,942	Long-term borrowings and corporate bond guarantee
- Time deposits	113,423	10,805	Leasehold land guarantees, performance guarantee for construction and guarantee for corporate bonds
Accounts receivable	164,251	175,846	Short-term borrowings
Notes receivable	-	6,000	Performance guarantee
Inventories	5,459,817	5,716,910	Long-term borrowings, short-term borrowings
Property, plant and equipment	7,197,046	7,335,524	Long-term borrowings, short-term borrowings
Right-of-use assets	239,425	-	Long-term borrowings, short-term borrowings
Investment property	1,297,629	819,954	Long-term borrowings, short-term borrowings
Other non-current assets			
- Guarantee deposits paid	46,654	89,314	Performance guarantee
- Long-term prepaid rents	-	45,864	Long-term borrowings, short-term borrowings
	$ 15,652,076	$ 15,760,926	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(19), (20) and 7(2), the Group's significant commitments are as follows:

A. As of December 31, 2019, the unused letters of credit amounted to $147,272 for the purchase of goods and machinery and collateral.

B. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ 1,691	$ 36,331
Consigned to construction companies to construct buildings	605,355	201,923
	$ 607,046	$ 238,254

C. Operating lease agreements

Effective 2018

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 95,855
Later than one year but not later than five years	433,392
Over five years	14,328
	$ 543,575

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Refer to Notes 6 (9) and (24).

(2) On March 10, 2020, the Company's Board of Directors resolved to retire 1,794 thousand treasury shares for capital reduction with the effective date set on March 10, 2020, and the registration had been completed.

(3) On March 10, 2020, the Board of Directors resolved to exercise the 13th repurchase of treasury stocks during March 11, 2020 to May 8, 2020 in order to transfer to employees amounting to 10 million shares. The repurchase price ranged between $9 and $16 (in dollars) per share.

12. OTHERS

(1) Capital management

The Group's key objectives when managing capital are to maintain the optimal credit rating and capital ratios to support the Group's operations and to maximise returns for shareholders. Related ratio of net debt divided by total capital is provided in the balance sheets of each reporting period.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 794,094	$ 449,626
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 679,869	$ 764,580
Financial assets at amortised cost		
Cash and cash equivalents	$ 2,965,198	$ 2,474,493
Financial assets at amortised cost	791,059	703,400
Notes receivable	667,034	1,022,992
Accounts receivable	2,391,730	2,408,913
Other receivables	94,562	93,837
Guarantee deposits paid	46,654	89,314
	$ 6,956,237	$ 6,792,949

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	$ 1,150	$ -
Financial liabilities at amortised cost		
Short-term borrowings	$ 6,505,803	$ 6,293,763
Short-term notes and bills payable	550,000	590,000
Notes payable	292,919	480,693
Accounts payable (including related parties)	725,871	1,028,474
Other payables	666,763	543,246
Bonds payable	971,544	-
Long-term borrowings (including current portion)	12,193,596	13,869,375
Lease payable (including current portion)	-	221,390
Guarantee deposits received	301,068	12,947
	$ 22,207,564	$ 23,039,888
Lease liabilities (including current portion)	$ 537,830	$ -

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 59,348	30.00	$ 1,780,440
USD:RMB	14,593	6.96	437,790
Financial liabilities			
Monetary items			
USD:NTD	$ 10,968	30.00	$ 329,040
USD:RMB	51,019	6.96	1,530,570

	December 31, 2018				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	50,301	30.70	$	1,544,241
USD:RMB		15,888	6.87		487,762
Financial liabilities					
Monetary items					
USD:NTD	$	13,236	30.70	$	406,345
USD:RMB		57,573	6.87		1,767,491

v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to ($208,233) and ($130,054), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	December 31, 2019				
	Sensitivity analysis degree of variation		Effect on profit on loss		Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	5%	$	89,022	$	-
USD:RMB	5%		21,890		-
Financial liabilities					
Monetary items					
USD:NTD	5%	$	16,452	$	-
USD:RMB	5%		76,529		-

	December 31, 2018				
	Sensitivity analysis degree of variation	Effect on profit on loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	5%	$	77,212	$	-
USD:RMB	5%		24,388		-
Financial liabilities					
Monetary items					
USD:NTD	5%	$	20,317	$	-
USD:RMB	5%		88,375		-

Price risk

A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $38,181 and $22,481, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $30,988 and $38,229, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

A. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.

B. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

C. If the borrowing interest rate had increased/decreased by 5% with all other variables held constant, profit, net of tax for the years ended December 31, 2019 and 2018 would have decreased/increased by $21,046 and $25,865, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks and financial institutions with optimal credit ratings are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Group adopts the internal management policy, that is, the default occurs when the contract payments are past due over 240 days.

iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis to assess the Group's accounts receivable.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

		Group			
	Individual	Not past due	Up to 90 days past due	Over 90 days past due	Total
December 31, 2019					
Expected loss rate	100%	0.05%~2.55%	0.11%~99.68%	4.19%~100%	
Total book value	$ 60,390	$ 1,922,180	$ 491,102	$ 12,567	$ 2,486,239
Loss allowance	60,390	3,735	17,817	12,567	94,509

		Group			
	Individual	Not past due	Up to 90 days past due	Over 90 days past due	Total
December 31, 2018					
Expected loss rate	100%	0.30%~7.61%	0.30%~34.98%	0.30%~100%	
Total book value	$ 78,679	$ 2,024,580	$ 397,706	$ 23,801	$ 2,524,766
Loss allowance	78,679	12,100	13,035	12,039	115,853

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2019	
	Accounts receivable	Notes receivable
January 1	$ 115,853	$ 2,054
Reversal of impairment loss	(3,757)	-
Write-offs	(6,263)	-
Effect of exchange rate changes	(1,977)	-
Others	(9,347)	(1,247)
At December 31	$ 94,509	$ 807

	2018	
	Accounts receivable	Notes receivable
At January 1	$ 92,087	$ 19,924
Adjustments for restrospective application of IFRS 9	37,174	-
Provision for impairment	14,518	1,122
Write-offs	(29,151)	-
Effect of exchange rate changes	3,087	-
Others	18,992	(18,992)
At December 31	$ 136,707	$ 2,054

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2019	December 31, 2018
Floating rate:		
Expiring within one year	$ 292,500	$ -
Expiring beyond one year	275,000	680,561
	$ 567,500	$ 680,561

The undrawn borrowing facilities were to be used to repay existing financial liabilities and increase medium-term working capital.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2019	Less than 1 year	Over 1 year	Total
Short-term borrowings	$ 7,061,650	$ -	$ 7,061,650
Short-term notes and bills payable	550,000	-	550,000
Notes payable	292,919	-	292,919
Accounts payable (including related parties)	725,871	-	725,871
Other payables	666,763	-	666,763
Bonds payable	-	1,012,600	1,012,600
Long-term borrowings (including current portion)	6,888,261	5,669,645	12,557,906
Finance lease liabilities (including current portion)	135,627	494,761	630,388

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Over 1 year	Total
Short-term borrowings	$ 6,329,095	$ -	$ 6,329,095
Short-term notes and bills payable	590,000	-	590,000
Notes payable	480,693	-	480,693
Accounts payable (including related parties)	1,028,474	-	1,028,474
Other payables	543,246	-	543,246
Long-term borrowings (including current portion)	3,193,333	11,716,047	14,909,380
Finance lease liabilities (including current portion)	28,496	258,332	286,828

Derivative financial liabilities:

As of December 31, 2019 and 2018, the amount of derivative financial liabilities is immaterial and is not disclosed.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) 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 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 emerging stocks, beneficiary certificates, bonds, and derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks, financial investments and investment property is included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, short-term loans, short-term notes and bills payable, notes payable, accounts payable (including related parties) and other payables are approximate to their fair values. Interest rates of long-term borrowings (including maturity within 1 year or 1 operating cycle) are approximately the same as market interest rates, thus, the carrying amount should be a reasonable basis for fair value estimation.

	December 31, 2019			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	$ 971,544	$ -	$ 977,336	$ -

(b) The methods and assumptions of fair value measurement are as follows:

Convertible debentures payable: Regarding the convertible bonds issued by the Group, the coupon rate approximates to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and approximate to the book value.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2019 and 2018 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 750,552	$ -	$ -	$ 750,552
Beneficiary certificates	-	13,071	-	13,071
Bank debentures	-	30,471	-	30,471
Financial assets at fair value through other comprehensive income				
Equity securities	592,909	14,022	12,820	619,751
Bank debentures	-	60,118	-	60,118
Investment property	-	-	1,857,961	1,857,961
	$ 1,343,461	$ 117,682	$ 1,870,781	$ 3,331,924
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Call options and put options of convertible corporate bonds	$ -	$ -	$ 1,150	$ 1,150

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 146,733	$ 289,517	$ -	$ 436,250
Beneficiary certificates	-	13,376	-	13,376
Financial assets at fair value through other comprehensive income				
Equity securities	748,150	-	16,430	764,580
Investment property	-	-	819,954	819,954
	$ 894,883	$ 302,893	$ 836,384	$ 2,034,160

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to valuation methods.

iii. Under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the Group makes self-assessment using the income approach to calculate the fair value of investment property. Related assumptions and information on inputs are as follows:

(i) Cash flow: Cash flow shall be evaluated on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.

(ii) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.

(iii) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. The phrase "based on a certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points.

D. As certain financial assets at fair value through profit or loss invested by the Group have been listed in the Taiwan Stock Exchange from April 2019, the Group transferred the fair value from Level 2 to Level 1 at the end of the month when the event occurred.

E. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019	2018
	Wealth management products	Wealth management products
At January 1	$ -	$ -
Gains and losses recognised in profit or loss (Note)	1,229	1,036
Acquired during the year	483,154	410,524
Sold during in the year	(484,383)	(411,560)
At December 31	$ -	$ -

Notes: Recorded as non-operating income and expenses.

F. As certain financial assets at fair value through profit or loss invested by the Group have been listed in the emerging stocks market from May 2019 and there is sufficient observable market information available, the Group has transferred the fair value from Level 3 into Level 2 at the end of the month when the event occurred. For the year ended December 31, 2018, there was no transfer into or out from Level 3.

G. The information on change in fair value of investment property for the years ended December 31, 2019 and 2018 is provided in Note 6(11).

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and making any other necessary adjustments to the fair value. Investment property is evaluated regularly by the Group’s finance segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

The treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and investment property to ensure compliance with the related requirements in IFRS.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

Item	Fair value at December 31, 2019	Valuation technique	Significant observable input	Range	Relationship of inputs to fair value
Unlisted stocks	$ 6,713	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Unlisted stocks	6,107	Income approach	Future net cash flows	Not applicable	The higher the cash flow, the higher the fair value
Investment property	1,857,961	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	1,150	Binary tree valuation model	Volatility	18.84%	The higher the volatility, the higher the fair value

Item	Fair value at December 31, 2018	Valuation technique	Significant observable input	Range	Relationship of inputs to fair value
Unlisted stocks	$ 16,430	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Investment property	$ 819,954	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value

Note: Information on discount rate and income capitalisation rate is provided in Note 6(11).

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement.

13. <u>SUPPLEMENTARY DISCLOSURES</u>

(1) <u>Significant transactions information</u>

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) <u>Information on investees</u>

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) <u>Information on investments in Mainland China</u>

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to items (1) A, B, G, H and J above.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Chief Operating Decision-Maker considers the business from a product type perspective. The Group focuses on the adhesives. The revenue from Taiwan's Specialty Chemical Factory did not reach the disclosure threshold so it is not included in the reportable segments. Revenue from professional investing company is not included in the financial statements for Chief Operating Decision-Maker, thus, is not included in the reportable segments. The operating results of the non-reportable segments are consolidated in the 'Other operating segment'.

(2) Measurement of segment information

A. All accounting policies of the operating segments are the same as those summarized in Note 4 of the financial statements, except for pension plans adopted by the overseas operating segments that are based on the local government's regulations.

B. The Chief Operating Decision-Maker assesses the performance of the operating segments based on income before income tax.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2019				
	Packaging material business segment	Real estate business segment	Other operating segment	Adjustments and eliminations	Consolidated
Revenue from external customers	$ 15,022,644	$ 583,098	$ 571,699	$ -	$ 16,177,441
Inter-segment revenue	2,620,904	-	8,764	(2,629,668)	-
Total segment revenue	$ 17,643,548	$ 583,098	$ 580,463	($ 2,629,668)	$ 16,177,441
Segment profit (loss)	($ 35,192)	$ 164,549	($ 27,742)	$ 106,345	$ 207,960

	Year ended December 31, 2018				
	Packaging material business segment	Real estate business segment	Other operating segment	Adjustments and eliminations	Consolidated
Revenue from external customers	$ 17,452,381	$ 1,759,381	$ 598,706	$ -	$ 19,810,468
Inter-segment revenue	3,436,172	41,911	4,424	(3,482,507)	-
Total segment revenue	$ 20,888,553	$ 1,801,292	$ 603,130	($ 3,482,507)	$ 19,810,468
Segment profit (loss)	($ 174,192)	$ 665,734	($ 22,734)	$ 110,695	$ 579,503

The depreciation on packaging material business segment increased by $120,012 due to the adoption of IFRS 16, 'Leases'.

Information on segment assets and liabilities was not disclosed because the Group did not provide the information to the Chief Operating Decision-Maker.

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2019 and 2018 is provided as follows:

	Year ended December 31	
	2019	2018
Reportable segments income	$ 207,960	$ 579,503
Non-operating income and expenses	(649,135)	220,239
(Loss) profit before tax and continuing operations	($ 441,175)	$ 799,742

(5) Information on products and services

Revenue from external customers is primarily derived from the trading business of all kinds of tape, adhesives and real estate business. Details of sales revenue are as follows:

	Year ended December 31	
	2019	2018
Packaging materials	$ 11,357,291	$ 11,996,866
BOPP Film	3,665,353	5,455,515
Real estate business	583,098	1,759,381
Others	571,699	598,706
	$ 16,177,441	$ 19,810,468

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	Year ended December 31			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 9,428,023	$ 9,017,923	$ 10,895,238	$ 8,952,724
China	5,494,083	5,108,451	7,606,382	5,758,879
USA	1,075,796	944,838	1,126,595	325,351
Others	179,539	1,286,072	182,253	990,404
	$ 16,177,441	$ 16,357,284	$ 19,810,468	$ 16,027,358

(7) Information on significant customers

There was no sale to a single customer constituting more than 10% of the Group's consolidated net sales in 2019 and 2018.

YC Co., Ltd. and Subsidiaries
Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	YEM CHIO	Other receivables	Y	$ 152,525	$ 150,000	$ -	3.50%	2	$ -	Operations	$ -	None	$ -	$ 1,805,387	$ 3,610,775	-
0	The Company	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	250,000	150,000	-	2.50%	2	-	Working capital	-	None	-	1,805,387	3,610,775	-
0	The Company	UINN Hotel	Other receivables	Y	100,000	100,000	12,000	2.50%	2	-	Working capital	-	None	-	1,805,387	3,610,775	-
0	The Company	Wong Chio Development., Ltd.	Other receivables	Y	500,000	500,000	15,000	2.50%	2	-	Operations	-	None	-	1,805,387	3,610,775	-
1	YEM CHIO	ASIA PLASTICS	Other receivables	Y	31,595	30,000	22,350	3.00%	2	-	Working capital	-	None	-	-	-	-
1	YEM CHIO	The Company	Other receivables	Y	109,865	105,000	105,000	3.00%	2	-	Operations	-	None	-	-	-	-
1	YEM CHIO	ACHEM Technology Holdings Limited	Other receivables	Y	156,950	150,000	150,000	3.00%	2	-	Operations	-	None	-	-	-	-
1	YEM CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	309,000	150,000	150,000	4.00%	2	-	Working capital	-	None	-	-	-	-
2	WAN CHIO	The Company	Other receivables	Y	58,454	-	-	3.50%	2	-	Working capital	-	None	-	-	-	-
3	Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	230,000	230,000	160,000	2.50%	2	-	Working capital	-	None	-	282,824	323,227	-
4	Master Package (Shanghai) Material Technology Co., Ltd.	ACHEM (Tianjin) Adhesive Product Co., Ltd.	Other receivables	Y	6,213	5,816	5,816	2.00%	2	-	Working capital	-	None	-	117,136	117,136	-
4	Master Package (Shanghai) Material Technology Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	13,017	12,924	12,924	2.00%	2	-	Working capital	-	None	-	46,854	46,854	-
4	Master Package (Shanghai) Material Technology Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	18,408	17,232	17,232	2.00%	2	-	Working capital	-	None	-	46,854	46,854	-
5	ACHEM Technology Corporation	Wong Chio Development., Ltd.	Other receivables	Y	50,000	50,000	-	2.50%	2	-	Working capital	-	None	-	1,123,954	1,966,920	-

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
5	ACHEM Technology Corporation	UINN Hotel	Other receivables	Y	$ 50,000	$ 50,000	$ -	2.50%	2	$ -	Working capital	$ -	None	$ -	$ 1,123,954	$ 1,966,920	-
5	ACHEM Technology Corporation	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	300,000	150,000	-	2.50%	2	-	Working capital	-	None	-	1,123,954	1,966,920	-
5	ACHEM Technology Corporation	WAN CHIO	Other receivables	Y	47,393	45,000	45,000	2.50%	2	-	Working capital	-	None	-	1,123,954	1,966,920	-
5	ACHEM Technology Corporation	YEM CHIO	Other receivables	Y	268,558	255,000	255,000	2.50%	2	-	Working capital	-	None	-	1,123,954	1,966,920	-
5	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	312,936	292,944	292,944	3.00%	2	-	Working capital	-	None	-	1,123,954	1,966,920	-
5	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	Other receivables	Y	989,463	840,000	690,000	2.50%	2	-	Working capital	-	None	-	1,123,954	1,966,920	-
6	ACHEM Technology Holdings Limited	WAN CHIO	Other receivables	Y	63,190	-	-	2.50%	2	-	Working capital	-	None	-	1,399,361	1,399,361	-
6	ACHEM Technology Holdings Limited	ACHEM Technology China	Other receivables	Y	101,706	-	-	2.50%	2	-	Working capital	-	None	-	3,498,402	3,498,402	-
6	ACHEM Technology Holdings Limited	ACHEM Technology (Vietnam) Ltd.	Other receivables	Y	91,575	84,000	82,800	2.50%	2	-	Working capital	-	None	-	3,498,402	3,498,402	-
6	ACHEM Technology Holdings Limited	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Other receivables	Y	221,165	210,000	210,000	3.00%	2	-	Working capital	-	None	-	3,498,402	3,498,402	-
6	ACHEM Technology Holdings Limited	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	765,424	292,944	292,944	3.00%	2	-	Working capital	-	None	-	3,498,402	3,498,402	-
6	ACHEM Technology Holdings Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	315,950	300,000	300,000	4.00%	2	-	Working capital	-	None	-	3,498,402	3,498,402	-
6	ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	749,839	749,839	749,839	2.50%~3.00%	2	-	Working capital	-	None	-	3,498,402	3,498,402	-

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
7	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	$ 69,030	$ 64,620	$ 64,620	2.00%	2	$ -	Working capital	$ -	None	$ -	$ 540,854	$ 540,854	-
7	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	239,304	224,016	224,016	4.35%	2	-	Working capital	-	None	-	540,854	540,854	-
8	ASIACHEM International Corporation	The Company	Other receivables	Y	108,150	-	-	2.50%	2	-	Working capital	-	None	-	318,644	318,644	-
8	ASIACHEM International Corporation	ACHEM Technology China	Other receivables	Y	104,788	-	-	2.50%	2	-	Working capital	-	None	-	796,611	796,611	-
8	ASIACHEM International Corporation	YEM CHIO	Other receivables	Y	137,273	135,000	135,000	2.50%	2	-	Working capital	-	None	-	796,611	796,611	-
8	ASIACHEM International Corporation	ACHEM Technology Holdings Limited	Other receivables	Y	458,128	405,000	405,000	2.50%	2	-	Working capital	-	None	-	796,611	796,611	-
9	ACHEM Technology (Shanghai) Limited	Shaanxi Heyangder Adhesive Product Co., Ltd.	Other receivables	Y	13,806	12,924	12,924	4.35%	2	-	Working capital	-	None	-	1,161,529	1,161,529	-
9	ACHEM Technology (Shanghai) Limited	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	92,040	86,160	86,160	2.00%	2	-	Working capital	-	None	-	1,161,529	1,161,529	-
9	ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	222,277	208,076	208,076	2.00%	2	-	Working capital	-	None	-	1,161,529	1,161,529	-
9	ACHEM Technology (Shanghai) Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	421,452	404,952	404,952	2.00%	2	-	Working capital	-	None	-	1,161,529	1,161,529	-
10	Shaanxi Heyangder Adhesive Product CO., LTD.	ASIACHEM International Corporation	Other receivables	Y	50,622	47,388	47,388	3.50%	2	-	Working capital	-	None	-	54,304	54,304	-
11	Valueline Investment Corporation	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	60,000	-	-	2.50%	2	-	Working capital	-	None	-	31,859	31,859	-

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
11	Valueline Investment Corporation	ACHEM Technology Corporation	Other receivables	Y	$ 40,000	$ 40,000	$ 40,000	2.00%	2	$ -	Working capital	$ -	None	$ -	$ 31,859	$ 31,859	-
12	Ningbo Yem Chio Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	131,157	-	-	4.00%~5.00%	2	-	Working capital	-	None	-	-	-	-
13	ACHEM Technology China	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Other receivables	Y	215,740	-	-	2.50%	2	-	Working capital	-	None	-	3,144,646	3,144,646	-
13	ACHEM Technology China	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	157,975	-	-	4.00%	2	-	Working capital	-	None	-	3,144,646	3,144,646	-
13	ACHEM Technology China	YEM CHIO	Other receivables	Y	42,000	42,000	42,000	2.00%	2	-	Working capital	-	None	-	3,144,646	3,144,646	-
13	ACHEM Technology China	ACHEM Technology Holdings Limited	Other receivables	Y	175,784	168,000	168,000	2.00%	2	-	Working capital	-	None	-	3,144,646	3,144,646	-
14	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	150,586	150,586	150,377	2.50%	2	-	Working capital	-	None	-	633,147	633,147	-
14	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	179,198	170,793	170,793	2.50%~4.35%	2	-	Working capital	-	None	-	633,147	633,147	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.
Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2019.
Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.
(1) Business transaction.
(2) Short-term financing.
Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.
Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.
Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.
(1) In accordance with the financing policy of the Company, the ceiling for total financing amount shall not exceed 40% of stockholders' equity, and separate financing amount shall not exceed 20% of stockholders' equity.
(2) In accordance with the financing policy of YEM CHIO, the ceiling for total financing amount shall not exceed 40% of stockholders' equity, and separate financing amount shall not exceed 40% of stockholders' equity. If the borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the financing amount shall not exceed 100% of stockholders' equity.
(3) The limit on total loans provided by WAN CHIO for financing shall not exceed 40% of its net assets and loans to a single party shall not exceed 20 of its net assets. For foreign companies whose voting rights are directly and indirectly wholly-owned by the parent company, the limit on total loans provided for financing and loans to a single party shall not exceed 200% of its net assets.
(4) Limit on Xin Chio Co., Ltd.'s total loans to others is 40% of the Company's net assets.
Limit on total loans to others is 35% of the parent company's current net assets; but limit on loans to a single party with short-term financing is 35% of the Company's net assets.
(5) Ceiling on total loans to others and limit on loans to a single party granted by Master Package (Shanghai) shall not exceed 40% of the stockholders' equity.
If the borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the ceiling for total financing amount granted by Master Package (Shanghai) shall not exceed 100% of stockholders' equity.
(6) For the short-term financing from ACHEM Technology Corporation, the total and individual lending amount shall not exceed 35% and 20% of its nets assets, respectively.
(7) Limit on loans granted by ACHEM Technology Holdings Limited to others and to a single party shall not exceed 40% of the stockholders' equity. But for foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the limit on loans is 100% of the stockholders' equity.

(8) Limit on loans granted by ASIACHEM International Corporation to others and to a single party shall not exceed 40% of the stockholders' equity. But for foreign companies whose voting rights are directly and indirectly wholly-owned by the parent company of ASIACHEM International Corporation, the limit on loans is 100% of the stockholders'equity of ASIACHEM International Corporation.

(9) In accordance with the financing policy of Valueline Investment Corporation, the ceiling for total and separate financing amount shall not exceed 40% of the stockholders' equity of the subsidiaries.

(10) Limit on loans granted by ACHEM Technology (Shanghai) Limited to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology (Shanghai) Limited. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology (Shanghai) Limited, the limit on loans is 100% of the stockholders' equity of ACHEM Technology (Shanghai) Limited.

(11) Limit on loans granted by ACHEM Technology (Dongguan) Adhesive Products Co., Ltd. to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd., the limit on loans is 100% of the stockholders' equity of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.

(12) Limit on loans granted by Shanxi Heyangder Adhensive Produce Co., Ltd. to others and to a single party shall not exceed 40% of the stockholders' equity of Shanxi Heyangder Adhensive Produce Co., Ltd. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of Shanxi Heyangder Adhensive Produce Co., Ltd., the limit on loans is 100% of the stockholders' equity of Shanxi Heyangder Adhensive Produce Co., Ltd.

(13) Limit on loans granted by Ningbo Yem Chio Co., Ltd. to others and to a single party shall not exceed 40% of the stockholders' equity of Ningbo Yem Chio Co., Ltd. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of Ningbo Yem Chio Co., Ltd., the limit on loans is 100% of the stockholders' equity of Ningbo Yem Chio Co., Ltd.

(14) Limit on loans granted by ACHEM Technology China to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology China. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology China, the limit on loans is 100% of the stockholders' equity of ACHEM Technology China.

(15) The total and individual lending amount of WANG LIH shall not exceed 40% of its net assets. However, the loans among foreign entities to which the ultimate parent company directly or indirectly has 100% voting rights, the lending amount shall not exceed 100% of net assets of the lender company.

(16) The total and individual lending amount of Wanchio Adhesive Product (Jiangsu) Co., Ltd. shall not exceed 40% of its net assets. However, the loans among foreign entities to which the ultimate parent company of Wanchio Adhesive Product (Jiangsu) Co., Ltd. directly or indirectly has 100% voting rights, the total and individual lending amount shall not exceed 100% of net assets of the lender company.

(17) As YEM CHIO recognised impairment loss on assets of the subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., YEM CHIO's loans to ASIA PLASTICS amounting to $22,350, to the Company amounting to $105,000, to ACHEM Technology Holdings Limited amounting to $150,000 and to Wan Chio Petrochemical (Jiangsu) Co., Ltd. amounting to $150,000 were over the limit. YEM CHIO has positively made the improvement plan.

(18) Valueline Investment Corporation's loan of $40,000 to ACHEM Technology Corporation was over the limit. However, ACHEM Technology Corporation has repaid $10,000 in March 2020.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be ncluded in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance eventhough the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

YC Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	The Company	Wong Chio Development., Ltd.	4	$ 9,026,937	$ 150,000	$ 150,000	$ 26,000	$ -	1	$ 13,540,406	Y	N	N	-
0	The Company	UINN Hotel	4	9,026,937	134,000	134,000	119,000	-	1	13,540,406	Y	N	N	-
0	The Company	WAN CHIO	2	9,026,937	366,502	348,000	156,000	-	3	13,540,406	Y	N	N	-
0	The Company	YEM CHIO	4	9,026,937	1,361,420	1,178,000	183,000	-	9	13,540,406	Y	N	N	-
0	The Company	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	4	9,026,937	2,144,616	1,963,200	1,592,817	-	14	13,540,406	Y	N	Y	-
1	YEM CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	4	-	347,545	330,000	193,860	-	58	-	N	N	Y	-
2	WAN CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	4	-	63,190	60,000	51,696	-	26	-	N	N	Y	-
3	ACHEM Technology Corporation	ACHEM Technology (Vietnam) Ltd.	4	5,619,769	37,914	36,000	-	-	1	5,619,769	Y	N	N	-
3	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	4	5,619,769	2,670,900	2,460,000	822,000	-	43	5,619,769	Y	N	N	-
3	ACHEM Technology Corporation	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	4	5,619,769	190,566	180,468	79,698	27,000	3	5,619,769	N	N	Y	-
3	ACHEM Technology Corporation	ACHEM Technology (Dongguan) Adhesive Product Co., Ltd.	4	5,619,769	337,650	30,000	30,000	-	1	5,619,769	Y	N	Y	-
3	ACHEM Technology Corporation	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	4	5,619,769	246,120	180,000	14,558	-	3	5,619,769	Y	N	Y	-

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
3	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	4	$ 5,619,769	$ 315,950	$ 240,000	$ 74,217	$ -	4	$ 5,619,769	Y	N	Y	-
4	ASIACHEM International Corporation	Winda Opto-Electronic Co., Ltd.	6	398,306	26,224	-	-	-	0	398,306	N	N	Y	-
5	AOE Holding Limited	Winda Opto-Electronic Co., Ltd.	6	133,515	55,923	-	-	-	0	133,515	N	N	Y	-
6	ACHEM Opto-Electronic Corporation	AOE Holding Limited	4	158,886	82,147	-	-	-	0	158,886	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.
(1) Calculation for ceiling on endorsements/guarantees provided by the Company to others and to a single party is based on 150% and 100% of the Company's net equity in the latest financial statements, respectively.
(2) Calculation for ceiling on endorsements/guarantees provided by ACHEM Technology Corporation to others and to a single party is based on 100% of stockholders' equity in the latest financial statements.
(3) Total endorsements and guarantees provided by ASIACHEM International Corporation, AOE Holding Limited, ACHEM Opto-Electronic Corporation, and ACHEM Technology Holdings Limited to all parties and to a single party both shall not exceed the 50% of the company's net equity of the recent financial statements.
(4) For YEM CHIO, the ceiling on total amount of endorsements/guarantees provided and the limit on endorsements/guarantees provided for a single party are both calculated with 100% of net assets disclosed on the latest financial statements.
(5) For WAN CHIO, the ceiling on total amount of endorsements/guarantees provided and the limit on endorsements/guarantees provided for a single party are both calculated with 100% of net assets disclosed on the latest financial statements.
(6) Due to YEM CHIO recognised impairment loss of assets of the subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., YEM CHIO's endorsements/guarantees provided to Wan Chio Petrochemical (Jiangsu) Co., Ltd. amounting to $330,000 are over the limit. YEM CHIO has positively made the improvement plan.
(7) Due to WAN CHIO recognised impairment loss of assets of the subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., WAN CHIO's endorsements/guarantees provided to Wan Chio Petrochemical (Jiangsu) Co., Ltd. amounting to $60,000 are over the limit. WAN CHIO has positively made the improvement plan.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

YC Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As at December 31, 2019				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
The Compnay	Common stock							
	Kee Tai Properties Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	971,000	$ 12,526	0.22%	$ 12,526	
	Unipex Global Co., Ltd.	"	Non-current financial assets at fair value through other comprehensive income	171,900	5,597	17.19%	5,597	
Chuang-Yi Investment Co., Ltd.	Common stock							
	Quanta Coumputer Inc.	None	Current financial assets at fair value through profit or loss/Current financial assets at fair value through other comprehensive income	3,408,000	$ 219,134	0.09%	$ 219,134	
	Fubon Financial Holding Co., Ltd.	"	"	2,756,000	127,878	0.03%	127,878	
	ASE Technology Holding Co., Ltd.	"	"	2,117,397	176,167	0.05%	176,167	
	Delta Electronics, Inc.	"	Current financial assets at fair value through profit or loss	465,000	70,448	0.02%	70,448	
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	104,000	34,424	0.00%	34,424	
	MediaTek Inc.	"	"	35,000	15,523	0.00%	15,523	
	Yuanta Global Future Telecommunication ETF	"	"	280,000	5,712	0.04%	5,712	
	Makalot Industrial Co., Ltd.	"	"	9,000	1,431	0.00%	1,431	
	BizLink Holding Inc.	"	"	16,000	3,608	0.01%	3,608	
	Formosa Chemicals & Fibre Corp.	"	Current financial asset measured at fair value through other comprehensive income	127,000	11,113	0.00%	11,113	
	Eternal Materials Co., Ltd.	"	"	398,532	10,601	0.03%	10,601	
	LITE-ON Technology Corp.	"	"	1,511,368	74,586	0.06%	74,586	
	Kee Tai Properties Co., Ltd.	"	"	3,513,000	45,318	0.80%	45,318	
	Aerospace Industrial Development Corporation	"	"	313,840	11,267	0.03%	11,267	
	Mega Financial Holding Company Ltd.	"	"	830,780	25,422	0.01%	25,422	
	WPG Holdings Limited	"	"	1,607,120	62,838	0.10%	62,838	
YEM CHIO	Common stock							
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	15,879,656	$ 193,380	2.78%	$ 193,380	
ACHEM Technology Corporation	Common stock							
	Glotech Industrial Corporation	"	"	585	$ 3	-	$ 3	
	Ventec International Group Ltd. (Cayman)	None	Current financial assets at fair value through profit or loss	4,578,971	435,460	6.48%	435,460	
	TECO Nanotech Co., Ltd.	"	Non-current financial assets at fair value through other comprehensive income	4,166	-	-	-	
	International Engineering & Construction Corp. (IEC)	"	"	7,212,885	-	7.99%	-	
	International Steel Company	"	"	143,826	1,116	3.20%	1,116	
	Bank debenture							
	Citigroup Inc.	None	Non-current financial assets at fair value through other comprehensive income	-	$ 60,118	-	$ 60,118	

				As at December 31, 2019				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Valueline Investment Corporation	Common stock							
	Service & Quality Technology Co., Ltd.	None	Current financial assets at fair value through profit or loss	126	$ 2	-	$ 2	
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	990,637	12,482	0.17%	12,482	
	Asia Metal Industries Inc.	None	"	264,765	14,022	1.47%	14,022	
	Global Securities Finance	"	"	640,564	6,107	0.16%	6,107	
	Lucky-Heart Co., Ltd.	"	"	800,000	-	6.96%	-	
	Taiwan Virtual Reality Technologies Inc.	"	"	1,600,000	-	10.00%	-	
ACHEM Technology Holdings Limited	Beneficiary certificates							
	Augustus Multi - Strategy Fund	None	Current financial assets at fair value through profit or loss	58,721	$ 13,071	-	$ 13,071	
	Common stock							
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	1,127,226	$ 14,203	0.20%	$ 14,203	
AOE Holding Limited	Bank debenture							
	Codeis Securities S.A.	None	Current financial assets at fair value through profit or loss	-	$ 30,471	-	$ 30,471	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments.'
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions

YC Co., Ltd. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2019

Table 4

(Expressed in thousands of New Taiwan dollars)

(Except as otherwise indicated)

					Balance as at January 1, 2019		Addition (Note 4)		Disposal (Note 4)				Other changes		Ending Balance	
Investor	Marketable securities (Note 2)	General ledger account	Counterparty (Note 3)	Relationship with the investor (Note 3)	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gains (losses) on disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Chuang-Yi Investment Co., Ltd.	Common stock: Hon Hai Precision Ind. Co., Ltd.	1 and 2	-	-	3,541	$ 382,622	1,580	$ 126,410	5,121	$ 369,697	$ 509,032	$ (139,335)	-	$ -	-	$ -
Chuang-Yi Investment Co., Ltd.	Common stock: Taiwan Semiconductor Manufacturing Co., Ltd.	1	-	-	9	$ 2,113	1,282	$ 330,312	1,187	$ 312,620	$ 299,418	$ 13,202	-	$ -	104	$ 33,007

Note 1: The numbers filled in general ledger account are as follows:

1. Current financial assets at fair value through profit or loss
2. Current financial asset measured at fair value through other comprehensive income

Note 2: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 3: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 4: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

YC Co., Ltd. and Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	(Note 3) Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	(Note 1) Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
ACHEM Industry America Inc.	Plant facilities	2018/11/19	$ 643,444	Settled	Psip Wr Fullerton, LLC.	None	-	-	-	-	Based on appraisal report made by Stein Valluation amounting to US$23,200 thousand	For operation use	Note 4

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the

Note 4: The plant facilities were transferred in January 2019.

YC Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
The Company	ACHEM Technology Corporation	Subsidiary	Sales	$ 421,308	9.97%	Cheque due in 30 days after monthly billings	Note 4	Note 4	$ 34,577	6.66%	None
The Company	ACHEM Industry America Inc.	An indirect subsidiary	Sales	190,055	4.50%	60 days after the receipt of shipment	Note 4	Note 4	24,690	4.75%	None
The Company	Toyota Tsusho Corporation	Other related parties	Purchases	175,209	1.37%	Depends on negotiation	Note 4	Note 4	-	-	None
ACHEM Technology Corporation	Foshan Inder Adhesive Product Co., Ltd.	Subsidiary	Purchases	366,414	10.86%	60 days after monthly billings	Note 4	Note 4	81,812	16.96%	None
ACHEM Technology Corporation	ACHEM Industry America Inc.	Subsidiary	Sales	106,807	3.20%	60 days after monthly billings	Note 4	Note 4	22,577	4.68%	None
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology Corporation	Parent company	Sales	196,158	14.51%	60 days after monthly billings	Note 4	Note 4	45,368	9.17%	None
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Sister company	Sales	271,088	20.05%	60 days after monthly billings	Note 4	Note 4	38,604	7.80%	None

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ningbo Yem Chio Co., Ltd.	ACHEM Industry America Inc.	Sister company	Sales	$ 196,273	28.08%	90 days after monthly billings	Note 4	Note 4	$ 53,388	36.74%	None
Ningbo Yem Chio Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associate	Purchases	141,806	26.80%	Cash on delivery	Note 4	Note 4	-	-	None
Foshan Inder Adhesive Product Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associate	Purchases	117,388	8.02%	Cash on delivery	Note 4	Note 4	-	-	None

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: The description of the transaction is not significantly different with third parties and as such, no need to disclose.

YC Co., Ltd. and Subsidiaries
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
The Compnay	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	An indirect subsidiary	Other receivables (Note 3)	$ 1,091,960	-	$ -	-	$ -	$ -
YEM CHIO	ACHEM Technology Holdings Limited	An indirect subsidiary	Other receivables	152,589	-	-	-	-	-
YEM CHIO	The Company	Parent company	Other receivables	106,812	-	-	-	-	-
YEM CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	An indirect subsidiary	Other receivables	153,008	-	-	-	-	-
Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	Associate	Other receivables	162,180	-	-	-	-	-
ACHEM Technology Corporation	YEM CHIO	Associate	Other receivables	257,330	-	-	-	-	-
ACHEM Technology Corporation	ACHEM Technology Holdings Limited	Parent company	Other receivables	695,293	-	-	-	-	-
ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	Parent company	Other receivables	335,063	-	-	-	-	-
ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associate	Other receivables	208,076	-	-	-	-	-
ACHEM Technology (Shanghai) Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd	Sister company	Other receivables	444,887	-	-	-	-	-
ACHEM Technology Holdings Limited	Ningbo Yem Chio Co., Ltd.	Sister company	Other receivables	304,236	-	-	-	-	-
ACHEM Technology Holdings Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associate	Other receivables	307,036	-	-	-	-	-
ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd	Sister company	Other receivables	759,453	-	-	-	-	-
ACHEM Technology Holdings Limited	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Sister company	Other receivables	214,505	-	-	-	-	-
ACHEM Technology China	ACHEM Technology Holdings Limited	Sister company	Other receivables	169,675	-	-	-	-	-
ASIACHEM International Corporation	YEM CHIO	Associate	Other receivables	136,014	-	-	-	-	-
ASIACHEM International Corporation	ACHEM Technology Holdings Limited	Sister company	Other receivables	409,547	-	-	-	-	-
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Associate	Other receivables	224,382	-	-	-	-	-
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Sister company	Other receivables	150,542	-	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity.

Note 3: It was receivables arising from purchasing materials on behalf of others.

YC Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Compnay	ACHEM Technology Corporation	(1)	Sales	$ 421,308	30 days after monthly billings	2.60%
0	The Compnay	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(1)	Other receivables (Note 6)	1,091,960	Depends on negotiation	3.28%
0	The Compnay	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(1)	Endorsement/guarantee	1,592,817	Not applicable	4.79%
0	The Company	ACHEM Industry America Inc.	(1)	Sales	190,055	60 days after the receipt of shipment	1.17%
1	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	(1)	Other receivables	695,293	Depends on negotiation	2.09%
1	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	(1)	Endorsement/guarantee	822,000	Not applicable	2.47%
1	ACHEM Technology Corporation	Foshan Inder Adhesive Product Co., Ltd.	(1)	Purchase	366,414	60 days after monthly billings	2.26%
1	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	(1)	Other receivables	335,063	Depends on negotiation	1.01%
2	Ningbo Yem Chio Co., Ltd.	Wan Chio Pe Trochemical (Jiangsu) Co., Ltd.	(3)	Prepayments	538,500	Depends on negotiation	1.62%
2	Ningbo Yem Chio Co., Ltd.	ACHEM Industry America Inc.	(3)	Sales	196,273	90 days after monthly billings	1.21%
3	ACHEM Technology (Shanghai) Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	(3)	Other receivables	444,887	Depends on negotiation	1.34%
4	ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	(1)	Other receivables	759,453	Depends on negotiation	2.28%
5	ASIACHEM International Corporation	ACHEM Technology Holdings Limited	(3)	Other receivables	409,547	Depends on negotiation	1.23%
6	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology Corporation	(2)	Sales	196,158	60 days after monthly billings	1.21%
6	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	(3)	Sales	271,088	60 days after monthly billings	1.68%

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: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The transactions less than 1% of consolidated total assets or consolidated sales do not need to be disclosed. The disclosure is by asset or revenue.

Note 6: It was receivables arising from purchasing materials on behalf of others.

YC Co., Ltd. and Subsidiaries
Information on investees (not including investees in Mainland China)
Year ended December 31, 2019

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
The Company	YEM CHIO	BVI	Manufacturing of adhesives and polystyrene sheets; investment holdings	$ 1,413,540	$ 1,413,540	47,117,523	100%	$ (256,954)	$ (574,709)	$ (582,531)	Subsidiary
The Company	Chuang-Yi Investment Co., Ltd.	Taiwan	Investment holdings	469,000	469,000	46,900,000	100%	461,202	60,779	60,779	Subsidiary
The Company	UINN Hotel	Taiwan	Hotel management and related business	25,740	25,740	-	100%	(35,078)	(1,548)	(17,645)	Subsidiary
The Company	Wong Chio Development., Ltd.	Taiwan	Undertaking civil engineering and hydraulic engineering	349,046	349,046	34,507,664	100%	341,315	12,594	13,196	Subsidiary
The Company	ACHEM Technology Corporation	Taiwan	Manufacturing of adhesives and polystyrene sheets; investment holdings	3,954,849	4,042,227	399,904,848	100%	5,427,946	(177,637)	(140,685)	Subsidiary
The Company	Xin Chio Co., Ltd.	Taiwan	Manufacturing, import and export of material packaging, computer software and hardware for cloud services and peripheral equipment, research and development, and distribution of design of above products	299,264	299,264	25,710,120	43.84%	40,488	102,864	43,892	Subsidiary
YEM CHIO	ASIA PLASTICS	BVI	Manufacturing of adhesives and polystyrene sheets; investment holdings	348,990	348,990	11,632,500	45%	(160,279)	(478,564)	-	An indirect subsidiary

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
YEM CHIO	WAN CHIO	BVI	Manufacturing and marketing of raw materials; investment holdings	$ 879,000	$ 879,000	29,300,000	49.66%	$ (242,444)	$ (735,496)	$ -	An indirect subsidiary
ACHEM Technology Corporation	ASIACHEM International Corporation	BVI	Investment of adhesives and related products	349,035	349,035	23,269	100%	796,611	54,988	-	An indirect subsidiary
ACHEM Technology Corporation	ACHEM Technology Holdings Limited	BVI	Investment of high technology industry	2,937,725	2,847,725	97,924	100%	3,494,610	(697,451)	-	An indirect subsidiary
ACHEM Technology Corporation	Valueline Investment Corporation	Taiwan	Investment holdings	249,287	249,287	826,089	100%	79,648	2,299	-	An indirect subsidiary
ACHEM Technology Corporation	ACHEM Opto-Electronic Corporation	Taiwan	Manufacturing of electronic parts and components	300,563	300,563	19,286,951	78.48%	249,388	51,846	-	An indirect subsidiary
ACHEM Technology Corporation	Xin Chio Co., Ltd.	Taiwan	Manufacturing, import and export of material packaging, computer software and hardware for cloud services and peripheral equipment, research and development, and distribution of design of above products	241,803	241,793	14,889,000	25.39%	275,546	102,864	-	-
ACHEM Technology Holdings Limited	ACHEM Technology Americas Ltd.	Cayman Islands	Investment of high technology industry	409,290	409,290	13,643,000	100%	990,108	(50,788)	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology China	Cayman Islands	Investment of high technology industry	1,956,272	1,866,272	65,209,075	100%	3,144,646	(127,560)	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology (Vietnam) Ltd.	Vietnam	Manufacturing and sales of various adhesives products	165,000	165,000	-	100%	46,847	(5,103)	-	An indirect subsidiary

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
ACHEM Technology Holdings Limited	WAN CHIO	BVI	Manufacturing and marketing of raw materials; investment holdings	$ 558,000	$ 558,000	18,600,000	31.53%	$ (153,932)	$ (735,496)	$ -	An indirect subsidiary
ACHEM Technology Holdings Limited	ASIA PLASTICS	BVI	Manufacturing and marketing of raw materials; investment holdings	524,055	524,055	14,217,500	55%	(195,896)	(478,564)	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology (M) SDN. BHD.	Malaysia	Business of import, export and distribution	4,170	4,170	353,152	90%	19,451	1,095	-	An indirect subsidiary
ACHEM Technology Americas Ltd.	ACHEM Industry America Inc.	U.S.A.	Manufacturing and sales of various adhesives products	261,000	261,000	50,000	100%	873,792	(50,592)	-	An indirect subsidiary
ACHEM Opto-Electronic Corporation	AOE Holding Limited	BVI	Investment of high technology industry	63,504	63,504	4,234	100%	267,029	50,261	-	An indirect subsidiary
ACHEM Technology China	LANDMART	Samoa	Investment of high technology industry	840,000	840,000	28,000,000	100%	1,162,457	22,370	-	An indirect subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2019' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2019' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Sub-subsidiary's income is recognised by subsidiary.

YC Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2019

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 （Note 2）	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Ningbo Yem Chio Co., Ltd.	Sales of adhesives and polystyrene sheets	$ 773,006	2	$ 859,527	$ -	$ -	$ 859,527	$ (476,136)	100%	$ (476,136)	$ (353,820)	$ -	B
Master Package (Shanghai) Material Technology Co., Ltd.	Wholesale, import and export of various wrapping materials, computer software, hardware and peripherals	183,000	1	183,000	-	-	183,000	16,422	69.23%	11,323	81,093	-	C
ACHEM (Tianjin) Adhesive Product Co., Ltd.	Sales of various adhesives products	25,500	1	21,642	-	-	21,642	(309)	69.23%	(213)	(3,705)	-	C
ACHEM Technology (Wuhan) Limited	Manufacturing and sales of various adhesives products	30,600	1	34,930	-	-	34,930	234	69.23%	161	3,016	-	C
Foshan Inder Adhesive Product Co., Ltd.	Manufacturing and sales of various adhesives products	423,765	2	166,740	-	-	166,740	105,494	62.30%	65,723	522,393	-	B
Shaanxi Heyangder Adhesive Product Co., Ltd.	Manufacturing and sale of various adhesives products, raw material, wrapping material and paper products	195,000	2	136,500	-	-	136,500	(5,302)	100.00%	(5,302)	54,304	-	C
Fuzhou Fuda Plastic Products Co., Ltd.	Maunfacturing and sales of various adhesives products and material	39,000	2	31,500	-	-	31,500	-	100.00%	-	675	-	C
ACHEM Technology Huizhou Adhesive Products Ltd.	Manufacturing and sales of adhesives and BOPP film	30,000	2	30,000	-	-	30,000	-	100.00%	-	22,709	-	C
ACHEM Technology (Chengdu) Limited	Manufacturing and sales of adhesives and BOPP film	4,500	2	4,500	-	-	4,500	(4,918)	100.00%	(4,918)	15,426	-	C
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Manufacturing and sales of adhesives and BOPP film	225,360	2	225,360	-	-	225,360	(255,854)	100.00%	(255,854)	540,854	-	C

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
ACHEM Technology (Shanghai) Limited	Manufacturing and sales of adhesives and BOPP film	$ 483,000	2	$ 483,000	$ -	$ -	$ 483,000	$ 22,399	100%	$ 22,399	$ 1,161,529	$ -	C
Winda Opto-Electronic Co., Ltd.	Manufacturing and sales of polarizing film, photoelectric material, optical thin-film and polarizing adhesives	435,932	2	129,060	-	-	129,060	243,939	37.42%	91,280	358,075	346,267	C
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	2,400,000	2	1,437,000	-	-	1,437,000	(1,277,082)	90.58%	(1,156,781)	(642,660)	-	B
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	810,000	2	720,000	90,000	-	810,000	44,265	100.00%	44,265	633,147	-	C

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on nvestments in Mainland China imposed by the Investment ommission of MOEA
YC CO., LTD.	$ 1,085,007	$ 1,104,507	$ 5,742,749
ACHEM Technology Corporation	3,160,875	3,714,540	3,508,890
Xin Chio Co., Ltd.	239,572	239,572	484,841

Note 1:Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(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.
(3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column:
(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A.The financial statements were audited and attested (reviewed) by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B.The financial statements were audited and attested (reviewed) by R.O.C. parent company's CPA.
C.Unaudited and unattested (reiewed) financial statements for the same periods ended.
D.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4:(1) The Company's accumulated amount of remittance to Mainland China as of December 31, 2019 was USD 36,167 thousand, and the amount approved by MOEA was USD 36,817 thousand.
(2) ACHEM Technology Corporation's accumulated amount of remittance to Mainland China as of December 31, 2019 was USD 102,362 thousand, (in addition there is USD 2,342 thousand to be remitted) and the amount approved by MOEA was USD 123,818 thousand.
(3) Xin Chio Co., Ltd.'s accumulated amount of remittance to Mainland China as of December 31, 2019 was USD 7,986 thousand, and the amount approved by MOEA was USD 7,986 thousand.