UNIMICRON TECHNOLOGY CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

PWCR 18000361

To the Board of Directors and Shareholders of Unimicron Technology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Unimicron Technology Corp. ("Unimicron" Corp.) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and parent company only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (refer to the "other matter" section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Unimicron Corp. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" 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 audits 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). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Unimicron Corp. 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. We believe that the audit evidence we have obtained and the reports of other independent accountants are 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

As of December 31, 2018, Hemingway Int's1 Limited and UMTC Holdings Limited, subsidiaries owned

by Unimicron Corp., were major operating entities of Unimicron Corp., and included in investments accounted for using equity method. Refer to Note 6(5) of these financial statements for detailed information. Because the financial condition and performance of the aforementioned subsidiaries have a material impact on the financial statements of Unimicron Corp., the key audit matters of the subsidiaries pertaining to inventory valuation, impairment assessment of investments accounted for under the equity method and impairment assessment of property, plant and equipment were also considered key audit matters of Unimicron Corp.

The key audit matters of the financial statements of Unimicron Corp. for the year ended December 31, 2018 were as follows:

Valuation of inventory

Description

Refer to Note 4(10) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of allowance for inventory valuation losses.

Unimicron Corp. is primarily engaged in manufacturing and sales of various kinds of electronic components. Due to short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. Inventories are measured at the lower of cost and net realizable value. Inventory that is over certain age and individually identified obsolete or ruined inventory is measured at net realizable value.

Since the industry technology is rapidly changing, and the calculation of net realizable value used for obsolete inventories or inventories which are over a certain period involves subjective judgement, we identified the allowance for inventory valuation losses 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. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Assessed the reasonableness and evidences of management in identifying individual obsolete or damaged inventory.
3. Verified the accuracy of aging report, and sampled the last movement of inventories before the balance sheet date in order to verify the accuracy of aging range.
4. Checked the inventory clearance on inventories which have been provided loss for market value decline and obsolete and slow-moving inventories. Assessed the reasonableness of current allowance for inventory valuation losses and loss for obsolete and slow-moving inventories by comparing with

prior years.

Investments accounted for using equity method - impairment assessment of associates

Description

Refer to Note 4(16) for accounting policy on impairment assessment of investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(5) for details of investments accounted for using equity method - associates.

Considering that the impairment of investments accounted for using equity method involves subjective judgement, and the estimation of future cash flows, growth rate, gross rate and discount rate have high uncertainty, we determined the impairment of investments accounted for using equity method 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. Assessed the reasonableness of procedures which management used to estimate the future cash flows of investment accounted for using equity method.
2. Interviewed with management to discuss estimated future cash flows, estimated growth rate and gross rate, and compared with historical results to ascertain whether they are reasonable.
3. Checked the reasonableness of the related parameters of discount rate, including risk-free interest rate of cost of equity capital, industrial risk coefficient and the rate of return in the similar markets. Assessed the result of impairment of investments accounted for using equity method.

Impairment assessment of property, plant and equipment

Description

Refer to Note 4(16) for accounting policy on property, plant and equipment impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of tangible assets, and Note 6(6) for details of property, plant and equipment impairment.

Considering that the impairment assessment of property, plant and equipment involves subjective judgement, and the estimation of future cash flows, growth rate, gross rate and discount rate are subject to high uncertainty, we identified the impairment assessment of property, plant and equipment 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. Assessed the reasonableness of procedures which management used to estimate the future cash flows of property, plant and equipment.

2. Interviewed with management to discuss estimated future cash flows, estimated growth rate and gross rate, and compared with historical results to ascertain whether they are reasonable.
3. Checked the reasonableness of the related parameters of discount rate, including risk-free interest rate of cost of equity capital, industrial risk coefficient and the rate of return in the similar markets. Assessed the result of impairment assessment of property, plant and equipment.

Other matter – Scope of the Audit

We did not audit the financial statements of investees accounted for under the equity method that are included in the financial statements. These investments amounted to NT$2,341,488 thousand and NT$2,355,651 thousand as at December 31, 2018 and 2017, both constituting 3% of total assets, respectively, and comprehensive income (loss) amounted to NT$54,071 thousand and NT$102,762 thousand, constituting 4% and 20% of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing Unimicron Corp.'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 Unimicron Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors (or audit committee), are responsible for overseeing the Unimicron Corp.'s financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Unimicron Corp. 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 Unimicron Corp.' 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 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 Unimicron Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Unimicron Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Wu, Han-Chi Wang, Kuo-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

March 28, 2019

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	December 31, 2018 %	December 31, 2017 AMOUNT	December 31, 2017 %
	Current assets					
1100	Cash and cash equivalents	6(1)	13,162,709	16	11,750,689	15
1110	Financial assets at fair value through profit or loss - current	6(2)	11,967	-	-	-
1125	Available-for-sale financial assets - current		-	-	51,153	-
1150	Notes receivable, net	6(3)	643	-	3,834	-
1160	Notes receivable - related parties	7	52,280	-	-	-
1170	Accounts receivable, net	6(3)	8,321,933	10	7,613,676	9
1180	Accounts receivable - related parties	7	912,196	1	796,086	1
1200	Other receivables	7	5,234,324	6	2,803,239	3
130X	Inventory	6(4)	3,952,918	5	3,652,008	5
1410	Prepayments		621,707	1	529,053	1
11XX	**Total current assets**		32,270,677	39	27,199,738	34
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	2,327,282	3	-	-
1543	Financial assets carried at cost - non-current	6(9)	-	-	2,732,565	4
1550	Investments accounted for under equity method	6(5)(9) and 7	17,438,430	22	18,463,813	23
1600	Property, plant and equipment	6(6), 7 and 8	27,034,184	33	28,350,301	36
1760	Investment property - net	6(7)	1,759,322	2	1,782,720	2
1780	Intangible assets	6(8)	94,012	-	128,699	-
1840	Deferred income tax assets	6(27)	526,267	1	569,899	1
1900	Other non-current assets	6(1) and 8	275,385	-	206,077	-
15XX	**Total non-current assets**		49,454,882	61	52,234,074	66
1XXX	**Total assets**		81,725,559	100	79,433,812	100

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UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 6,965,238	9	$ 6,894,605	8
2110	Short-term notes and bills payable	6(11)	1,399,196	2	599,340	1
2120	Financial liabilities at fair value through profit or loss - current	6(2)(12)	1,027	-	-	-
2150	Notes payable		52,297	-	66,139	-
2170	Accounts payable		5,136,920	6	3,830,025	5
2180	Accounts payable - related parties	7	1,228,064	1	1,674,721	2
2200	Other payables	6(13) and 7	4,546,524	6	2,993,254	4
2230	Current income tax liabilities	6(27)	368,055	-	92,819	-
2300	Other current liabilities	6(14) and 8	4,366,456	5	5,467,807	7
21XX	**Total current liabilities**		24,063,777	29	21,618,710	27
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	14,527,490	18	14,730,308	19
2570	Deferred tax liabilities	6(27)	56,644	-	67,454	-
2600	Other non-current liabilities	6(5)(15)	956,054	1	833,222	1
25XX	**Total non-current liabilities**		15,540,188	19	15,630,984	20
2XXX	**Total liabilities**		39,603,965	48	37,249,694	47
	Equity					
	Share capital	6(17)				
3110	Share capital - common stock		15,048,658	18	15,290,868	19
	Capital surplus	6(18)				
3200	Capital surplus		8,589,248	10	8,671,541	11
	Retained earnings	6(19)				
3310	Legal reserve		4,503,549	6	4,462,113	6
3320	Special reserve		-	-	81,933	-
3350	Unappropriated retained earnings		15,336,752	19	14,252,481	18
	Other equity interest					
3400	Other equity interest		(463,854)	-	63,407	-
	Treasury stocks	6(17)				
3500	Treasury stocks		(892,759)	(1)	(638,225)	(1)
3XXX	**Total equity**		42,121,594	52	42,184,118	53
	Significant contingent liabilities and unrecognised contract commitements	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 81,725,559	100	$ 79,433,812	100

The accompanying notes are an integral part of these parent company only financial statements.

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Years ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(20) and 7		10		
			43,682,013	0	38,732,382	100
5000	**Operating costs**	6(4)(25)(26) and 7	36,828,566	84	35,337,556	91
5900	**Net operating margin**		6,853,447	16	3,394,826	9
5910	Unrealised loss from sales	6(5)	17,196	-	8,301	-
5920	Realised (loss) profit from sales		8,301	-	16,948	-
5950	**Gross profit from operations**		6,862,342	16	3,420,075	9
	Operating expenses	6(25)(26) and 7				
6100	Selling expenses		464,179	1	374,346	1
6200	General and administrative expenses		1,049,806	2	892,093	2
6300	Research and development expenses		2,067,098	5	1,556,913	4
6000	**Total operating expenses**		3,581,083	8	2,823,352	7
	Net operating income		3,281,259	8	596,723	2
6500	**Net other income (expenses)**	6(21) and 7	19,626	-	105,222	-
6900	**Operating profit**		3,300,885	8	701,945	2
	Non-operating income and expenses					
7010	Other income	6(22) and 7	520,812	1	287,097	1
7020	Other gains and losses	6(23) and 7	290,908	1	143,528	-
7050	Finance costs	6(24)	428,183	1	368,323	1
7070	Share of loss of subsidaries, associates and joint ventures accounted for under equity method	6(5)	1,086,927	2	191,248	1
7000	**Total non-operating income and expenses**		1,285,206	3	416,002	1
7900	**Profit before income tax**		2,015,679	5	285,943	1
7950	Income tax (expense) profit	6(27)	310,373	1	128,412	-
8200	**Profit for the year**		1,705,306	4	414,355	1

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UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Years ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(15)	13,843	-	89,269	-
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		21,360	-	1,005	-
8310	**Other comprehensive loss that will not be reclassified to profit or loss**		35,203	-	88,264	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		387,334	1	973,009	3
8362	Unrealised gains on valuation of available-for-sale financial assets		-	-	4,453	-
8380	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for under equity method		666,164	2	831,040	2
8399	Income tax related to items that may be reclassifiable	6(27)	-	-	319,249	1
8360	**Components of other comprehensive (loss) income that will be reclassified to profit or loss**		278,830	1	181,733	-
8300	**Total other comprehensive (loss) income for the year**		314,033	1	93,469	-
8500	**Total comprehensive income for the year**		1,391,273	3	507,824	1
	Earnings per share	6(28)				
9750	**Profit for the year**			1.15		0.28
	Diluted earnings per share	6(28)				
9850	**Profit for the year**			1.13		0.28

The accompanying notes are an integral part of these parent company only financial statements.

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Retained Earnings			Other equity interest					
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Other equity - others	Treasury stocks	Total equity
For the year ended December 31, 2017												
Balance at January 1, 2017		$ 15,280,358	$ 8,615,441	$ 4,460,943	$ -	$ 14,539,324	($ 84,725)	$ -	$ 6,254	($ 3,462)	($ 799,786)	$ 42,014,347
Profit for the year		-	-	-	-	414,355	-	-	-	-	-	414,355
Other comprehensive income (loss) for the year		-	-	-	-	(88,264)	148,317	-	33,416	-	-	93,469
Total comprehensive income		-	-	-	-	326,091	148,317	-	33,416	-	-	507,824
Appropriations of 2016 earnings (Note 1):	6(19)											
Legal reserve		-	-	1,170	-	(1,170)	-	-	-	-	-	-
Special reserve		-	-	-	81,933	(81,933)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(445,804)	-	-	-	-	-	(445,804)
Effects of consolidated adjustments	6(18)	-	(41)	-	-	(10,501)	-	-	-	-	-	(10,542)
Changes in ownership interests in subsidiaries	6(18)	-	27,971	-	-	-	-	-	-	-	-	27,971
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	(4,205)	-	-	-	-	-	-	-	-	(4,205)
Issuance of restricted stocks to employees	6(16)(17)(18)	72,820	55,365	-	-	-	-	-	-	(36,393)	-	91,792
Retirement of treasury shares	6(17)(18)	(61,840)	(26,195)	-	-	(73,526)	-	-	-	-	161,561	-
Retirement of employee restricted stocks	6(17)(18)	(470)	470	-	-	-	-	-	-	-	-	-
Share-based payment	6(16)(18)	-	2,735	-	-	-	-	-	-	-	-	2,735
Balance at December 31, 2017		$ 15,290,868	$ 8,671,541	$ 4,462,113	$ 81,933	$ 14,252,481	$ 63,592	$ -	$ 39,670	($ 39,855)	($ 638,225)	$ 42,184,118
For the year ended December 31, 2018												
Balance at January 1, 2018		$ 15,290,868	$ 8,671,541	$ 4,462,113	$ 81,933	$ 14,252,481	$ 63,592	$ -	$ 39,670	($ 39,855)	($ 638,225)	$ 42,184,118
Effects of retrospective application and retrospective restatement		-	-	-	-	239,215	-	(226,678)	(39,670)	-	-	(27,133)
Balance at January 1 after adjustments		15,290,868	8,671,541	4,462,113	81,933	14,491,696	63,592	(226,678)	-	(39,855)	(638,225)	42,156,985
Profit for the year		-	-	-	-	1,705,306	-	-	-	-	-	1,705,306
Other comprehensive loss for the year		-	-	-	-	(21,567)	(278,830)	(13,636)	-	-	-	(314,033)
Total comprehensive income (loss)		-	-	-	-	1,683,739	(278,830)	(13,636)	-	-	-	1,391,273
Appropriations of 2017 earnings (Note 2):	6(19)											
Legal reserve		-	-	41,436	-	(41,436)	-	-	-	-	-	-
Special reserve		-	-	-	(81,933)	81,933	-	-	-	-	-	-
Cash dividends		-	-	-	-	(746,624)	-	-	-	-	-	(746,624)
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	6(18)	-	11,944	-	-	-	-	-	-	-	-	11,944
Changes in ownership interests in subsidiaries	6(18)	-	(42,359)	-	-	-	-	-	-	-	-	(42,359)
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	99	-	-	(47)	-	47	-	-	-	99
Compensation cost of newly issued employee restricted stocks	6(16)	-	-	-	-	-	-	-	-	31,506	-	31,506
Purchase of treasury shares	6(17)	-	-	-	-	-	-	-	-	-	(803,247)	(803,247)
Retirement of employee restricted stocks	6(17)(18)	(3,830)	3,830	-	-	-	-	-	-	-	-	-
Share-based payment	6(16)(18)	-	44,556	-	-	-	-	-	-	-	-	44,556
Treasury shares sold to employees	6(17)(18)	-	142	-	-	-	-	-	-	-	77,319	77,461
Retirement of treasury shares	6(17)(18)	(238,380)	(100,505)	-	-	(132,509)	-	-	-	-	471,394	-
Balance at December 31, 2018		$ 15,048,658	$ 8,589,248	$ 4,503,549	$ -	$ 15,336,752	($ 215,238)	($ 240,267)	$ -	($ 8,349)	($ 892,759)	$ 42,121,594

Note 1: Employees' compensation and directors' and supervisors' remuneration for the year ended December 31, 2016 was $0.
Note 2: Employees' compensation and directors' and supervisors' remuneration for the year ended December 31, 2017 was $2,374 and $50,880, respectively, and was deducted from the parent company only statement of comprehensive income.

The accompanying notes are an integral part of these parent company only financial statements.

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2018	Years ended December 31 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,015,679	$ 285,943
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(6)(7)(21)(25)	5,506,121	5,579,094
Amortisation	6(8)(25)	117,777	126,857
(Reveral of provision) Provision for bad debts		(2,897)	10,209
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(23)	377,677	(578)
Gain on disposal of available-for-sale financial assets	6(23)	-	(54,360)
Interest expense	6(24)	398,217	340,549
Interest income	6(22)	(118,258)	(73,767)
Dividend income	6(22)	(22,552)	(4,272)
Share-based payments	6(16)	76,062	24,672
Cash dividends received from investments accounted for using equity method		66,474	58,712
Impairment loss on financial assets	6(9)(23)	7,710	-
Share of loss of associates accounted for under equity method	6(5)	1,086,927	191,248
Loss (Gain) on disposal of property, plant and equipment	6(23)	9,198	(4,400)
Impairment loss on financial assets measured at cost	6(9)(23)	-	81,490
Exchange loss (gains) on valuation of long-term foreign borrowings	6(30)	56,598	(147,910)
Realised gain from inter-affiliate accounts		(8,895)	(25,249)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		3,191	5,179
Notes receivable - related parties		(52,280)	-
Accounts receivable		(681,702)	607,495
Accounts receivable - related parties		(116,110)	738,333
Other receivables		69,717	41,204
Inventories		(300,910)	(531,987)
Prepayments		(92,654)	(566)
Changes in operating liabilities			
Notes payable		(13,842)	(3,188)
Accounts payable		1,306,895	(476,860)
Accounts payable - related parties		(446,657)	(854,186)
Other payables		1,095,942	(166,713)
Other current liabilities		3,649	24,110
Accrued pension liabilities		(12,217)	(10,736)
Other non-current liabilities		60,158	(1,616)
Cash inflow generated from operations		10,389,018	5,758,707
Interest received		92,485	69,170
Dividends received		22,552	4,272
Interest paid		(387,785)	(334,885)
Income tax paid		34,510	35,944
Net cash flows from operating activities		10,150,780	5,533,208

(Continued)

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2018	Years ended December 31 2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ -	$ 103,758
(Increase) decrease in other receivables		(2,532,843)	352,768
Acquisition of financial assets measured at cost		-	(13,310)
Proceeds from capital reduction of financial assets measured at cost		-	4,373
Acquisition of property, plant and equipment (including investment property)	6(29)	(3,798,506)	(4,683,286)
Proceeds from disposal of property, plant and equipment		69,598	104,466
Increase in restricted assets		(38,648)	(48,778)
Increase in guaranttee deposits received		(30,660)	(6,104)
Acquisition of intangible assets	6(8)	(84,030)	(111,252)
Acquisition of investments accounted for using equity method		(618,406)	(1,547,403)
Proceeds from capital reduction of financial assets at fair value through profit or loss		3,149	-
Cash received from combination	6(29)	-	21,190
Acquisition of financial assets at fair value through profit or loss		(2,410)	-
Proceeds from capital reduction of investments accounted for using equity method		154,281	-
Proceeds from disposal of financial assets at fair value through profit or loss		72,683	-
Decrease in other non-current assets		-	17,595
Net cash flows used in investing activities		(6,805,792)	(5,805,983)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(30)	70,633	2,035,837
Increase in short-term notes and bills payable	6(30)	799,856	349,617
Proceeds from long-term borrowings	6(30)	3,388,450	3,000,000
Repayment of long-term borrowings	6(30)	(4,752,866)	(4,582,992)
Increase in refundable deposits		33,511	1,149
Payments to acquire treasury shares		(803,247)	-
Cash dividends paid	6(19)	(746,624)	(445,804)
Issuance of employee restricted shares		-	72,820
Treasury shares sold to employees		77,319	-
Net cash flows (used in) from financing activities		(1,932,968)	430,627
Net increase in cash and cash equivalents		1,412,020	157,852
Cash and cash equivalents at beginning of year	6(1)	11,750,689	11,592,837
Cash and cash equivalents at end of year	6(1)	$ 13,162,709	$ 11,750,689

The accompanying notes are an integral part of these parent company only financial statements.

UNIMICRON TECHNOLOGY CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Unimicron Technology Corp. (the "Company") was incorporated on January 25, 1990. The Company is primarily engaged in the manufacturing, processing, and sales of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. The stocks of the Company commenced trading on the Taipei Exchange in December 1998 and was approved for listing on the Taiwan Stock Exchange in August 2002. As of December 31, 2018 and 2017, the Company had 11,295 and 11,065 employees, respectively, excluding 6 directors for both years.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 28, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2,'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4,'Applying IFRS 9 Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15,'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40,'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4) B and C.

B. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Company expects to provide additional disclosure to explain the changes in liabilities arising from financing activities.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'.	January 1, 2021
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 Company's financial condition and financial performance based on the Company's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize 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.

The Company expects to recognize the lease contract in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset', financing lease receivable, lease liability and retained earnings will be increased by $975,741, $332,480, $1,207,059 and $449, respectively, and advance, property, plant and equipment, right-of-use of land (accounting for other non-current assets) and other non-current liabilities will be increased by $64,044, $3,272, $36,574 and $3,177, respectibely.

(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 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 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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company'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 parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company'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 recognized 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 retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized 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 recognized 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 recognized 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. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) 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:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or control of the former, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control

of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

A. 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 realized, 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 realized 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.

B. 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled 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.

(5) Cash equivalents

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. 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.

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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized 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 recognized and derecognized using trade date accounting.

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

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

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(8) Impairment of financial assets

The Company always measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivable or contract assets that do not contain a significant financing component at each balance sheet date

(9) Derecognition of financial assets

The Company derecognizes 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 Company 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; however, the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realizable 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries, associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a

subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership

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

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

F. 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 recognized at cost.

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

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using 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 Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized 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.

J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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 recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

M. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation

(12) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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. 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 financial year-end. 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 ~ 55 years
Machinery and equipment	2 ~ 11 years
Transportation equipment and other equipment	2 ~ 11 years

(13) Operating leases (lessee)

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

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 35 years.

(15) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 ~ 3 years.

(16) Impairment of non-financial assets

The Company 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes 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 notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(23) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(24) 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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense 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 Company in current period or prior periods. The liability recognized 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 uses interest rates of government bonds (at the balance sheet date) instead.

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

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, 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. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

A. 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 recognized 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 recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if the Company

will pay the employees who resign during the vesting period to repurchase the stocks, the Company estimates such payments that will be made and recognizes such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

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

(27) Share capital

Where the Company 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.

(28) 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.

(29) Revenue recognition

A. The Company researches and develops, manufactures and sells a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. Sales are recognized when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor'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 distributor, and either the distributor has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Sales are recognized at contract price net of expected business tax, returns, rebates and discounts for the sale of a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

C. A receivable is recognized 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for less than 50% of the property.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable 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.

As of December 31, 2018, the carrying amount of inventories was $3,952,918.

B. Impairment assessment of investments accounted for using equity method-associates

The Company assesses the impairment of an investment accounted for using equity method-associates as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amounts of an investment accounted for using equity method-associates based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

As of December 31, 2018, the Company's investments accounted for using equity method-associates, net of impairment loss, amounted to $1,654,504.

C. Impairment assessment of tangible assets

The Company 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 utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

As of December 31, 2018, the Company recognized property, plant and equipment, net of impairment loss, amounting to $27,034,184.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 525	$ 326
Checking accounts and demand deposits	4,312,221	4,162,697
Time deposits	4,736,314	4,545,364
Commercial paper	4,270,653	3,160,658
	13,319,713	11,869,045
Transferred to other non-current assets	(157,004)	(118,356)
	$ 13,162,709	$ 11,750,689

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. Interest rates on time deposits both ranged from 0.09% to 1.07% as of December 31, 2018 and 2017, respectively. Certain time deposits have been pledged as collateral and were reclassified as "other non-current assets".

C. Interest rates on commercial paper both ranged from 0.38% to 0.40% and 0.32% to 0.38% as of December 31, 2018 and 2017, respectively.

D. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

Effective 2018

Items	December 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	$ 9,359
Derivatives	5,820
	15,179
Valuation adjustment	(3,212)
	$ 11,967

Items	December 31, 2018
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Unlisted stocks	$ 3,246,797
Foreign closed-end funds	86,510
	3,333,307
Valuation adjustment	(1,006,025)
	$ 2,327,282

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

Financial assets mandatorily measured at fair value through profit	Year ended December 31, 2018
Listed stocks	($ 5,189)
Unlisted stocks	(376,306)
Foreign closed-end funds	(975)
Derivatives	4,793
	($ 377,677)

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2018	
Derivative instruments	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		
- Buy USD sell EUR	(EUR 9,000,000)	2018.10.16~2019.10.18
Interest rate swap contracts		
- Buy EUR sell USD	(USD 19,380,000)	2018.11.22~2019.02.26

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

D. Information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 643	$ 3,834
Accounts receivable	$ 8,366,993	$ 7,685,291
Less: Allowance for uncollectible accounts	(45,060)	(71,615)
	$ 8,321,933	$ 7,613,676

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

	December 31, 2018	December 31, 2017
Not past due	$ 8,300,348	$ 7,524,329
1-30 days past due	58,321	121,894
31-60 days past due	2,130	29,529
61-90 days past due	23	1,144
Over 90 days past due	6,814	12,229
	$ 8,367,636	$ 7,689,125

The above ageing analysis was based on past due date.

B. As at December 31, 2018 and 2017, 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 Company's notes and accounts receivable were $643 and $3,834, $8,321,933 and $7,613,676, respectively.

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

(4) Inventories

	December 31, 2018		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 846,355	($ 82,344)	$ 764,011
Work in progress	2,126,571	(298,142)	1,828,429
Finished goods	1,733,855	(373,377)	1,360,478
	$ 4,706,781	($ 753,863)	$ 3,952,918

	December 31, 2017		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 863,936	($ 90,721)	$ 773,215
Work in progress	1,997,852	(263,350)	1,734,502
Finished goods	1,565,391	(421,100)	1,144,291
	$ 4,427,179	($ 775,171)	$ 3,652,008

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2018	2017
Cost of goods sold	$ 35,951,240	$ 34,335,208
Loss for market value decline and obsolete and slow-moving inventories	280,125	268,079
Others (Note)	597,201	734,269
	$ 36,828,566	$ 35,337,556

Note: Primarily cost differences resulting from low capacity utilization and revenue from sale of scrap or waste materials.

(5) Investments accounted for using equity method

Investees	December 31, 2018	December 31, 2017
Subsidiaries		
Hemingway Int'1 Limited	$ 7,984,522	$ 8,306,366
UMTC Holdings Limited	4,188,125	4,607,762
Hsin Yang Investment Co., Ltd.	1,126,032	1,308,996
Qun Hong Technology Inc.	2,246,176	2,211,184
Others	239,071	328,328
	15,783,926	16,762,636
Associates		
Subtron Technology Co., Ltd. (Subtron Technology)	1,155,672	1,154,755
Advance Materials Corp. (Note)	220,795	243,761
Asia Pacific Microsystems, Inc.	186,869	224,541
Others	91,168	78,120
	1,654,504	1,701,177
	$ 17,438,430	$ 18,463,813
Credit balance of investments accounted for using equity method transferred to other non-current liabilities	$ 173,264	$ 145,726

Note: If the total ownership percentage in the voting equity of the investee by the Company and its subsidiaries exceeds 20% or is the largest among all shareholders, the investment is accounted for under the equity method.

A. For information on the Company's subsidiaries, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2018.

B. For the years ended December 31, 2018 and 2017, the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method recognized was ($1,086,927) and ($191,248), respectively. For the years ended December 31, 2018 and 2017, the financial statements of these entities were audited by accountants appointed by the Company with the exception of Subtron Technology.

C. The Company has prepared consolidated financial statements for the years ended December 31, 2018 and 2017. Consolidated subsidiaries are entities which the Company effectively controls and owns, directly or indirectly, more than 50% of the equity.

D. As of December 31, 2018 and 2017, unrealized gross losses from downstream sales in the amount of $17,196 and $8,301, respectively, were eliminated, and the write-off amounts were recorded in the contra account to "investments accounted for under the equity method".

E. Information on impairment of investments accounted for using equity method is provided in Note 6(9).

F. For the purpose of streamlining operations, the Board of Directors resolved on July 20, 2017 to merge with the subsidiary, UniDisplay Inc. (herein after "UniDisplay"), with the Company as the surviving company and UniDisplay as the dissolved company. The effective date of the merger was October 1, 2017. The Company originally held 80.59% of the shares of UniDisplay, and the outside shareholders of UniDisplay received cash of NT$2.15 for each share of UniDisplay they owned. Based on the 75,925,224 issued shares of UniDisplay as of September 30, 2017, total merger consideration was approximately $31,680 thousand. Please refer to Note 6(29) for detailed information on the cash transactions related to the aforementioned merger.

G. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2018	December 31, 2017		
Subtron Technology	Taiwan	32.71%	32.26%	Investment accounted for using equity method	Equity method

H. The summarised financial information of the associate that is material to the Company is as follows:

Balance sheet

	Subtron Technology	
	December 31, 2018	December 31, 2017
Current assets	$ 1,862,025	$ 2,043,896
Non-current assets	3,245,112	3,227,324
Current liabilities	(1,053,245)	(1,045,547)
Non-current liabilities	(707,805)	(861,444)
Total net assets	$ 3,346,087	$ 3,364,229
Share in associate's net assets	$ 1,094,505	$ 1,088,665
Difference on net value of equity	61,167	66,090
Carrying amount of the associate	$ 1,155,672	$ 1,154,755

Statement of comprehensive income

	Subtron Technology	
	Years ended December 31,	
	2018	2017
Operating revenue	$ 3,375,779	$ 3,065,760
Profit for the year from continuing operations	$ 172,494	$ 17,630
Other comprehensive loss, net of tax	(27,146)	(135)
Total comprehensive income	$ 145,348	$ 17,495

K. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

As of December 31, 2018 and 2017, the carrying amount of the Company's individually immaterial associates amounted to $423,933 and $471,522, respectively

	Years ended December 31,	
	2018	2017
Loss for the year from continuing operations	($ 467,246)	($ 441,071)
Other comprehensive loss, net of tax	(22,230)	(38,251)
Total comprehensive loss	($ 489,476)	($ 479,322)

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(6) Property, plant and equipment

	Land	Land-revaluation increment	Buildings and structures	Machinery and equipment	Transportation equipment and other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2018							
Cost	$ 3,249,928	$ 10,162	$ 21,035,798	$ 28,599,415	$ 671,647	$ 2,185,947	$ 55,752,897
Accumulated depreciation	-	-	(11,122,969)	(15,688,041)	(541,632)	-	(27,352,642)
Accumulated impairment	-	-	-	(49,954)	-	-	(49,954)
	$ 3,249,928	$ 10,162	$ 9,912,829	$ 12,861,420	$ 130,015	$ 2,185,947	$ 28,350,301
2018							
At January 1	$ 3,249,928	$ 10,162	$ 9,912,829	$ 12,861,420	$ 130,015	$ 2,185,947	$ 28,350,301
Additions	-	-	350,548	497,414	119,154	3,278,286	4,245,402
Disposals, net	-	-	-	(78,737)	(59)	-	(78,796)
Reclassifications	-	-	321,154	3,014,671	26,653	(3,362,478)	-
Depreciation	-	-	(1,511,041)	(3,887,205)	(84,477)	-	(5,482,723)
At December 31	$ 3,249,928	$ 10,162	$ 9,073,490	$ 12,407,563	$ 191,286	$ 2,101,755	$ 27,034,184
At December 31, 2018							
Cost	$ 3,249,928	$ 10,162	$ 21,707,500	$ 26,963,876	$ 813,974	$ 2,101,755	$ 54,847,195
Accumulated depreciation	-	-	(12,634,010)	(14,506,359)	(622,688)	-	(27,763,057)
Accumulated impairment	-	-	-	(49,954)	-	-	(49,954)
	$ 3,249,928	$ 10,162	$ 9,073,490	$ 12,407,563	$ 191,286	$ 2,101,755	$ 27,034,184

	Land	Land-revaluation increment	Buildings and structures	Machinery and equipment	Transportation equipment and other equipment	Unfinished construction and equipment under acceptance
At January 1, 2017						
Cost	$ 2,846,183	$ 10,162	$ 19,375,889	$ 27,330,537	$ 659,132	$ 961,341
Accumulated depreciation	-	-	(9,201,360)	(13,548,149)	(429,945)	-
	$ 2,846,183	$ 10,162	$ 10,174,529	$ 13,782,388	$ 229,187	$ 961,341
2017						
At January 1	$ 2,846,183	$ 10,162	$ 10,174,529	$ 13,782,388	$ 229,187	$ 961,341
Acquired from combination	147,989	-	238,713	168,685	240	-
Additions	-	-	441,875	325,496	11,569	4,278,595
Disposals, net	-	-	-	(99,809)	(257)	-
Reclassifications	255,756	-	546,468	2,618,667	(8,636)	(3,053,989)
Depreciation	-	-	(1,488,756)	(3,934,007)	(102,088)	-
At December 31	$ 3,249,928	$ 10,162	$ 9,912,829	$ 12,861,420	$ 130,015	$ 2,185,947
At December 31, 2017						
Cost	$ 3,249,928	$ 10,162	$ 21,035,798	$ 28,599,415	$ 671,647	$ 2,185,947
Accumulated depreciation	-	-	(11,122,969)	(15,688,041)	(541,632)	-
Accumulated impairment	-	-	-	(49,954)	-	-
	$ 3,249,928	$ 10,162	$ 9,912,829	$ 12,861,420	$ 130,015	$ 2,185,947

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

	Years ended December 31,	
	2018	2017
Amount capitalised	$ 6,138	$ 9,502
Range of the interest rates for capitalisation	0.96%～1.24%	1.04%～2.58%

B. The significant components and useful life of property, plant and equipment are as follows:

Items	Significant components	Useful life
Buildings and structures	Plants, air conditioning system, and power engineering	3~55 years
Machinery and equipment	Drilling-machine, mask aligner, electroplating and laser machine	2~11 years
Transportation equipment and other equipment	Truck and fork lift	2~11 years

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

D. The Company owned a land located at Luzhu Dist., Taoyuan City for building a plant and the related facilities, with an area of 833 square meters, and the cost amounted to $21,360. The land belongs to forest-floor, and the registration for the transfer has not yet been completed as of December 31, 2018. The Company has obtained other rights of the land for securing certain rights to this land.

(7) Investment property

	Land	Buildings and structures	Total
At January 1, 2018			
Cost	$ 1,621,625	$ 783,199	$ 2,404,824
Accumulated depreciation	-	(622,104)	(622,104)
	$ 1,621,625	$ 161,095	$ 1,782,720
2018			
At January 1	$ 1,621,625	$ 161,095	$ 1,782,720
Depreciation	-	(23,398)	(23,398)
At December 31	$ 1,621,625	$ 137,697	$ 1,759,322
At December 31, 2018			
Cost	$ 1,621,625	$ 783,199	$ 2,404,824
Accumulated depreciation	-	(645,502)	(645,502)
	$ 1,621,625	$ 137,697	$ 1,759,322

	Land	Buildings and structures	Total
At January 1, 2017			
Cost	$ 1,877,381	$ 1,068,183	$ 2,945,564
Accumulated depreciation	-	(754,010)	(754,010)
	$ 1,877,381	$ 314,173	$ 2,191,554
2017			
At January 1	$ 1,877,381	$ 314,173	$ 2,191,554
Additions	-	3,675	3,675
Reclassifications	(255,756)	(102,510)	(358,266)
Depreciation	-	(54,243)	(54,243)
At December 31	$ 1,621,625	$ 161,095	$ 1,782,720
At December 31, 2017			
Cost	$ 1,621,625	$ 783,199	$ 2,404,824
Accumulated depreciation	-	(622,104)	(622,104)
	$ 1,621,625	$ 161,095	$ 1,782,720

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

	Years ended December 31,	
	2018	2017
Rental income from investment property	$ 69,225	$ 93,160
Direct operating expenses arising from the investment property that generated rental income during the year	$ 53,153	$ 86,194

B. The fair value of the investment property held by the Company as at December 31, 2018 and 2017 was $3,957,065 and $3,725,688, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.

(8) Intangible assets

	Computer software	Others	Total
At January 1, 2018			
Cost	$ 430,165	$ 79,755	$ 509,920
Accumulated amortisation	(318,744)	(62,477)	(381,221)
	$ 111,421	$ 17,278	$ 128,699
2018			
At January 1	$ 111,421	$ 17,278	$ 128,699
Additions－acquired separately	79,999	4,031	84,030
Reclassifications	(745)	(195)	(940)
Amortisation	(106,628)	(11,149)	(117,777)
At December 31	$ 84,047	$ 9,965	$ 94,012
At December 31, 2018			
Cost	$ 509,419	$ 83,591	$ 593,010
Accumulated amortisation	(425,372)	(73,626)	(498,998)
	$ 84,047	$ 9,965	$ 94,012

	Computer software	Others	Total
At January 1, 2017			
Cost	$ 327,816	$ 72,172	$ 399,988
Accumulated amortisation	(203,753)	(50,611)	(254,364)
	$ 124,063	$ 21,561	$ 145,624
2017			
At January 1	$ 124,063	$ 21,561	$ 145,624
Acquired from combination	171	-	171
Additions－acquired separately	103,334	7,918	111,252
Reclassifications	(1,156)	(335)	(1,491)
Amortisation	(114,991)	(11,866)	(126,857)
At December 31	$ 111,421	$ 17,278	$ 128,699
At December 31, 2017			
Cost	$ 430,165	$ 79,755	$ 509,920
Accumulated amortisation	(318,744)	(62,477)	(381,221)
	$ 111,421	$ 17,278	$ 128,699

Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2018	2017
Operating costs	$ 62,027	$ 68,312
Selling expenses	1,258	949
General and administrative expenses	17,592	21,388
Research and development expenses	36,900	36,208
	$ 117,777	$ 126,857

(9) Impairment of financial assets

A. The Company recognized impairment loss of $7,710 and $81,490 for the years ended December 31, 2018 and 2017, respectively. Details of such loss are as follows:

	Years ended December 31,	
	2018	2017
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss-financial assets carried at cost	$ -	$ 81,490
Impairment loss-investments accounted for using equity method-associates	7,710	-
	$ 7,710	$ 81,490

(10) Short-term borrowings

	December 31, 2018	December 31, 2017
Bank borrowings	$ 6,065,500	$ 5,571,100
L/C borrowings	899,738	1,323,505
	$ 6,965,238	$ 6,894,605
Interest rate range	0.90%~3.57%	1.15%~2.65%
Undrawn borrowing facilities	$ 13,365,550	$ 15,399,850

As of December 31, 2018, the Company issued guarantee notes in the amount of $4,350,000 and US $153,000,000 for the aforementioned borrowings.

(11) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper payable	$ 1,400,000	$ 600,000
Less: Unamortised discount	(804)	(660)
	$ 1,399,196	$ 599,340
Issue rate	0.60%~0.97%	0.56%~0.65%
Undrawn borrowing facilities	$ 1,400,000	$ 600,000

The aforementioned commercial paper payable of the Company is guaranteed by Ta Ching Bills Finance Corp, International Bill Finance Corp. and China Bills Finance Corp.

(12) Financial liabilities at fair value through profit or loss-current

Items	December 31, 2018	December 31, 2017
Current items:		
Financial liabilities held for trading valuation adjustment	$ 1,027	$ -

A. The net gain of financial liabilities held for trading recognized in 2017 was $581; in addition, details of net gain recognized in 2018 are provided in Note 6(2).

B. Details of transaction nature and contract information of derivative financial instruments are provided in Notes 6(2) and 12(4).

(13) Other payables

	December 31, 2018	December 31, 2017
Payable on machinery and equipment	$ 1,460,700	$ 614,206
Salaries and bonuses payable	1,069,437	1,013,804
Others	2,016,387	1,365,244
	$ 4,546,524	$ 2,993,254

(14) Long-term borrowings

	December 31, 2018	December 31, 2017
Bank borrowings	$ 14,835,167	$ 16,143,133
Commercial paper payable	4,000,000	4,000,000
Less: Unamortised discount	(1,010)	(1,158)
	18,834,157	20,141,975
Less: Current portion	(4,306,667)	(5,411,667)
	$ 14,527,490	$ 14,730,308
Interest rate range	0.49%~3.46%	0.55%~2.58%

A. The long-term borrowings listed above will mature between 2018 and 2023.

B. In 2018, the Company reestablished commercial paper issuance agreements with companies including Ta Ching Bills Finance Corp. ("Bills Finance Corp."), who agreed to act as underwriters of commercial paper issued by the Company. Under the terms of the agreement, the Company must issue commercial paper with maturity of 90 days or less in the contractual period. If the Company does not issue the full amount during the period the agreement is in effect, it is required to pay a commitment fee to the other party at an annual interest rate of 1%. This agreement expires in June 2022.

C. In November 2015, the Company renewed a medium-term loan agreement of $850,000 with Bank Sinopac. The loan period is three years starting from the date the credit is first used. The Company promised to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible

assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense);

(d) Net tangible assets of not lower than $37,500,000.

D. In September 2017, the Company renewed a medium-term loan agreement of $700,000 with Taipei Fubon Bank, which expires in August 2020. The Company promised to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of 4 or more (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

E. In November 2018, the Company renewed a medium-term loan agreement of $2,000,000 with Chinatrust Commercial Bank, which expires in November 2021. The Company promised to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of 10 or more (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

(d) Net tangible assets of not lower than $42,500,000.

F. In October 2018, the Company signed a five-year syndicated loan agreement totaling $6,000,000 with a consortium of banks led by Chinatrust Commercial Bank. The loan period is five years from the date the credit is first used (December 27, 2018). The Company promised to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

(d) Net tangible assets of not lower than $40,000,000.

G. As of December 31, 2018, aside from the collateral listed in Note 8, the Company also issued guarantee notes in the amounts of $21,750,000 and US$70,000,000 for the aforementioned borrowings.

(15) Pensions

A. (a) The Company has 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 contributes 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 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 be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 1,351,047	$ 1,342,258
Fair value of plan assets	(671,938)	(664,775)
Net defined benefit liability	$ 679,109	$ 677,483

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2018			
Balance at January 1	$ 1,342,258	($ 664,775)	$ 677,483
Current service cost	6,400	-	6,400
Interest expense (income)	16,107	(7,977)	8,130
	1,364,765	(672,752)	692,013
Remeasurements:			
Change in financial assumptions	34,396	-	34,396
Experience adjustments	(1,555)	(18,998)	(20,553)
	32,841	(18,998)	13,843
Pension fund contribution	-	(26,747)	(26,507)
Paid pension	(46,559)	46,559	-
Balance at December 31	$ 1,351,047	($ 671,938)	$ 679,109

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
2017			
Balance at January 1	$ 1,257,570	($ 658,670)	$ 598,900
Current service cost	6,836	-	6,836
Interest expense (income)	18,864	(9,880)	8,984
	1,283,270	(668,550)	614,720
Remeasurements:			
Change in financial assumptions	52,226	-	52,226
Experience adjustments	34,074	2,969	37,043
	86,300	2,969	89,269
Pension fund contribution	-	(26,506)	(26,507)
Paid pension	(27,312)	27,312	-
Balance at December 31	$ 1,342,258	($ 664,775)	$ 677,483

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31,	
	2018	2017
Discount rate	1.00%	1.20%
Future salary increases	4.50%	4.50%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2018 and 2017.

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, 2018				
Effect on present value of defined benefit	($ 42,814)	$ 44,672	$ 39,713	($ 38,366)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 43,709)	$ 45,656	$ 40,767	($ 39,340)

The sensitivity analysis above is 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 Company for the year ending December 31, 2019 amount to $24,396.

(g) As of December 31, 2018, the weighted average duration of the retirement plan is 13 years.

B. (a) Effective July 1, 2005, the Company has 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 contributes 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 pension costs under defined contribution pension plans of the Company for the years ended December 31, 2018 and 2017 were $307,463 and $294,209, respectively.

(16) Share-based payment

A. For the years ended December 31, 2018 and 2017, the Company's share-based payment arrangements were as follows:

(a) Treasury stock transferred to employees

Type of arrangement	Grant date	Quantity granted (Thousand shares)	Contract period	Vesting conditions
First phase of the 6th treasury stocks transferred to employees	2015.08.12	7,500	1.64 years	Note 1
Second phase of the 6th treasury stocks transferred to employees	2015.08.12	7,500	2.14 years	Note 2
First phase of the 7th treasury stocks transferred to employees	2018.05.09	6,119	0.42 years	Note 3
Second phase of the 7th treasury stocks transferred to employees	2018.05.09	5,881	0.67 years	Note 3

Note 1: The treasury stock is 100% vested for employees who remain continuously employed between November 1, 2015 and September 1, 2016. Shares not purchased in the previous period can be deferred to the next period.

Note 2: The treasury stock is 100% vested for employees who remain continuously employed between November 1, 2015 and September 1, 2016.

Note 3: The employees who have been fully employed for one year before the record date or have made special contributions to the Company will acquire 100% treasury shares if approved by the chairman of the Board of Directors.

(b) Restricted stocks to employees

Type of arrangement	Grant date	Quantity granted (Thousand shares)	Contract period	Vesting conditions
1st issuance of new restricted stocks to employees	2016.10.14	1,582	2 years	Note
2nd issuance of new restricted stocks to employees	2017.07.17	7,282	2 years	Note

Note: Employees who were employed at the time of the issuance of new restricted stocks, have not violated their labor contracts, and whose recent performance reviews meet required standards will receive new shares according to the following schedule:

i. Employees will receive 50% of the assigned shares one year after the issuance date and be able to exercise the associated rights.

ii. Employees will receive the remaining 50% of the assigned shares two years after the issuance date and be able to exercise the associated rights.

The aforementioned new restricted stocks issued by the Company cannot be transferred during the vesting period, with the exception of inheritance. However, the voting right and dividend right are not restricted on these stocks. If employees leave before the shares vest,

the Company will buy back the shares at the original issuance price and cancel them, and the employees are not required to return dividends already received.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	Years ended December 31,			
	2018		2017	
	No. of options (thousand shares)	Exercise price (in dollars)	No. of options (thousand shares)	Exercise price (in dollars)
Options outstanding at beginning of year	-	$ -	15,000	$18.11 and $18.20
Options granted	12,000	13.97 and 14.00	-	-
Options exercised	(5,562)	13.97	-	-
Options expired	-	-	(15,000)	-
Options outstanding at end of year	6,438	$13.97 and $14.00	-	$ -
Employee stock options exercised at end of year	6,438	$13.97 and $14.00	-	$ -

(2) Restricted stocks to employees

	Years ended December 31,			
	2018		2017	
	No. of options (thousand shares)	Exercise price (in dollars)	No. of options (thousand shares)	Exercise price (in dollars)
Options outstanding at beginning of year	8,817	$ 10.00	1,582	$ 10.00
Options granted	-	-	7,282	10.00
Options exercised	(4,974)	10.00	-	-
Options expired	(383)	-	(47)	-
Options outstanding at end of year	$ 3,460	$ 10.00	$ 8,817	$ 10.00
Employee stock options exercised at end of year	$ 3,460	$ 10.00	$ 762	$ 10.00

C. As of December 31, 2018, the exercise prices of stock options outstanding were NT$13.97 and NT$14.00. The weighted-average remaining contractual periods were 0 and 0.17 year. In addition, as of December 31, 2017, the Company had no stock options outstanding.

D. As of December 31, 2018 and 2017, the exercise prices of newly issued outstanding restricted stocks to employees were both NT$10; the weighted-average remaining contractual periods were 0.54 and 0 year and 1.54 and 0.79 years, respectively.

E. The fair value of stock options granted on is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends (in dollars)	Risk-free interest rate	Fair value per unit (in dollars)
First phase of the 6th treasury stocks transferred to employees	2015.08.12	$ 13.25	$ 18.11	33.27%	1.64 years	$ -	0.5600%	$ 0.91
Second phase of the 6th treasury stocks transferred to employees	2015.08.12	$ 13.25	$ 18.20	32.53%	2.14 years	$ -	0.5900%	$ 1.14
First phase of the 7th treasury stocks transferred to employees	2018.05.09	$ 17.15	$ 13.97	36.93%	0.42 years	$ -	0.3700%	$ 3.60
Second phase of the 7th treasury stocks transferred to employees	2018.05.09	$ 17.15	$ 14.00	36.93%	0.67 years	$ -	0.4000%	$ 3.87
1st issuance of new restricted stocks to employees	2016.10.14	$ 12.70	$ 10.00	-	-	$ -	-	$ 2.70
2nd issuance of new restricted stocks to employees	2017.07.17	$ 18.35	$ 10.00	-	-	$ -	-	$ 8.35

The first and second phase of the 6th treasury stocks transferred to employees of the Company expired in the fourth quarter of 2017.

F. Expenses arising from share-based payment transactions are shown below:

	Years ended December 31,	
	2018	2017
Equity-settled	$ 76,062	$ 24,672

(17) Share capital

A. As of December 31, 2018, the Company's authorized and paid-in capital were $20,000,000 and $15,048,658, respectively.

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

	Years ended December 31,	
	2018	2017
At January 1	1,493,249	1,486,014
Treasury shares sold to employees	5,562	-
Shares retired	(49,100)	-
Issuance of employee restricted shares	-	7,282
Retirement of employee restricted stocks	(383)	(47)
At December 31	1,449,328	1,493,249

B. On March 30, 2016, the Board of Directors resolved to issue new restricted stocks to employees (please refer to Note 6(16)). The issuance was approved by the Financial Supervisory Commission on August 11, 2016, and the shares were to be issued over several installments within one year of the approval. The effective date of the first issuance was October 14, 2016; after approval by the Ministry of Economic Affairs on October 31, 2016, 1,582 thousand common shares were issued at a price of NT$10 per share. The effective date of the second issuance was July 17, 2017; after approval by the Ministry of Economic Affairs on July 26, 2017, 7,282 thousand common shares were issued at a price of NT$10 per share. Except for restrictions on transfers, the aforementioned common shares have the same rights and obligations as the issued and outstanding common shares.

C. On May 11, 2017, the Board of Directors resolved to cancel 6,184 thousand treasury shares purchased from stockholders who were against the spin-off. The effective date of capital decrease was May 13, 2017, and total paid-in capital was $15,218,518 after the decrease. The amendment registration was completed on June 2, 2017.

D. On December 19, 2017, the Company's Board of Directors resolved the retirement of 8,838 thousand treasury shares that has expired but not been transferred to the employees. The effective date for capital reduction was January 8, 2018, and after capital reduction, the Company's paid-in capital was $15,202,488. In addition, the Company completed the registration of changes in capital on February 5, 2018.

E. On March 15, 2018, the Company's Board of Directors resolved the retirement of 15 million treasury shares that has expired but not been transferred to the employees. The record date for capital reduction was May 16, 2018, and after capital reduction, the Company's paid-in capital was $15,050,693. In addition, the Company completed the registration of changes in capital on June 7, 2018.

F. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2018 Number of shares	Carrying amount
The Company	To be reissued to employees	55,538 thousand shares	$ 892,759

Name of company holding the shares	Reason for reacquisition	December 31, 2017 Number of shares	Carrying amount
The Company	To be reissued to employees	35,838 thousand shares	$ 638,225

(b) Pursuant to the R.O.C. Securities and Exchange Act, 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 realized capital surplus.

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, 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.

(18) 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2018									
	Share premium	Employee stock options	Expired employee stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates and joint ventures accounted for using equity method	Net assets from merger	Treasury share transactions	Employee restricted shares	Total
At January 1	$ 6,446,726	$ 32,249	$ -	$ -	$ 213,054	$ 16,370	$ 1,903,855	$ -	$ 59,287	8,671,541
Retirement of treasury shares	(100,505)	-	-	-	-	-	-	-	-	(100,505)
Compensation cost of share-based payments	-	44,556	-	-	-	-	-	-	-	44,556
Expired employee stock options	-	(20,021)	-	-	-	-	-	20,163	-	142
Treasury share transactions	-	(32,250)	32,250	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	(42,359)	-	-	-	-	(42,359)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	11,944	-	-	-	-	-	11,944
Changes in net asset of associates accounted for under equity method	-	-	-	-	-	99	-	-	-	99
Retirement of employee restricted stocks	-	-	-	-	-	-	-	-	3,830	3,830
At December 31	$ 6,346,221	$ 24,534	$ 32,250	$ 11,944	$ 170,695	$ 16,469	$ 1,903,855	$ 20,163	$ 63,117	$ 8,589,248

	2017									
	Share premium	Employee stock options	Expired employee stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates and joint ventures accounted for using equity method	Net assets from merger	Treasury share transactions	Employee restricted shares	Total
At January 1	$ 6,472,921	$ 29,514	$ -	$ 41	$ 185,083	$ 20,575	$ 1,903,855	$ -	$ 3,452	8,615,441
Compensation cost of share-based payments	-	2,735	-	-	-	-	-	-	-	2,735
Retirement of treasury shares	(26,195)	-	-	-	-	-	-	-	-	(26,195)
Changes in ownership interests in subsidiaries	-	-	-	-	27,971	-	-	-	-	27,971
Adjustments on acquired from combination	-	-	-	(41)	-	-	-	-	-	(41)
Changes in net asset of associates accounted for under equity method	-	-	-	-	-	(4,205)	-	-	-	(4,205)
Issuance of employees' restricted stock	-	-	-	-	-	-	-	-	55,365	55,365
Retirement of employees' restricted stock	-	-	-	-	-	-	-	-	470	470
At December 31	$ 6,446,726	$ 32,249	$ -	$ -	$ 213,054	$ 16,370	$ 1,903,855	$ -	$ 59,287	$ 8,671,541

(19) Retained earnings

A. In accordance with the Articles of Incorporation of the Company, earnings is distributed in the following order:

(a) Payment of taxes.

(b) Covering accumulated deficit.

(c) Set aside 10% of the remaining earnings as legal reserve; however this is not required if total legal reserve equals total paid-in capital.

(d) Set aside or reverse special reserve in accordance with relevant laws and regulations or as required by the competent authority.

(e) The distribution of the remaining amount, plus unappropriated earnings from prior years, shall be proposed by the Board of Directors and resolved by shareholders in their general meeting.

B. The Company's dividend policy is carried out in accordance with the amended Articles of Incorporation, which take into account the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, along with shareholders' interests and the balance between dividends and long-term financial plans of the Company. Pursuant to existing regulations, the Board of Directors prepares an earnings distribution proposal every year and submits it to the shareholders for approval. The Company's dividend policy is as follows: taking into consideration the Company's future expansion plans and capital needs while operating in the high-tech electronics industry, cash dividends shall account for at least 10% of total dividends distributed, and no more than 90% of the Company's distributable earnings shall be appropriated as dividends.

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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. 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.

E. (a) The appropriations of 2017 and 2016 earnings as resolved by the shareholders during their meeting on June 15, 2018 and June 21, 2017, respectively, are as follows:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 41,436		$ 1,170	
(Reversal of) Special reserve	(81,933)		81,933	
Cash dividends	746,624	$ 0.5	445,804	$ 0.3
	$ 706,127		$ 528,907	

(b) The appropriations of 2018 earnings as proposed by the Board of Directors during their meeting on March 28, 2019 are as follows:

	Year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 170,531	
Special reserve	463,854	
Cash dividends	1,164,584	$ 0.80
	$ 1,798,969	

As of March 28, 2019, the above stated appropriation of 2018 earnings has not yet been resolved by the shareholders.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(26).

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

2018	Taiwan	Asia	America	Others	Total
Revenue from external customer contracts	$ 15,774,221	$ 27,234,537	$ 316,817	$ 356,438	$ 43,682,013
Timing of revenue					
At a point in time	$ 15,774,221	$ 27,234,537	$ 316,817	$ 356,438	$ 43,682,013

B. Related disclosures on operating revenue for 2017 are provided in Note 12(5) B.

(21) Other income and expenses-net

	Years ended December 31,	
	2018	2017
Rental income from investment property	$ 69,225	$ 93,160
Depreciation on investment property	(23,398)	(54,243)
Other income and expenses, net	(26,201)	66,305
	$ 19,626	$ 105,222

(22) Other income

	Years ended December 31,	
	2018	2017
Interest income	$ 118,258	$ 73,767
Revenue from sale of scraps	21,281	16,558
Dividend income	22,552	4,272
Rental revenue	48,303	20,099
Miscellaneous income	310,418	172,401
	$ 520,812	$ 287,097

(23) Other gains and losses

	Years ended December 31,	
	2018	2017
Net currency exchange gains (losses)	$ 103,677	($ 118,681)
Gains on disposal of investments	-	54,360
Net (losses) gains on disposal of property, plant and equipment	(9,198)	4,400
Net (losses) gains on financial assets or liabilities at fair value through profit or loss	(377,677)	578
Impairment loss	(7,710)	(81,490)
Miscellaneous disbursements	-	(2,695)
	($ 290,908)	($ 143,528)

(24) Finance costs

	Years ended December 31,	
	2018	2017
Interest expense-bank borrowings	$ 404,355	$ 350,051
Bill handling fee	29,414	27,566
Others	552	208
	434,321	377,825
Less: Capitalisation of qualifying assets	(6,138)	(9,502)
	$ 428,183	$ 368,323

(25) Expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	$ 8,759,521	$ 7,714,819
Depreciation charges on property, plant and equipment	5,482,723	5,524,851
Amortisation charges on intangible assets	117,777	126,857
	$ 14,360,021	$ 13,366,527

（26） Employee benefit expense

	Years ended December 31,	
	2018	2017
Salary expenses	$ 7,477,008	$ 6,469,098
Labour and health insurance fees	675,107	645,507
Pension and severance pay	327,107	320,096
Other personnel expenses	280,299	280,118
	$ 8,759,521	$ 7,714,819

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. This ratio shall be between 5% and 15%. Directors' remuneration shall not exceed 0.7% of the distributable profit.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $358,662 and $50,880, respectively; while directors' and supervisors' remuneration was accrued at $16,738 and $2,374, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration for 2018 as resolved by the Board of Directors were $358,662 and $16,738, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2017 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2017 financial statements.

Information about employees' compensation and directors' 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.

(27) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	Years ended December 31,	
	2018	2017
Current tax:		
Current tax on profits for the year	$ 271,205	($ 4,032)
Provisional tax	5,217	4,032
Prior year income tax under estimation	1,129	42,874
Total current tax	277,551	42,874
Deferred tax:		
Origination and reversal of temporary differences	121,489	(171,286)
Impact of change in tax rate	(88,667)	-
Income tax expense (benefit)	$ 310,373	($ 128,412)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2018	2017
Currency translation differences	$ -	$ 319,249

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2018	2017
Income tax calculated by applying statutory rate to the profit before tax	$ 403,136	$ 48,610
Effects from items disallowed by tax regulation	55,197	(219,897)
Prior year income tax under estimation	1,129	42,875
Effect from changes in tax regulation	(88,667)	-
Effect from investment tax credits	(60,422)	-
Income tax expense (benefit)	$ 310,373	($ 128,412)

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

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Allowance for inventory valuation losses	$ 165,172	($ 14,400)	$ -	$ 150,772
Estimated sales discounts and allowances	20,208	5,284	-	25,492
Long-term investment losses	177,341	107,039	-	284,380
Loss carryforward	155,224	(155,224)		-
Others	51,954	13,669	-	65,623
	569,899	(43,632)	-	526,267
－Deferred tax liabilities:				
Others	(67,454)	10,810	-	(56,644)
	$ 502,445	($ 32,822)	$ -	$ 469,623

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Allowance for inventory valuation losses	$ 89,811	$ 75,361	$ -	$ 165,172
Estimated sales discounts and allowances	18,939	1,269	-	20,208
Long-term investment losses	218,668	(41,327)	-	177,341
Loss carryforward	-	155,224		155,224
Others	41,236	10,718	-	51,954
	368,654	201,245	-	569,899
－Deferred tax liabilities:				
Exchange differences on translation of foreign financial statements	(319,298)	49	319,249	-
Others	(37,446)	(30,008)	-	(67,454)
	(356,744)	(29,959)	319,249	(67,454)
	$ 11,910	$ 171,286	$ 319,249	$ 502,445

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Amount filed	$ 1,369,820	$ -	2027

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	Estimated	$ 913,084	$ -	2027

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 480,756	$ 835,048

F. Tax-exemptions approved by the Ministry of Finance and Industrial Development Bureau, Ministry of Economic Affairs are as follows:

Items	Capital increase year	Tax exemption period	Tax-exempt products
1	2007	2009.9.30~2014.9.29	High density substrate, layered substrate, BGA substrate, CSP substrate and TCP substrate
2	2005	2010.1.1~2014.12.31 (Note 1)	BGA substrate and CSP substrate
3	2008	2010.1.1~2014.12.31 (Note 2)	BGA substrate and CSP substrate
4	2008	2012.7.31~2017.7.30	Layered substrate, IC package hard/soft substrate, CSP substrate and TCP substrate

Note 1: According to Tai-Cai-Shui-Zi No. 09800283610 issued by the Ministry of Finance, the original tax exempt period was from November 30, 2008 to November 29, 2013. In February 2010, the Company requested the start date of the tax exempt period to be changed to January 1, 2010; the request was approved by the Ministry of Finance.

Note 2: According to Tai-Cai-Shui-Zi No. 09800514700 issued by the Ministry of Finance, the original tax exempt period was from July 24, 2009 to July 23, 2014. In February 2010, the Company requested the start date of the tax exempt period to be changed to January 1, 2010; the request was approved by the Ministry of Finance.

G. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

H. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(28) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,705,306	1,487,370	$ 1.15
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,705,306	1,487,370	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		18,229	
Employee restricted shares		7,849	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,705,306	1,513,448	$ 1.13

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 414,355	1,489,308	$ 0.28
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 414,355	1,489,308	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		3,180	
Employee restricted shares		3,268	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 414,355	1,495,756	$ 0.28

(29) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2018	2017
Acquisition of property, plant and equipment (including investment property)	$ 4,245,402	$ 5,061,210
Add: Opening balance of payable on equipment	1,013,804	635,880
Less: Ending balance of payable on equipment	(1,460,700)	(1,013,804)
Cash paid during the year	$ 3,798,506	$ 4,683,286

B. Certain cash transactions:

For the purpose of streamlining operations, the Board of Directors resolved on July 20, 2017 to merge with the subsidiary, UniDisplay Inc. ("UniDisplay"), with the Company as the surviving company and UniDisplay as the dissolved company. The effective date of the merger was October 1, 2017. Total consideration for the merger was approximately $31,680 thousand. The following operating assets and liabilities were acquired from the merger:

	October 1, 2017
Cash in banks	$ 21,190
Notes and accounts receivable due from related parties, net	31,969
Inventories and spare parts, net	14,432
Prepayments	12,329
Property, plant and equipment, net	555,627
Others-assets	3,409
Accounts payable (including related parties)	(134,715)
Other current liabilities	(228,583)
Others-liabilities	(9,384)
	$ 266,274

(30) Changes in liabilities from financing activities

	Short-term borrowings	Short-terms notes and bill payable	Long-term borrowings	Liabilities from financing activities - gross
At January 1, 2018	$ 6,894,605	$ 599,340	$ 20,141,975	$ 27,635,920
Changes in cash flow from financing activities	70,633	799,856	(1,307,818)	(437,329)
At December 31, 2018	$ 6,965,238	$ 1,399,196	$ 18,834,157	$ 27,198,591

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hemingway Int'l Limited	The Company's subsidiary
UMTC Holdings Limited (UMTC)	The Company's subsidiary
Neoconix, INC	The Company's subsidiary
Anoto Taiwan Corp. (Anoto)	The Company's subsidiary (Note 6)
Hsin Yang Investment Corp.	The Company's subsidiary
UniCuisine, Inc.	The Company's subsidiary
Qun Hong Technology Inc. (Qun Hong Technology)	The Company's subsidiary
Unibest Holding Limited (Unibest)	The Company's subsidiary
Unidisplay Holding Corp. (UniDH)	The Company's subsidiary
Apm Communication, Inc. (Apm Communication)	The Company's subsidiary (Note 3)
UniDisplay, Inc. (UniDisplay)	The Company's subsidiary (Note 4)
Plato Electronics (Cayman) Limited	The Company is its ultimate parent company
Smart Idea Holdings Limited (SI)	The Company is its ultimate parent company
UniRuwel Holding Limited	The Company is its ultimate parent company
UniSmart Holding Limited	The Company is its ultimate parent company
Best Option Investments Limited (BO)	The Company is its ultimate parent company
Circuitech (BVI) Limited (Circuitech)	The Company is its ultimate parent company (Note 7)
Clover Electronics Co, Ltd. (Clover)	The Company is its ultimate parent company
Future Power Holding Limited (Future Power)	The Company is its ultimate parent company (Note 7)
Unimicron Germany GmbH (U Germany)	The Company is its ultimate parent company
UDI Trading Corp. (UDIT)	The Company is its ultimate parent company (Note 9)
Unimicron Holding Limited (UHL)	The Company is its ultimate parent company (Note 9)
UniClover Holding Limited	The Company is its ultimate parent company
Unidisplay Trading Corp.	The Company is its ultimate parent company
UniGreat Holding Limited	The Company is its ultimate parent company
Unimicron (KS)Trading Ltd. (UKST)	The Company is its ultimate parent company
Unimicron (SZ)Trading Ltd.	The Company is its ultimate parent company
Unimicron Technology (KunShan) Corp. (Unimicron Technology (KunShan))	The Company is its ultimate parent company
Unimicron Technology (Shandong) Corp. (Unimicron Technology (Shandong))	The Company is its ultimate parent company (Note 8)
Unifley Technology (KunShan) Corp. (Unifley Technology (KunShan))	The Company is its ultimate parent company

Names of related parties	Relationship with the Company
UniFresh, Inc.	The Company is its ultimate parent company
Unimicron Technology (ShenZhen) Corp. (Unimicron Technology (ShenZhen))	The Company is its ultimate parent company
Unimicron Technology (SuZhou) Corp. (Unimicron Technology (SuZhou))	The Company is its ultimate parent company
Unimicron Technology (Huangshi) Corp. (Unimicron Technology (Huangshi))	The Company is its ultimate parent company
Hu Se Sn Li Managemnet Corp., Ltd.	The Company is its ultimate parent company
Unimicron-Carrier Technology (Huangshi) Inc.	The Company is its ultimate parent company
Unimicron Management (KunShan) Corp., Ltd.	The Company is its ultimate parent company
Unimicron Touch (ShenZhen) Corp.	The Company is its ultimate parent company
PAVIDA Trading Limited	The Company is its ultimate parent company
Topoint Technology Co., Ltd.	Investee held by the Company's subsidiary
Yih Dar Technologies Co., Ltd.	Investee accounted for using equity method held by the Company
Unipoint Technology Co., Ltd. (Unipoint Technology)	The Company is its director
United Microelectronics Corp. (UMC)	The Company's director
3D Circuit Taiwan Company Ltd.	The Company's director (Note 2)
Advance Materials Corp. (Advance Materials)	The Company is its director
Emax Technology Co., Ltd.	The Company is its director
PixArt Imaging Inc.	The Company is its director (Note 5)
Unistars Technology Co., Ltd.	The Company is its director
Onstatic Technology Co., Ltd.	The Company is its director (Note 1)
Uniflex Technology Inc. (Uniflex Technology)	Common chairmain
Subtron Technology Co., Ltd	Common chairmain
Asia Pacific Microsystems, Inc. (Asia Pacific)	Common chairmain
Trillion Science Inc.	Investee of the Company and the Company's second-tier subsidiary
Unted Semiconductor (Xiamen) Co., Ltd.	It was indirectly invested by UMC's subsidiary

Note 1: In the first quarter of 2017, the Company was no longer the director of the company, and therefore this was not included in related party transactions.

Note 2: In the process of liquidation, so there are no related party transactions this period.

Note 3: Starting from the fourth quarter of 2017, due to the capital increase, Apm Communication became a subsidiary of the Company.

Note 4: As of October 1, 2017, the Company has merged with UniDisplay, therefore this was not included in related party transactions.

Note 5: The Company was not the director of PixArt Imaging Inc. in the second quarter of 2018, therefore, not included in related party transactions.

Note 6: Anoto finished the liquidation process in 2018 and there was no related party transactions during the year.

Note 7: Circuitech finished the liquidation process in August 2018 and there was no related party transactions during the year.

Note 8: In March 2018, FuturePower sold 100% shares of Unimicron Technology (Shandong) to the third parties and there was no related party transactions during the year.

Note 9: UDIT finished the liquidation process in June 2018 and there was no related party transactions during the year.

(2) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2018	2017
Subsidiaries	$ 1,873,481	$ 1,926,872
Key management personnel of the entities	-	51
Key management personnel of the Company	8,386	11,274
Other related parties and its subsidiaries	315	1,477
	$ 1,882,182	$ 1,939,674

Goods and processing services are provided based on the price lists in force and terms that would be available to third parties.

B. Purchases and processing:

	Years ended December 31,	
	2018	2017
Purchases-subsidiaries		
Qun Hong Technology	$ 676,015	$ 1,676,608
UKST	2,278,489	2,465,792
Others	925,535	961,280
-Key management personnel of the entities and its subsidiaries	111,250	154,383
-Other related parties and its subsidiaries	1,280	6,657
	$ 3,992,569	$ 5,264,720
Processing cost-subsidiaries	$ 13,602	$ 4,726
-Key management personnel of the entities and its subsidiaries		
Adrance Materials	118,295	128,512
Unipoint Technology	44,135	161,836
Others	11	-
-Other related parties and its subsidiaries	22,638	26,562
	$ 198,681	$ 321,636

Certain goods and process services are purchased based on normal commercial terms and conditions. Payments are settled by 60 to 120 days after acceptance.

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Notes receivable:		
－Subsidiaries－Qun Hong Technology	$ 52,280	$ -

	December 31, 2018	December 31, 2017
Accounts receivable		
-Subsidiaries	$ 991,388	$ 795,952
-Key management personnel of the Company	494	67
-Other related paries and its subsidiaries	314	67
	$ 992,196	$ 796,086

	December 31, 2018	December 31, 2017
Other receivables:		
-Subsidiaries (Excluding the principles of loans to others)	$ 194,860	$ 226,716
-Key management personnel of the entities and its subsidiaries	18,874	11,981
-Other related parties and its subsidiaries	10,412	2,404
	$ 224,146	$ 241,101

(a) The above other receivables primarily arise from payments on behalf of othersand accounts receivable due from aforementioned related parties transferred to other receivables in accordance with the related regulations.

(b) Information on loans to related parties is provided in Note 7(2) F.

D. Payables to related parties

	December 31, 2018	December 31, 2017
Other payables:		
-Subsidiaries		
Qun Hong Technology	$ 207,647	$ 875,182
UKST	698,644	393,725
Others	208,343	269,213
-Key management personnel of the entities and its subsidiaries	106,555	130,161
-Other related parties and its subsidiaries	6,875	6,440
	$ 1,228,064	$ 1,674,721

	December 31, 2018	December 31, 2017
Other payables:		
-Subsidiaries	$ 33,790	$ 14,689
-Key management personnel of the entities and its subsidiaries	19,093	12,296
-Other related parties and its subsidiaries	865	383
	$ 53,748	$ 27,368

E. Property transactions

(a) Disposal of property, plant and equipment

	Year ended December 31, 2018	
	Disposal proceeds	Gain on disposal
-Subsidiaries	$ 23,954	$ 5,107
-Other related parties and its subsidiaries	5,561	730
	$ 29,515	$ 5,837

	Year ended December 31, 2017	
	Disposal proceeds	Gain on disposal
-Subsidiaries	$ 95,452	$ 29,550
-Other related parties and its subsidiaries	320	320
	$ 95,772	$ 29,870

(b) Acquisition of property, plant and equipment

	Years ended December 31,	
	2018	2017
-Other related parties	$ 8,196	$ -
-Key management personnel of the entities and its subsidiaries	-	2,850
	$ 8,196	$ 2,850

(c) Acquisition of financial assets:

			Year ended December 31, 2018	
	Accounts	No. of shares	Objects	Consideration
Ultimate parent	Investments accounted for using equity method	2,658,161	UMTC	$ 82,770
Ultimate parent	Investments accounted for using equity method	40,853,543	Qun Hong Technology	479,402
Ultimate parent	Investments accounted for using equity method	6,248,234	Uniflex Technology	56,234
				$ 618,406

			Year ended December 31, 2018	
	Accounts	No. of shares	Objects	Consideration
Ultimate parent	Investments accounted for using equity method	13,417,971	Asia Pacific	$ 134,181
Ultimate parent	Investments accounted for using equity method	4,492,940	UMTC	135,750
Ultimate parent	Investments accounted for using equity method	5,000,000	UniBest	136,460
Ultimate parent	Investments accounted for using equity method	2,850,400	Apm Communication	28,504
Ultimate parent	Investments accounted for using equity method	1,860,000	UniDH	56,508
Ultimate parent	Investments accounted for using equity method	52,800,000	Qun Hong Technology	1,056,000
				$ 1,547,403

F. Loans to /from related parties:

Loans to related parties

(a) Outstanding balance

	December 31, 2018	December 31, 2017
-Subsidiaries		
Unifley Technology (KunShan)	$ 1,228,800	$ 446,700
SI	675,840	387,140
Unimicron Technology (ShenZhen)	-	372,250
Unimicron Technology (SuZhou)	307,200	297,800
Clover	724,100	688,480
BO	537,600	-
Unimicron Technology (Huangshi)	614,400	-
Unimicron Germany GmbH	726,760	106,922
Others	107,520	89,340
	$ 4,922,220	$ 2,388,632

(b) Interest income

	Years ended December 31,	
	2018	2017
-Subsidiaries		
Unifley Technology (KunShan)	$ 24,677	$ 11,554
Clover	11,017	8,623
Others	39,359	20,001
	$ 75,053	$ 40,178

The loans to subsidiaries are repayable based on the agreement and carry interest at 1.50%~4.00% and 0.89%~4.35% per annum for the years ended December 31, 2018 ad 2017, respectively.

G. Other income and expenses and other income

	Years ended December 31,	
	2018	2017
Rent income - subsidiaries		
Qun Hong Technology	$ 59,194	$ 53,543
UniDisplay	-	41,876
Others	513	189
- Key management personnel of the entities		
Advance Materials	12,012	13,116
Others	8,650	9,182
- Other related parties	6,427	619
	$ 86,796	$ 118,525
Miscellaneous income - subsidiaries	$ 33,827	$ 22,024
- Key management personnel of the entities	862	489
- Other related parties	-	306
	$ 34,689	$ 22,819

	Years ended December 31,	
	2018	2017
Rent income - Key management personnel of the entities	$ 202	$ 1,370

(a) The rental are received or paid monthly, and the price is mutually agreed by both parties.

(b) Miscellaneous income arise from the services provided to associates or other miscellaneous income

H. Endorsements and guarantees provided to related parties

As of December 31, 2018, in order to support subsidiaries to obtain the borrowing facilities, the endorsements and guarantees provided to subsidiaries are as follows:

	December 31, 2018
Qun Hong Technology	$ 1,536,000
UHL	1,075,200
Unimicron Technology (Huangshi)	921,600
Unifley Technology (KunShan)	768,000
Unimicron Technology (KunShan)	460,800
Unifley Technology (KunShan) and BO	460,800
Unimicron Technology (SuZhou)	307,200
FuturePower	133,990

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 123,324	$ 90,584

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2018	Book value December 31, 2017	Purpose
Time deposit (shown as other non-current assets)	$ 157,004	$ 118,356	Customs duty guarantee, guarantee for bonded factory and guarantee for applying research subsidy
Land	565,671	565,671	Long-term borrowings
Building and structures	1,713,376	1,676,293	Long-term borrowings
	$ 2,436,051	$ 2,360,320	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2018, the Company has applied for non-cancellable letters of credit. The letter of credit for the purchase of raw materials and equipment not yet imported was $1,536,723.

(2) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2018	December 31, 2017
Property, plant and equipment	$ 151,525	$ 150,675

(3) Operating lease agreements

The Company leases employees' dormitories, plant and office under non-cancellable operating lease agreements. The future lease payments are as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 156,661	$ 141,528
Later than one year but not later than five years	608,610	471,634
Over 5 years	552,684	615,064
	$ 1,317,955	$ 1,228,226

(4) The Renyi plant of the Company has been charged with discharging wastewater that does not meet regulatory standards. The Company has contested these charges according to legal counsel received and filed an arbitration request on February 13, 2018. The arbitration judgment was closed on January 30, 2019.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Please refer to Note 6(19)E.(b) for information on the earnings appropriation for the year ended December 31, 2018 proposed by the Board of Directors during its meeting held on March 28, 2019.

(2) The Company considered the capital market situation. On March 28, 2019, the board of directors passed the private equity securities resolution by the shareholders' meeting in 2018.

(3) On March 28, 2019, the Board of Directors passed the private placement of common shares and the issuance of overseas or domestic convertible corporate bonds (including

guaranteed or unsecured convertible corporate bonds). The number of new shares thereafter issued should not exceed 10% of the number of shares issued.

(4) The Company aims to develop the Group's business. On March 28, 2019, the Company's Board of Directors approved the Company's additional investment in SI amounting to US$21,000,000. Consequently, UniGreat, indirectly increased its shareholding ratio in Unimicron Technology (Huangshi) by 30%, and indirectly increased the capital of Unimicron Technology (Huangshi). On the other hand, Unimicron Technology (KunShan) increased its capital by Unimicron Management (KunShan) with its own funds, and then Unimicron Management (KunShan) shareholding ratio of Unimicron Technology (Huangshi) was 70%, indirectly increasing the capital of Unimicron Technology (Huangshi), increasing the amount of funds. It is US$49,000,000 and a total of US$70,000,000.

12. OTHERS

(1) Capital management

The objective of the Company's capital management is to ensure it has the necessary financial resources and operation plans to fund its working capital needs, capital expenditures, research and development expenses, debt repayments and dividend payments. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

During the year ended December 31, 2018, the Group's strategy, which was unchanged from 2017, has to maintain the gearing ratio. The gearing ratios at December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Total borrowings	$ 27,198,591	$ 27,635,920
Less: Cash and cash equivalents	(13,162,709)	(11,750,689)
Net debt	14,035,882	15,885,231
Total equity	42,121,594	42,184,118
Total capital	$ 56,157,476	$ 58,069,349
Gearing ratio	24.99%	27.36%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss	$ 2,339,249	$ -
Financial assets carried at cost	-	2,732,565
Available-for-sale financial assets	-	51,153
Financial assets at amortised cost (Note)	27,684,085	22,967,524
	$ 30,023,334	$ 25,751,242
Financial liabilities		
Financial liabilities at fair value through profit or loss	$ 1,027	$ -
Financial liabilities at amortised cost (Note)	38,162,396	36,200,059
	$ 38,163,423	$ 36,200,059

Note: Financial assets at amortised cost include cash and cash equivalents, 'notes and accounts receivable, net (including related parties)' and other receivables. Financial liabilities at amortised cost include short-term borrowings, short-term notes and bills payable, 'notes and accounts payable (including related parties), other payables and long-term borrowings (including current portion).

B. Financial risk management policies

The Company'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 Company complies with the policies, procedures and internal control which were built in accordance with the related regulations in order to identify, measure and control the Company's various financial risks, and reduce the unfavorable effects arising from floating financial market.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company hedges foreign exchange rate by using forward exchanges, interest rate swaps and futures transactions. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(12).

ii. The Company's sales are primarily denominated in USD, and its purchases are denominated in NTD and RMB, as well as USD, JPY, and other currencies. The fair value changes according to fluctuations in market exchange rates. However, the potential risks of certain positions are avoided by entering into forward foreign exchange, interest rate exchange and commodity futures transactions.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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, 2018		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 419,401	30.67	$ 12,863,029
JPY:NTD	2,956,534	0.2764	817,186
EUR:NTD	22,174	35.02	776,533
RMB:NTD	224,347	4.448	997,895
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	399,464	30.72	12,271,525
Financial liabilities			
Monetary items			
USD:NTD	297,981	30.77	9,168,875
JPY:NTD	3,961,259	0.2805	1,111,133

(Foreign currency: functional currency)	December 31, 2017 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 359,326	29.73	$ 10,682,762
JPY:NTD	3,490,055	0.2627	916,837
EUR:NTD	3,678	35.44	130,348
Non-monetary items			
Investments accounted for using equity method			
USD:NTD			
Financial liabilities	439,206	29.78	13,079,555
Monetary items			
USD:NTD			
JPY:NTD	313,302	29.83	9,345,799
EUR:NTD	4,818,104	0.2668	1,285,470

iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017, amounted to $103,677 and ($118,681), respectively.

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

	Year ended December 31, 2018		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items	1%	$ 102,904	$ -
USD:NTD	1%	6,537	-
JPY:NTD	1%	6,212	-
EUR:NTD		7,983	
RMB:NTD			
Non-monetary items			
Investments accounted for using equity method	1%	-	98,172
USD:NTD			
Financial liabilities			
Monetary items			
USD:NTD	1%	73,351	-
JPY:NTD	1%	8,889	-

	Year ended December 31, 2017		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items	1%	$ 88,667	$ -
USD:NTD	1%	7,610	-
JPY:NTD	1%	1,082	-
EUR:NTD			
Non-monetary items			
Investments accounted for using equity method	1%	-	108,560
USD:NTD			
Financial liabilities			
Monetary items			
USD:NTD	1%	77,570	-
JPY:NTD	1%	10,669	-
EUR:NTD	1%	462	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio and invests in the familiar industries.

ii. The Company's investments in equity securities comprise shares and closed-end funds issued by the domestic or foreign 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 1% with all other variables held constant, post-tax profit for the year ended December 31, 2018 would have increased by $18,667, as a result of gains/losses on equity securities classified as at fair value through profit or loss. In 2017, other components of equity would have increased by $512, as a result of other comprehensive income classified as available-for-sale equity investment.

Cash flow and fair value interest rate risk

The Company has short-term borrowings, short-term notes and bills payable and long-term borrowings (including current portion) with floating rate whose long-term and short-term effective rate would change with market interest, and then affect the future cash flow. Every 1% increase in the market interest rate would result in an increase of $271,986 in the cash outflow.

(b) Credit risk

Effective 2018

i. Credit risk refers to the risk of financial loss to the Company 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 at fair value through profit or loss.

ii. The Company manages their credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for credit investigation and assessment of 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. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

iii. The Company 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.

iv. The Company adopts the following assumption under IFRS 9, that is the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customer's accounts receivable by applying the simplified approach to estimate expected credit loss under the provision matrix basis.

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

	Not past due	1~30 days past due	31~60 days past due	61~90 days past due	Over 90 days past due	Total
At December 31, 2018						
Expected loss rate	0.23%	30.09%	85.07%	95.65%	100.00%	
Total book value	$ 8,300,348	$ 58,321	$ 2,130	$ 23	$ 6,814	$ 8,367,636
Loss allowance	18,866	17,546	1,812	22	6,814	45,060

vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable and other receivables are as follows:

	2018	
	Accounts receivable	Other receivables
At January 1_IAS 39	$ 71,615	$ -
Adjustments under new standards	-	-
At January 1_IFRS 9	71,615	-
(Reversal of) provision for impairment loss	(26,547)	23,650
Write-offs	(8)	-
At December 31, 2018	$ 45,060	$ 23,650

viii. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

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

ii. Listed stocks invested by the Company all have active market, they can be rapidly sold at the price which is close to fair value, and will not have significant liquidity risk. The Company's investment in emerging stocks and unlisted stocks

all have no active market, thus, they are expected having significant liquidity risk.

iii. The table below analyses the Company'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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows

Non-derivative financial liabilities December 31, 2018	Less than 1 year	Between 1 year and 3 years	Over 3 years
Short-term borrowings	$7,043,074	$ -	$ -
Short-term notes and bills payable	1,400,000	-	-
Long-term borrowings (including current portion)	4,355,084	10,690,043	4,587,377

Non-derivative financial liabilities December 31, 2017	Less than 1 year	Between 1 year and 3 years	Over 3 years
Short-term borrowings	$ 6,947,531	$ -	$ -
Short-term notes and bills payable	600,000	-	-
Long-term borrowings (including current portion)	5,460,590	13,813,547	1,474,717

Except for the above, the non-derivative and derivative financial liabilities of the Company are all due within one year.

(d) The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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 Company'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 the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(7).

C. For financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables, other financial assets, short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables and long-term borrowings (including current portion) are approximate to their fair values

D. The related information of 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, 2018 and 2017 is as follows:

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	$ 6,147	$	$ 2,257,869	$ 2,264,016
Foreign closed-end fund	-	-	69,413	69,413
Forward foreign exchange contracts		5,820		5,820
	$ 6,147	$ 5,820	$ 2,327,282	$ 2,339,249
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Interest rate swap contracts	$	$ 1,027	$	$ 1,027

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 51,153	$ -	$ -	$ 51,153

E. The methods and assumptions the Company used to measure fair value are as follows:

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

	Listed shares
Market quoted price	Closing price

(b) 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 current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

(c) Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the year ended December 31, 2018:

	2018		
	Equity instrument	Funds instrument	Total
At January 1	$ -	$ -	$ -
Effect of retrospective application and retrospective restatement	2,670,191	67,978	2,738,169
Balance at January 1 after adjustments	2,670,191	67,978	2,738,169
Acquired during the year	-	2,410	2,410
Sold during the year	(32,867)	-	(32,867)
Proceeds from capital reduction	(3,149)	-	(3,149)
Recorded as non-operating income and expenses	(376,306)	(975)	(377,281)
At December 31	$ 2,257,869	$ 69,413	$ 2,327,282

H. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

I. Investment segment is in charge of valuation procedures for fair value measurements being categorised 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 frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. 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:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted shares	$ 174,961	Market comparable companies	Price to book ratio multiple, enterprise value to EBITA multiple	The higher the multiple and control premium, the higher the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value;
	4,019	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	
	2,078,889	Net asset value	Discount for lack of marketability	The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value;
Foreign closed-end fund	69,413	Net asset value	N/A	The higher the net asset value, the higher the fair value

K. The Company 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. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple, enterprise value to EBITA multiple	±1%	$ 1,750	($ 1,750)	$ -	$ -
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	±1%	40	(40)	-	-
Equity instrument	Net asset value	±1%	20,789	(20,789)	-	-
Foreign closed-end fund	Net asset value	±1%	694	(694)	-	-
			$ 23,273	($ 23,273)	$ -	$ -

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

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

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

ii. 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.

iii. Financial assets 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 any changes in the fair value of these financial liabilities are recognised in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets at cost’.

(b)Available-for-sale financial assets

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

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

iii. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are

recognised in other comprehensive income.

(c)Notes and accounts receivable, other receivables

Receivable are ‘notes and accounts receivable’ and other receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business or are not ‘notes and accounts receivable’ or other receivables. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term notes and accounts receivable and other receivables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d)Impairment of financial assets

i. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Company, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

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

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

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

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

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

(i) Financial assets at amortised cost

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

(ii) Financial assets at cost

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

(iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset directly.

(e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(f) Derivative financial instruments

Financial derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

		Available-for-sale - current and non-current				Effects	
	Measured at fair value through profit or loss- current and non-current	Measured at fair value through other comprehensive income-equity	Measured at cost	Investments accounted for using equity method	Total	Retained earnings	Other equity
IAS 39	$ -	$ 51,153	$ 2,732,565	$ 18,463,813	$ 21,247,531	$ 14,252,481	$ 63,407
Transferred into and measured at fair value through profit or loss	2,783,718	(51,153)	(2,732,565)		-	266,348	(266,348)
Fair value adjustment	5,604	-	-	(32,737)	(27,133)	(27,133)	-
IFRS 9	$ 2,789,322	$ -	$ -	$ 18,431,076	$ 21,220,398	$ 14,491,696	($ 202,941)

(Remainder of page intentionally left blank)

Under IAS 39, the equity instruments, which were classified as financial assets at fair value through profit or loss, available-for-sale financial assets, financial assets at cost and investments accounted for using equity method amounting to $0, $51,153, $2,732,565 and $18,463,813, respectively, were reclassified as financial assets at fair value through profit or loss and investments accounted for using equity method amounting to $2,789,322 and $18,431,076, respectively; in addition, retained earnings was increased and other equity interest was decreased in the amounts of $239,215 and $266,348 under IFRS 9, respectively.

C. The significant accounts as of December 31, 2017 are as follows:

(a)Available-for-sale financial assets

Items	December 31, 2018
Current items:	
Listed stocks	$ 27,170
Adjustments for change in value of current available-for-sale financial assets	23,983
	$ 51,153

i. The Company recognized $4,454 in other comprehensive income for fair value change for the year ended December 31, 2017.

ii.The Company has no available-for-sale financial assets pledged to others.

(b)Financial assets at cost

Items	December 31, 2017
Non-current items:	
Unlisted stocks	$ 2,732,565

i. According to the Company's intention, its investment in stocks should be classified as 'financial assets at fair value through profit or loss'. However, as stocks are not traded in active market, and no sufficient industry information of companies similar to the investee companies or investee companies' financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. The Company classified those stocks as 'financial assets at cost'.

ii.Please refer to Note 6(9) for impairment loss on non-current financial assets at cost.

iii. The Company has no financial assets at cost were pledged to others.

D. Credit risk information for the year ended December 31, 2017 are as follows:

(a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each entity of the Company 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.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Movements analyst of the group provision for impairment of financial assets are as follows:

i. As of December 31, 2017, the Company in the group provision for impairment of notes and accounts receivable was $7,689,125.

ii. Movements in the group provision for impairment of accounts receivable are as follows:

	2017
At January 1	$ 54,716
Acquired from combination	6,736
Provision for impairment	10,209
Write-offs during the year	(46)
At December 31	$ 71,615

(d) The Company does not hold any collateral as security for notes and accounts receivable.

(5) Effects on initial application of IFRS 15 and information on application of IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017:

Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Sales revenue, net	$ 38,635,941
Processing fee revenue	96,441
At December 31	$ 38,732,382

C. There was no effect on current balance sheet and comprehensive income statement if the Company continues adopting above accounting policies.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the Company's significant transactions for the year ended December 31, 2018 are as follows. For disclosure of investees, certain financial statements of investees were not reviewed by independent accountants, and following inter-company transactions within the Group were eliminated when preparing the consolidated statements. Following disclosure information is for reference only.

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: None.

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 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2) (12) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

14. SEGMENT INFORMATION

Not applicable.

Unimicron Technology Corp.

Loans to others

Year ended December 31, 2018

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, 2018 (Note 3)	Balance at December 31, 2018 (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)(Note 9)	Ceiling on total loans granted (Note 7)(Note 9)	Note
0	The Company	Unimicron Technology (KunShan) Corp.	Other receivables	Y	$ 1,238,400	$ 1,228,800	$ -	-	2	$ -	Operation needs	$ -	-	$ -	$ 16,848,638	$ 16,848,638	
0	The Company	Qun Hong Technology Inc.	Other receivables	Y	800,000	800,000	-	-	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	NEOCONIX, INC.	Other receivables	Y	139,320	122,880	107,520	3.20%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Unimicron Germany GmbH	Other receivables	Y	726,760	726,760	726,760	1.50%~1.60%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Unimicron Technology (ShenZhen) Corp.	Other receivables	Y	2,456,800	1,228,800	-	-	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Unimicron Technology (SuZhou) Corp.	Other receivables	Y	1,238,400	1,228,800	307,200	2.70%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Smart Idea Holdings Limited	Other receivables	Y	1,079,400	675,840	675,840	3.00%~3.50%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Clover Electronics Co., Ltd.	Other receivables	Y	1,157,940	724,100	724,100	1.50%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Unifley Technology (KunShan) Inc.	Other receivables	Y	2,438,400	1,228,800	1,228,800	3.00%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Unimicron Technology (Hangshi) Corp.	Other receivables	Y	1,238,400	1,228,800	614,400	4.00%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Best Option Investments Limited	Other receivables	Y	1,094,820	1,090,560	537,600	2.50%~3.20%	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
0	The Company	Unimicron Touch (ShenZhen) Corp.	Other receivables	Y	77,400	76,800	-	-	2	-	Operation needs	-	-	-	16,848,638	16,848,638	
1	Plato Electronics (Cayman) Limited	Unimicron Technology (ShenZhen) Corp.	Other receivables	Y	767,750	614,400	614,400	2.70%~3.00%	2	-	Operation needs	-	-	-	861,281	861,281	
2	Best Option Investments Limited	Unifley Technology (KunShan) Inc.	Other receivables	Y	306,000	153,600	153,600	3.00%	2	-	Operation needs	-	-	-	157,500	157,500	
3	Unimicron Holding Limited	Unimicron Technology (SuZhou) Corp.	Other receivables	Y	599,400	-	-	-	2	-	Operation needs	-	-	-	1,885,506	1,885,506	
4	Hemingway Int'l Limited	UniGreet Holding Limited	Other receivables	Y	64,512	64,512	64,512	3.50%	2	-	Operation needs	-	-	-	3,193,809	3,193,809	
4	Hemingway Int'l Limited	Unifley Technology (KunShan) Inc.	Other receivables	Y	309,600	307,200	307,200	2.90%	2	-	Operation needs	-	-	-	3,193,809	3,193,809	
4	Hemingway Int'l Limited	Unimicron Germany GmbH	Other receivables	Y	416,163	316,901	316,901	1.60%	2	-	Operation needs	-	-	-	3,193,809	3,193,809	

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 3)	Balance at December 31, 2018 （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)(Note 9)	Ceiling on total loans granted (Note 7)(Note 9)	Note
5	Smart Idea Holdings Limited	FuturePower Holding Limited	Other receivables	Y	$ 18,974	$ -	$ -	-	2	$ -	Operation needs	$ -	-	$ -	$ 3,651,947	$ 3,651,947	
6	UniCuisine, Inc.	UniFresh, Inc.	Other receivables	Y	5,000	5,000	5,000	0.89%	2	-	Operation needs	-	-	-	16,490	16,490	
7	Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	Other receivables	Y	2,103,767	1,295,241	1,295,241	2.70%~2.83%	2	-	Operation needs	-	-	-	3,537,966	3,537,966	
7	Unimicron Technology (KunShan) Corp.	Unifley Technology (KunShan) Inc.	Other receivables	Y	785,406	464,500	464,500	2.83%~2.90%	2	-	Operation needs	-	-	-	3,537,966	3,537,966	
8	Unimicron Technology (SuZhou) Corp.	Unimicron -Carrier Technology (Huangshi) Inc.	Other receivables	Y	446,635	446,635	111,659	2.83%	2	-	Operation needs	-	-	-	2,134,986	2,134,986	

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 during the year ended December 31, 2018.

Note 4: The column of „Nature of loan″ shall fill in

(1) Business transaction is 1.

(2) Short-term financing is 2.

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.

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 included 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 even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9:The foreign subsidiary that was directly or indirectly wholly owned by the Company was not limited by above restriction.

Unimicron Technology Corp.
Provision of endorsements and guarantees to others
Year ended December 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed: Company name (Note 8)	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3) (Note	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2018 (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)(Note 8)	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	FuturePower Holding Limited	3	$ 12,636,478	140,251	133,990	133,990	$ -	0.32	21,060,797	Y	N	N	
				$	$	$			$					
0	The Company	Unimicron Holding Limited	3	12,636,478	1,075,200	1,075,200	614,400	-	2.55	21,060,797	Y	N	N	
0	The Company	Qun Hong Technology Inc.	3	12,636,478	1,548,000	1,536,000	1,536,000	-	3.65	21,060,797	Y	N	N	
0	The Company	Unimicron Technology (SuZhou) Corp.	3	12,636,478	309,600	307,200	-	-	0.73	21,060,797	Y	N	Y	
0	The Company	Unimicron Technology (Huangshi) Corp.	3	12,636,478	928,800	921,600	768,000	-	2.19	21,060,797	Y	N	Y	
0	The Company	Unifley Technology (KunShan) Inc. and Best Option Investments Limited	3	12,636,478	914,400	460,800	-	-	1.09	21,060,797	Y	N	Y	
0	The Company	Unimicron Technology (KunShan) Corp.	3	12,636,478	1,393,200	460,800	460,800	-	1.09	21,060,797	Y	N	Y	
0	The Company	Unifley Technology (KunShan) Inc.	3	12,636,478	1,892,150	768,000	768,000	-	1.82	21,060,797	Y	N	Y	
0	The Company	Unimicron Technology (SuZhou) Corp. and Unimicron Holding Limited	3	12,636,478	1,083,600	-	-	-	-	21,060,797	Y	N	Y	

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; fill in the number of category each case belongs to:
(1)Having business relationship.
(2). The endorser/guarantor parent company owns directly and 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, all shareholders provide 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.

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 chairman 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.

Note 8: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", ;imit on total endorsements granted by the Company is 50% of the Company's net assets. Limit on total endorsements to a single party is 20% of the Company's net assets. The Ceiling of the Company's toatl endorsements/ guaranteed is 50% of the Company's net assets.

Unimicron Technology Corp.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2018				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
The Company	Unitech Capital Inc.'s stocks	Investee of UNITED MICROELECTRONICS CORP.	Financial assets at fair value through profit or lass-non-current	6,500,000	$ 158,488	13.00%	$ 158,488	
The Company	Shieh Yong Investment Co., Ltd.'s stocks	None	Financial assets at fair value through profit or lass-non-current	127,182,000	886,370	16.67%	886,370	
The Company	NexPower Technology Corp.'s stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	400,326	-	0.56%	-	
The Company	Shihlien Fine Chemicals Co., Ltd.'s stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	12,778,831	146,494	5.44%	146,494	
The Company	Emax Tech Co., LTD.'s stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	1,526,996	25,743	5.86%	25,743	
The Company	Unistars Corp.'s stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	3,820,779	2,724	6.93%	2,724	
The Company	PI R&D Co., Ltd's stocks	None	Financial assets at fair value through profit or lass-non-current	8,000	-	0.44%	-	
The Company	TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership funds	None	Financial assets at fair value through profit or lass-non-current	310	69,413	6.38%	69,413	
The Company	Trillion Science Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	4,666,666	-	8.16%	-	
The Company	Yann Yuan Investment Co., Ltd.'s stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	20,000,000	1,034,031	13.42%	1,034,031	
The Company	Eminent Materials Corporation's stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	1,000,000	1,246	16.67%	1,246	
The Company	Eagle Technology., Ltd's stocks	None	Financial assets at fair value through profit or lass-non-current	10,000	2,773	14.29%	2,773	
The Company	United Microelectronics Corp.'s stocks	The Company's director	Financial assets at fair value through profit or lass-non-current	24,339	274	0.00%	274	
The Company	PixArt Imaging Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	9,116	797	0.01%	797	
The Company	Faraday Technology Corp.'s stocks	None	Financial assets at fair value through profit or lass-non-current	120,000	5,076	0.05%	5,076	
Hsin Yang Investment Corp.	Shihlien Fine Chemicals Co., Ltd.'s stocks	The Company is the company's director	Financial assets at fair value through profit or lass-non-current	5,123,771	58,705	2.18%	58,705	
Hsin Yang Investment Corp.	Stack Devices Corporation's stocks	None	Financial assets at fair value through profit or lass-non-current	76,626	-	0.12%	-	
Hsin Yang Investment Corp.	ADL Engineering Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	217,676	-	1.82%	-	
Hsin Yang Investment Corp.	Platum Technology Corporation's stocks	None	Financial assets at fair value through profit or lass-non-current	1,375,000	-	12.50%	-	
Hsin Yang Investment Corp.	Ocean Net Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	91,575	-	9.16%	-	
Hsin Yang Investment Corp.	Solargate Technology Croporation's stocks	None	Financial assets at fair value through profit or lass-non-current	30,769	-	0.51%	-	
Hsin Yang Investment Corp.	Ability I Venture Capital Corporation's stocks	None	Financial assets at fair value through profit or lass-non-current	2,000,000	14,099	2.00%	14,099	
Hsin Yang Investment Corp.	Integrated Digital Technologies, Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	520,000	-	1.81%	-	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2018				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Hsin Yang Investment Corp.	NeoPac Lighting, Ltd.'s stocks	None	Financial assets at fair value through profit or lass-non-current	4,500,000	$ -	5.73%	$ -	
Hsin Yang Investment Corp.	Pomiran Metalization Research Co., Ltd.	None	Financial assets at fair value through profit or lass-non-current	700,000	-	3.26%	-	
Hsin Yang Investment Corp.	Unimemory Technologr (s) Pte Ltd.	None	Financial assets at fair value through profit or lass-non-current	651,890	15,056	10.81%	15,056	
Hsin Yang Investment Corp.	Taimide Technology Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	186,512	8,225	0.15%	8,225	
Hsin Yang Investment Corp.	Topoint Technology Co., Ltd.'s stocks	None	Financial assets at fair value through profit or lass-non-current	1,809,635	32,392	1.26%	32,392	
UMTC Holdings Limited	AMC Holding Limited's stocks	None	Financial assets at fair value through profit or lass-non-current	897,750	34,204	7.09%	34,204	
UMTC Holdings Limited	UMT Technology Corp.'s stocks	None	Financial assets at fair value through profit or lass-non-current	230,000	-	19.01%	-	
Plato Electronics (Cayman) Limited	Biloda International Limited 's stocks	None	Financial assets at fair value through profit or lass-non-current	1,440,000	26,843	18.00%	26,843	
UniSmart Holding Limited	PI R&D Co., Ltd's stocks	None	Financial assets at fair value through profit or lass-non-current	173,300	-	9.52%	-	
UniSmart Holding Limited	Trillion Science Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	3,199,999	-	5.60%	-	
UniSmart Holding Limited	Aqua Science Corporation's stocks	None	Financial assets at fair value through profit or lass-non-current	333	-	0.36%	-	
UniSmart Holding Limited	Shocking Technologies, Inc.'s stocks	None	Financial assets at fair value through profit or lass-non-current	1,468,533	-	2.26%	-	
UniSmart Holding Limited	MARUWA CORPORATION's bonds	None	Financial assets at fair value through profit or lass-non-current	2,450	9,279	27.65%	9,279	
Unimicron Germany GmbH	Naavinya CAD Soft Pvt Ltd 's equity shares	None	Financial assets at fair value through profit or lass-non-current	-	11,673	0.00%	11,673	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9.
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.

Unimicron Technology Corp.

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, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities（Note 1）	General ledger account	Counterparty（Note 2）	Relationship with the investor（Note 2）	Balance as at January 1, 2018		Addition（Note 3）		Disposal（Note 3）				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Qun Hong Technology Inc.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	112,800,000	$ 2,211,184	40,853,543 (Note 5)	$ 34,992 (Note 6)	-	$ -	$ -	$ -	153,653,543	$ 2,246,176
Unimicron Monagenent (KunShan) Corp., Ltd.	Unimicron Technology (Hangshi) Corp.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	–	206, 253	–	723, 646 (Note 7)	–	–	–	–	–	929, 899
Unimicron Technology (KunShan) Corp.	Unimicron Maragerent (Kun shan) Corp., Ltd.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	–	740, 160	–	904, 792 (Note 8)	–	–	–	–	–	1, 644, 952
Smart Udea Gikdubgs Limited	UniGreat Holding Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	–	–	18, 000, 050	361, 869 (Note 9)	–	–	–	–	18, 000, 050	361, 869
UniGreat Holding Limited	Unifley Technology (Huangshi) Corp.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	–	88, 395	–	310, 133 (Note 10)	–	–	–	–	–	398, 528

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: 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 4: 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 5:The share amount includes increase of 23,970,000 shares and stock dividends of 16,883,543 shares.

Note 6:The amount includes investment increase of $479,402, decrease of $29,835 from cash dividends received, decrease of $37,152 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership, increase of $3,087 from recognition of capital surplus of investment company in proportion to ownership and investment loss of $380,510 recognised in profit or loss.

Note 7: The amount includes investment increase of $960,995, investment loss recognised for the year of $207,696 and translation differences decrease of $29,653. Note

8:The amount includes investment increase of $1,127,481, investment loss recognised for the year of $204,671 and translation differences decrease of $18,018.

Note 9:The amount includes capital surplus - difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount investment decrease of $50,630, investment increase of $542,851, investment loss recognised for the year of $118,746 and translation differences decrease of $11,606.

Note 10:The amount includes investment increase of $411,855, investment loss recognised for the year of $89,022 and translation differences decrease of $12,700.

Unimicron Technology Corp.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 5

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	Unimicron (KS) Trading Limited	The Company's subsidiary	Sales	$ 411,653	1%	3 months after monthly billings	$ -	-	$ 154,866	2%	
The Company	Unimicron (SZ) Trading Limited	The Company's subsidiary	Sales	1,449,179	3%	3 months after monthly billings	-	-	745,353	8%	
The Company	Advance Materials Corp.	The Company's investee	Purchase and processing expense	(157,414)	1%	3 months after monthly billings	-	-	(63,762)	1%	
Qun Hong Technology Inc.	Unimicron Technology Corp.	The ultimate parent company	Sales	693,507	9%	3 months after monthly billings	-	-	229,380	9%	
Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	Same parent company	Sales	5,137,318	34%	3 months after monthly billings	-	-	1,333,335	33%	
Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	Same parent company	Sales	1,041,053	7%	3 months after monthly billings	-	-	365,428	9%	
Unimicron Holding Limited	The Company	The ultimate parent company	Sales	925,398	26%	3 months after monthly billings	-	-	219,091	35%	
Unimicron (KS) Trading Limited	The Company	The ultimate parent company	Sales	2,278,489	28%	3 months after monthly billings	-	-	689,424	39%	
Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	2,647,713	32%	3 months after monthly billings	-	-	746,465	42%	
Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	Same parent company	Sales	3,543,067	75%	3 months after monthly billings	-	-	913,645	82%	
Unimicron Technology (SuZhou) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	593,155	13%	3 months after monthly billings	-	-	63,430	6%	
Unifley Technology (KunShan) Inc.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	940,686	19%	3 months after monthly billings	-	-	109,276	10%	
Unifley Technology (KunShan) Inc.	Best Option Investments Limited	Same parent company	Sales	481,753	10%	3 months after monthly billings	-	-	224,546	21%	
Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	Sales	1,467,046	45%	3 months after monthly billings	-	-	748,116	100%	

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 paid-in capital shall be replaced by 10% of equity

Note 4: These transactions are shown in revenue, and related transations were no longer disclosed.

Unimicron Technology Corp.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Unimicron (SZ) Trading Limited	The Company's subsidiary	$ 745,353	2.00	$ -	-	$ 120,727	$ -
The Company	Unimicron (KS) Trading Limited	The Company's subsidiary	154,866	3.62	-	-	61,410	-
The Company	3D Circuit Taiwan Company Ltd.	Investee accounted for using equity	156,564	Note 3	156,564	Note 4	-	156,564
Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	Same parent company	365,428	1.95	-	-	82,281	-
Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	Same parent company	1,333,335	4.60	-	-	49,745	-
Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	Same parent company	913,645	3.84	-	-	257,931	-
Unifley Technology (KunShan) Inc.	Best Option Investments Limited	Same parent company	224,546	1.87	-	-	46,255	-
Unifley Technology (KunShan) Inc.	Unimicron Technology (KunShan) Corp.	Same parent company	109,276	7.89	-	-	77,138	-
Unimicron (KS) Trading Limited	Unimicron Technology Corp.	Ultimate parent company	689,424	4.17	-	-	231,701	-
Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	Same parent company	746,465	4.32	-	-	259,956	-
Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	748,116	2.02	-	-	132,139	-
Unimicron Holding Limited	Unimicron Technology Corp.	Ultimate parent company	219,091	3.76	-	-	59,254	-
Qun Hong Technology Inc.	Unimicron Technology Corp.	Ultimate parent company	229,380	1.24	-	-	101,846	-
The Company	Unimicron Technology (SuZhou) Corp.	The Company's subsidiary	318,279	Note 2	-	-	-	-
The Company	Unifley Technology (KunShan) Inc.	The Company's subsidiary	1,243,293	Note 2	-	-	-	-
The Company	Clover Electronics Co., Ltd	The Company's subsidiary	727,751	Note 2	-	-	-	-
The Company	Unimicron Germany GmbH	The Company's subsidiary	728,961	Note 2	-	-	-	-
The Company	Smart Idea Holdings Limited	The Company's subsidiary	678,761	Note 2	-	-	-	-
The Company	Qun Hong Technology Inc.	The Company's subsidiary	$ 114,792	Note 2	$ -	-	$ 68,297	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018 （Note 1）	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Best Option Investments Limited	The Company's subsidiary	552,089	Note 2	-	-	-	-
The Company	NEOCONIX, INC.	The Company's subsidiary	107,850	Note 2	-	-	-	-
The Company	Unimicron Technology (Huangshi) Corp.	The Company's subsidiary	615,107	Note 2	-	-	-	-
Unimicron Technology (SuZhou) Corp.	Unimicron-Carrier Technology (Huangshi) Inc.	Same parent company	112,010	Note 2	-	-	-	-
Unimicron Technology (KunShan) Corp.	Unifley Technology (KunShan) Inc.	Same parent company	470,861	Note 2	-	-	21,215	-
Plato Electrioncs (Cayman) Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	622,931	Note 2	-	-	-	-
Heminway Int'l Limited	Unifley Technology (KunShan) Inc.	Same parent company	311,325	Note 2	-	-	-	-
Heminway Int'l Limited	Unimicron Germany GmbH	Same parent company	317,960	Note 2			-	
Best Option Investments Limited	Unifley Technology (KunShan) Inc.	Same parent company	154,888	Note 2	-	-	-	-
Best Option Investments Limited	Heminway Int'l Limited	Same parent company	109,176	Note 2	-	-	-	-
Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	Same parent company	1,320,810	Note 2	-	-	61,986	-

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….
Note 2: Primarily other receivables arising from financing and payments made on behalf of other parties, therefore calculation of turnover rate is not needed.
Note 3: No sales were made to company for the year.
Note 4: The company has declared bankruptcy. Allowance for doubtful accounts equal to the full amount of the receivables due from this company has been recorded.

Unimicron Technology Corp.

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 5) General ledger account	Amount	Transaction terms	Percentage of total operating revenues or total assets (Note 3)
1	Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	3	Sales	$ 5,137,318	Available for the third party	7%
2	Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	3	Sales	3,543,067	Available for the third party	5%
3	Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	3	Sales	2,647,713	Available for the third party	3%
4	Unimicron (KS) Trading Limited	Unimicron Technology Corp.	2	Sales	2,278,489	Available for the third party	3%
5	Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	3	Sales	1,467,046	Available for the third party	2%
6	The Company	Unimicron (SZ) Trading Limited	1	Sales	1,449,179	Available for the third party	2%
7	Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	3	Sales	1,041,053	Available for the third party	1%
8	Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	3	Accounts receivable	1,333,335	Available for the third party	1%
9	The Company	Unifley Technology (KunShan) Inc.	1	Other receivables	1,243,293	Available for the third party	1%
10	Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	3	Other receivables	1,320,810	Available for the third party	1%

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; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(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: Individual transactions not exceeding $1 billion are not disclosed. Those transactions are shown in assets and revenue. Relative related are not disclosed.

Unimicron Technology Corp.

Information on investees

Year ended December 31, 2018

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value (Note 4)	Net profit (loss) of the investee for the year ended December 31, 2018 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2(3)	Footnote
The Company	Subtron Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	$ 1,333,548	$ 1,333,548	90,613,516	32.71	$ 1,155,672	$ 172,494	$ 58,860	
The Company	Hsin Yang Investment Corp.	Taiwan	Holding company	3,414,878	3,414,878	195,918,290	99.16	1,126,032	(165,401)	(164,258)	
The Company	Advance Materials Corp.	Taiwan	Manufacture and sale of electronic parts	198,962	220,268	19,175,303	16.41	220,795	(5,356)	(879)	
The Company	Asia Pacific Microsystems, Inc.	Taiwan	Manufacture and sale of electronic parts	794,510	794,510	32,460,396	39.75	186,869	(95,085)	(37,796)	
The Company	Hemingway Int'l Limited	BVI	Holding company	5,254,631	5,254,631	159,988,866	100.00	7,984,522	(168,739)	(168,739)	
The Company	UMTC Holdings Limited	BVI	Holding company	5,695,851	5,613,081	169,331,597	100.00	4,188,125	(330,716)	(330,541)	
The Company	3D Circuit Taiwan Company Ltd.	Taiwan	Manufacture and sale of electronic parts	220,833	220,833	10,416,962	42.83	(74,899)	-	-	
The Company	UniBest Holding Limited.	Samoa	Holding company	169,735	302,710	5,000,000	100.00	179,283	12,216	12,216	
The Company	Uniflex Technology Inc.	Taiwan	Manufacture and sale of electronic parts	255,831	199,597	10,567,744	8.88	87,041	(338,170)	(17,551)	
The Company	NEOCONIX, INC.	USA	Design and manufacure of connector	118,963	118,963	865,526,530	92.00	(98,365)	(26,992)	(24,833)	
The Company	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	107,959	107,959	4,657,650	49.57	13,436	(29,739)	(14,742)	
The Company	Anoto Taiwan Corp.	Taiwan	Information delivery services	-	39,021	-	-	-	-	-	Note 7
The Company	UniCuisine, Inc.	Taiwan	Food and restaurants	26,000	26,000	2,600,000	25.49	9,236	(18,123)	(4,910)	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value (Note 4)	Net profit (loss) of the investee for the year ended December 31, 2018 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2(3)	Footnote
The Company	HK3D-Circuit Ltd.	Hong Kong	Manufacture and sale of electronic parts	$ 31,170	$ 31,170	7,750,000	18.61	$ -	$ -	$ -	
The Company	Yih Dar Technologies Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	40,000	20,000	4,000,000	26.67	4,127	(28,635)	(9,685)	
The Company	Qun Hong Technology Inc.	Taiwan	Manufacture and sale of electronic parts	2,435,152	1,955,750	153,653,543	91.41	2,246,176	(417,394)	(380,510)	
The Company	Unidisplay Holding Corp.	Samoa	Holding company	342,372	342,374	11,790,000	100.00	17,960	(3,861)	(3,861)	
The Company	PAVIDATrading Limited	Samoa	Holding company	4,406	4,406	139,818	17.27	1,960	1,751	302	
Hsin Yang Investment Corp.	Anoto Taiwan Corp.	Taiwan	Information delivery services	-	66,163	-	-	-	-	-	Note 7
Hsin Yang Investment Corp.	UniCuisine, Inc.	Taiwan	Food and restaurants	76,000	62,000	7,600,000	74.51	31,845	(18,123)	(13,391)	
Hsin Yang Investment Corp.	UniSense Technology Co. Ltd.	Taiwan	Manufacture and sale of electronic parts	48,231	48,231	4,823,074	32.54	72,746	16,181	5,486	
Hsin Yang Investment Corp.	Asia Pacific Microsystems, Inc.	Taiwan	Manufacture and sale of electronic parts	355,496	355,496	5,917,762	7.25	37,080	(95,085)	(6,894)	
Hsin Yang Investment Corp.	Advance Materials Corp.	Taiwan	Manufacture and sale of electronic parts	95,935	104,581	7,781,675	6.66	81,080	(5,356)	(357)	
Hsin Yang Investment Corp.	Subtron Technology Co., Ltd	Taiwan	Manufacture and sale of electronic parts	9,934	9,934	4,620,710	1.67	55,606	172,494	3,003	
Hsin Yang Investment Corp.	Unimax C.P.I Technology Corp.	Mauritius	Holding company	112,326	112,326	2,304,000	23.79	17,706	(4,634)	(1,847)	
Hsin Yang Investment Corp.	3D Circuit Taiwan Company Ltd.	Taiwan	Manufacture and sale of electronic parts	18,360	18,360	612,000	2.52	(4,669)	-	-	
Hsin Yang Investment Corp.	Unipoint Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	190,037	190,037	19,003,703	38.24	211,098	14,304	4,260	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value (Note 4)	Net profit (loss) of the investee for the year ended December 31, 2018 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2(3)	Footnote
Hsin Yang Investment Corp.	Uniflex Technology Inc.	Taiwan	Manufacture and sale of electronic parts	$ 427,121	$ 427,121	23,688,343	19.91	$ 247,939	($ 338,170)	($ 88,127)	
Hsin Yang Investment Corp.	Unidisplay Trading Corp.	Samoa	Trading	859,190	859,190	41,666,666	76.50	58,716	(16,526)	(12,643)	
Hsin Yang Investment Corp.	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	58,337	58,337	168,801	1.80	(463)	(29,739)	(535)	
Hsin Yang Investment Corp.	Qun Hong Technology Inc.	Taiwan	Manufacture and sale of electronic parts	110,863	41,960	5,947,153	3.54	87,659	(417,394)	(12,237)	
UniCuisine, Inc.	UniFresh, Inc.	Taiwan	Sales and manufacture of food	77,142	53,142	1,999,652	99.98	14,909	(18,386)	(18,417)	
APM communication, Inc.	PAVIDATrading Limited	Samoa	Holding company and trading	20,832	20,832	670,000	82.73	9,388	1,751	1,449	
Hemingway Int'l Limited	Plato Electronics (Cayman) Limited	Cayman	Holding company	1,926,000	1,926,000	44,553,346	72.02	1,678,547	(28,182)	(17,077)	
Hemingway Int'l Limited	Smart Idea Holdings Limited	Cayman	Holding company	888,787	888,787	30,000,000	42.10	3,860,719	752,237	297,280	
Hemingway Int'l Limited	Best Option Investments Limited	Samoa	Holding company	2,081,114	2,081,114	67,263,312	55.77	211,966	(1,002,154)	(557,100)	
Hemingway Int'l Limited	Unimicron Holding Limited	Samoa	Holding company	1,134,560	1,134,560	38,000,000	32.30	1,561,057	322,312	104,107	
Hemingway Int'l Limited	UniSmart Holding Limited	Samoa	Holding company	18,824	18,824	628,775	2.61	(887)	825	22	
UMTC Holdings Limited	Plato Electronics (Cayman) Limited	Cayman	Holding company	289,378	289,378	7,122,043	11.51	165,714	(28,182)	(2,729)	
UMTC Holdings Limited	Smart Idea Holdings Limited	Cayman	Holding company	629,580	629,580	20,761,904	29.13	2,642,246	752,237	205,695	
UMTC Holdings Limited	Best Option Investments Limited	Samoa	Holding company	1,149,576	1,149,576	39,195,000	32.50	139,367	(1,002,154)	(324,650)	
UMTC Holdings Limited	Unimicron Holding Limited	Samoa	Holding company	1,210,064	1,210,064	40,400,000	34.33	1,581,854	322,312	110,650	
UMTC Holdings Limited	UniSmart Holding Limited	Samoa	Holding company	703,420	703,420	23,496,668	97.39	(42,232)	825	804	
UMTC Holdings Limited	UniClover Holding Limited	Cayman	Holding company	1,113,854	1,032,700	34,262,845	100.00	(393,069)	(242,522)	(242,522)	
Plato Electronics (Cayman) Limited	Unimicron(SZ) Trading Ltd.	Samoa	Trading	16,405	16,405	500,000	100.00	12,016	(3,521)	(3,521)	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value（Note 4）	Net profit (loss) of the investee for the year ended December 31, 2018（Note 2(2)）	Investment income (loss) recognised by the Company for the year ended December 31, 2018（Note 2(3)	Footnote
Smart Idea Holdings Limited	UniGreat Holding Limited	Samoa	Holding company	$ 557,747	$ -	18,000,050	100.00	$ 361,869	($ 118,746)	($ 118,746)	Note 3
Smart Idea Holdings Limited	Circuitech (BVI) Limited	BVI	Trading	-	-	-	-	-	(137)	(137)	Note 6
Smart Idea Holdings Limited	FuturePower Holding Limited	Samoa	Holding company	69,605	193,747	4,850,000	100.00	(34)	205,569	205,569	
Smart Idea Holdings Limited	UniRuwel Holding Limited	Cayman	Holding company	1,049,300	1,049,300	35,000,000	100.00	1,360,139	69,423	69,423	
Smart Idea Holdings Limited	Unimicron (KS)Trading Ltd.	Samoa	Trading	-	-	1	100.00	(437,165)	(173,989)	(173,989)	
UniSmart Holding Limited	MARUWA CORPORATION	Japan	Manufacture and sales of flexible Print	118,482	118,482	3,900	45.88	(57,322)	-	-	
UniRuwel Holding Limited	Unimicron Germany GmbH	Germany	Manufacture and sale of electronic parts	917,473	917,473	25,000	100.00	1,349,313	22,153	70,250	
UniClover Holding Limited	Clover Electronics Co.,Ltd	Japan	Manufacture and sale of electronic parts	912,440	831,590	31,130	100.00	(385,464)	(263,201)	(241,619)	
Unidisplay Holding Corp.	Unidisplay Trading Corp.	Samoa	Trading	335,776	335,776	11,800,000	21.66	16,625	(16,526)	(3,580)	
Unidisplay Holding Corp.	UDI Trading Corp.	Samoa	Trading	-	1,499	-	-	-	-	-	Note 5
UniBest Holding Limited	Unimicron Holding Limited	Samoa	Holding company	151,550	151,550	4,464,286	3.79	179,249	322,312	12,216	
UniBest Holding Limited	UniGreat Holding Limited	Samoa	Holding company	-	145,892	-	-	-	-	-	Note 3

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, 2018" 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, 2018' 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, 2018' 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:In 2018, UniGreat Holding Limited was sold to second-tier subsidiary - Smart Idea Holdings Limited

Note 4: Unrealised gains and losses have not been excluded.

Note 5:UDI Trading Corp. finished the liquidation process in 2018.

Note 6:Circuitech (BVI) Limited finished the liquidation process in 2018.

Note 7:Anoto Taiwan Corp. finished the liquidation process in 2018.

Unimicron Technology Corp. Information on investments in Mainland China Year ended December 31, 2018

Table 9

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, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
Unimicron Technology (ShenZhen) Corp.	Manufacture and sale of electronic parts	$ 3,050,860	Plato-Cayman	$ 1,484,856 $	- $	$ -	1,484,856 $	12,622	83.53 $	11,875 $	1,123,765	$ -	
Unimicron Technology (KunShan) Corp.	Manufacture and sale of electronic parts	2,369,600	SI	1,372,769	-	-	1,372,769	835,510	71.23	592,158	6,058,928	-	
Unifley Technology (KunShan) Inc.	Manufacture and sale of electronic parts	3,648,252	BO	3,204,191	-	-	3,204,191	(1,212,989)	88.27	(1,070,705)	565,390	-	
Unimicron Technology (SuZhou) Corp.	Manufacture and sale of electronic parts	3,500,358	UHL	951,290	-	-	951,290	424,245	70.42	297,438	3,758,903	-	
Suzhou AMC Technology Co., Ltd.	Manufacture and sale of electronic parts	1,263,293	AMCHOLDING LIMITED	192,869	-	-	192,869	(8,903)	6.28	-	34,203	-	
Unipoint Technology (KunShan) Corp.	Manufacture and sale of electronic parts	35,544	UMT Technology Corp.	6,813	-	-	6,813	-	19.01	-	-	-	
Unimicron Touch (ShenZhen) Corp.	Manufacture and sale of electronic parts	1,189,540	UniDT	1,159,920	-	-	1,159,920	(16,813)	98.16	(14,751)	84,312	-	
Unimicron Technology (Shandong) Corp.	Manufacture and sale of electronic parts	-	FuturePower	185,270	-	-	185,270	(5,327)	-	(3,795)	-	-	Note 4
Kunshan 3D Circuit Technology Co., Ltd.	Manufacture and sale of electronic parts	125,925	HK3D-Circuit Ltd.	31,170	-	-	31,170	-	18.61	-	(13,277)	-	
Unimicron Technology (Huangshi) Corp.	Manufacture and sale of electronic parts	1,838,150	UniGreat and Unimicron Management	145,890	-	(145,890)	-	(297,597)	71.23	(211,367)	946,239	-	
Unimicron Management (KunShan) Corp., Ltd.	Manufacture and sale of electronic parts	1,554,431	Unimicron Technology (KunShan)	-	-	-	-	(204,671)	71.23	(145,787)	1,171,699	-	

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, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018（Note 2）	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
Unimicron-Carrier Technology (Huangshi) Inc.	Manufacture and sale of electronic parts	$ 193,959	UHL and Unimicron $ Technology (SuZhou)	- $	$ -	$ -	-	($ 5,100)	70.42	($ 3,592)	$ 130,779	$ -	
Hu Se Sn Li Managemnet Corp., Ltd.	Business management consulting	681,144	Unimicron Management	-	-	-	-	4,969	71.23	3,540	482,748	-	
Gobo Lighting Technology Ltd.	Manufacture and sale of lighting products	38,943	PAVIDA	17,914	-	-	17,914	1,057	27.49	2,006	13,517	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ 8,607,062	$ 10,466,815	$ -

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：Investment in Mainland Chinese company through an investment company in the same region

Note 2: Investment income (loss) recognised for the year in accordance with the financial statements that are audited and attested by R.O.C. parent company"s CPA of Unimicron Technology (ShenZhen) Corp., Unimicron Technology (KunShan) Corp., Unifley Technology (KunShan) Inc., Unimicron Technology (SuZhou) Corp., Unimicron Technology (Huangshi) Corp., Unimicron Touch (ShenZhen) Corp., Unimicron Management (KunShan) Corp., Ltd., Unimicron-Carrier Technology (Huangshi) Inc., Hu Se Sn Li Managemnet Corp., Ltd., Suzhou AMC Technology Co., Ltd. and Gobo Lighting Technology Ltd.

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

Note 4: Was sold to Shandong Jingda Technology Industry Co., Ltd. in March 2018.

Note 5: On December 20, 2017, the Company received an approval letter issued by the Industrial Development Bureau of the Ministry of Economic Affairs, effective from December 15, 2017 to December 14, 2020. Hence, calculation of investment limit is not needed.

Unimicron Technology Corp.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2018

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals	Financing					
	Amount	%	Amount	%	Balance at December 31, 2018	%	Balance at December 31, 2018	Purpose	Maximum balance during the year ended December 31, 2018	Balance at December 31, 2018	Interest rate	Interest during the year ended December 31, 2018	Others
Unimicron Technology (ShenZhen) Corp.	$ 1,449,179	3%	$ -	-	$ 745,353	5%	$ -	-	$ 2,456,800	$ 1,228,800	-	$ 6,182	
Unimicron Technology (ShenZhen) Corp.	(137)	0%	-	-	(64)	-	-	-	-	-	-	-	
Unimicron Technology (KunShan) Corp.	411,653	1%	-	-	154,866	1%	460,800	Borrowings	1,238,400	1,228,800	-	-	
Unimicron Technology (KunShan) Corp.	(2,278,489)	12%	-	-	(698,644)	6%	-	-	-	-	-	-	
Unifley Technology (KunShan) Inc.	-	-	-	-	-	-	768,000	Borrowings	2,438,400	1,228,800	3.00%	24,677	
Unimicron Technology (SuZhou) Corp.	1,835	0%	-	-	472	0%	307,200	Borrowings	1,238,400	1,228,800	2.70%	7,103	
Unimicron Technology (SuZhou) Corp.	(925,398)	5%	-	-	(208,292)	2%	-	-	-	-	-	-	
Unimicron Technology (Huangshi) Corp.	-	-	-	-	-	-	921,600	Borrowings	1,238,400	1,228,800	4.00%	707	

Note 1: The transactions between the Company and Unimicron Technology (ShenZhen) Corp., Unimicron Technology (KunShan) Corp., Unifley Technology (KunShan) Inc., and Unimicron Technology (SuZhou) Corp. are through the indirect investee companies of the Company - Unimicron (SZ) Trading Limited, Unimicron (KS) Trading Limited, Best Option Investments Limited and Unimicron Holding Limited, respectively.