EPISTAR CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR19000308

To the Board of Directors and Shareholders of Epistar Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Epistar Corporation (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, as described in the *Other matters* section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and ROC GAAS for our audit of the financial statements as of and for the year ended December 31, 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2019 are outlined as follows:

Evaluation of Impairment Losses of Property, Plant and Equipment, and Goodwill

Description

Please refer to Note 4(19) for accounting policies on impairment losses on non-financial assets, Note 5(2) for the accounting estimates and assumptions in relation to non-financial assets valuation and Note 6(10) for the explanations regarding impairment losses on non-financial assets. As of December 31, 2019, the balances of property, plant and equipment, and goodwill were NT$13,389,354 thousand and NT$6,324,659 thousand, respectively.

The Company evaluates the recoverable amounts of idle property, plant and equipment through assessing the fair values after deducting the disposal costs, and of property, plant and equipment, and intangible assets through value in use. The Company evaluates whether impairment losses will be provided for property, plant and equipment, and goodwill utilizing the aforementioned recoverable amounts. The evaluation of value in use for operational property, plant and equipment and intangible assets consists of the estimation of future cash flows and the determination of discount rates. Since the assumptions adopted in the estimation of future cash flows and the results of the estimation would have significant impact on value in use of operational property, plant, and equipment, and intangible assets, it was identified as one of the key audit matters.

How our audit addressed the matter

We have obtained the appraisal report of idle property, plant and equipment prepared by independent values from the Company and assessed the reasonableness of evaluation methods and fair values utilized. For value in use of operational property, plant and equipment, and goodwill, the following procedures were conducted:

1. Interviewed with management and obtained an understanding of the Company's operational procedures in estimating future cash flows and verified the consistency to operation plans approved by the Board of Directors.
2. Discussed operation plans with management to understand the product strategies and their respective execution status.
3. Assessed the reasonableness for assumptions utilized in estimating future cash flows, including projected sales volumes, unit prices and unit costs. Assessed the parameters adopted in determining discount rates, including calculating and comparing the weighted average cost of capital at risk-free rates, the industrial risk premium and the long-term rates of returns.

Evaluation of Inventories

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for the accounting estimates and assumptions in relation to inventory valuation and Note 6(5) for the explanations regarding inventories. As of December 31, 2019, the balances of inventories and the allowance for valuation loss were NT$2,589,853 thousand and NT$522,882 thousand, respectively.

The Company is primarily engaged in manufacturing and sales of LED wafers and chips. Due to rapid technological developments, short product lifespans and frequent fluctuations of market prices, the risk of decline in market value and obsolescence for inventories is high. The Company evaluates net realized values for inventories which aged over a specific period of time and specific obsolete inventories in order to provide allowance for valuation loss. Since the identification of the above obsolete inventories and their respective net realizable values are subject to management's judgment, it was identified as one of the key audit matters.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the Company's operations and the nature of its industry and interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.
2. Obtained and validated the accuracy of the detailed listings of inventories aged over a specific period of time and specific obsolete inventories. Validated information of historical sales and discounts for

those obsolete inventories to assess the reasonableness of policies in providing allowance for inventory valuation loss.

Other matter – Audited by Other Independent Accountants

We did not audit the 2019 and 2018 financial statements of certain subsidiaries and equity investments accounted for under the equity method. These equity investments amounted to NT$866,906 thousand and NT$1,329,419 thousand, representing 1.64% and 2.32% of the total assets as of December 31, 2019 and 2018, respectively, and their comprehensive loss (including share of income (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method) amounted to NT$131,781 thousand and NT$67,099 thousand, representing 3.52% and 6.56% of the comprehensive loss for the years then ended. The financial statements of the aforementioned subsidiaries and investees were audited by other independent accountants whose reports thereon were furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements is based solely on the reports of the other independent accountants.

Responsibilities of management and those charged with governance for the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent accountant's responsibilities for the audit of the parent company only 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 judgment 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 the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the 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 the Company 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 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.

Cheng, Ya-Huei Hsieh,Chih-Cheng

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2020

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.

EPISTAR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 2,312,265	4	$ 3,012,708	5
Financial assets at fair value through profit or loss - current	6(2)	249,900	1	40,923	-
Notes receivable, net	6(4)	813,367	2	521,031	1
Accounts receivable, net	6(4)	3,896,102	7	4,076,544	7
Accounts receivable - related parties, net	7	1,500,686	3	3,100,860	5
Other receivables		98,448	-	191,748	-
Other receivables - related parties	7	435,164	1	326,576	1
Inventories	6(5)	2,066,971	4	2,884,535	5
Prepayments		204,905	-	267,343	1
Non-current assets held for sale - net	6(11)	827	-	388,500	1
Other current assets	8	101,992	-	97,552	-
Current Assets		11,680,627	22	14,908,320	26
Non-current assets					
Non-current financial assets at fair value through profit or loss	6(2)	157,762	-	-	-
Non-current financial assets at fair value through other comprehensive income	6(3)	1,465,837	3	1,097,917	2
Investments accounted for under equity method	6(6)	13,807,857	26	14,376,759	25
Property, plant and equipment	6(7) and 8	13,389,355	25	15,385,565	27
Right-of-use assets	6(8)	1,269,935	3	-	-
Intangible assets	6(9)	7,363,388	14	7,556,713	13
Deferred income tax assets	6(29)	3,798,489	7	3,764,894	7
Other non-current assets		45,191	-	194,741	-
Non-current assets		41,297,814	78	42,376,589	74
Total assets		$ 52,978,441	100	$ 57,284,909	100

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EPISTAR CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
Current liabilities					
Short-term borrowings	6(12)	$ -	-	$ 449,295	1
Notes payable		4,122	-	9,421	-
Accounts payable		1,058,122	2	1,565,828	3
Accounts payable - related parties	7	734,828	2	538,248	1
Other payables	6(13) and 7	1,743,340	3	2,852,214	5
Current lease liabilities		71,628	-	-	-
Long-term liabilities, current portion	6(14) and 8	78,561	-	165,306	-
Other current liabilities - others		185,594	-	290,033	-
Current Liabilities		3,876,195	7	5,870,345	10
Non-current liabilities					
Long-term borrowings	6(14) and 8	911,247	2	409,808	1
Deferred income tax liabilities	6(29)	1,577,354	3	1,383,631	2
Non-current lease liabilities		1,237,625	3	-	-
Other non-current liabilities	6(15)(17)	156,831	-	267,542	1
Non-current liabilities		3,883,057	8	2,060,981	4
Total Liabilities		7,759,252	15	7,931,326	14
Equity					
Share capital	6(18)				
Share capital - common stock		10,887,014	21	10,887,014	19
Capital surplus	6(19)				
Capital surplus		39,212,772	74	39,515,679	69
Retained earnings	6(20)				
Legal reserve		161,423	-	161,423	-
Special reserve		318,465	1	703,607	1
Accumulated deficit		(3,749,510)	(7)	(385,142)	(1)
Other equity interest	6(21)				
Other equity interest		(1,285,485)	(3)	(1,317,990)	(2)
Treasury stocks	6(18)	(325,490)	(1)	(211,008)	-
Total equity		45,219,189	85	49,353,583	86
Total liabilities and equity		$ 52,978,441	100	$ 57,284,909	100

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

EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except loss per share amounts)

		Year ended December 31			
		2019		2018	
Items	Notes	AMOUNT	%	AMOUNT	%
Sales revenue	6(22) and 7	$ 12,425,234	100	$ 17,189,772	100
Operating costs	6(5)(27)(28) and 7	(12,577,783)	(101)	(14,773,356)	(86)
Net operating margin		(152,549)	(1)	2,416,416	14
Unrealized loss (profit) from sales		15,549	-	85,787	1
Realized profit on from sales		(85,787)	(1)	29,111	-
Net operating margin		(222,787)	(2)	2,531,314	15
Operating expenses	6(27)(28) and 7				
Selling expenses		(182,305)	(1)	(234,788)	(1)
General and administrative expenses		(858,475)	(7)	(999,512)	(6)
Research and development expenses		(1,567,818)	(13)	(1,827,561)	(11)
Reveral of (expected credit losses)		8,670	-	(2,758)	-
Total operating expenses		(2,599,928)	(21)	(3,064,619)	(18)
Other income and expenses - net	6(23) and 7	121,614	1	126,123	1
Operating loss		(2,701,101)	(22)	(407,182)	(2)
Non-operating income and expenses					
Other income	6(24) and 7	314,004	2	339,338	2
Insurance income from disaster		-	-	206,785	1
Other gains and losses	6(3)(10)(25) and 7	(116,246)	(1)	(689,718)	(4)
Finance costs	6(26)	(36,764)	-	(28,022)	-
Reveral of (expected credit losses)		(33,768)	-	4,121	-
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	6(6)	(1,047,846)	(8)	(248,225)	(2)
Total non-operating income and expenses		(920,620)	(7)	(415,721)	(3)
Loss before income tax		(3,621,721)	(29)	(822,903)	(5)
Income tax (expense) benefit	6(29)	(132,076)	(1)	366,757	2
Loss for the year		($ 3,753,797)	(30)	($ 456,146)	(3)
Other comprehensive income					
Gain on remeasurements of defined benefit plans	6(15)	$ 5,372	-	$ 31,823	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	367,920	3	(468,008)	(3)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		20,853	-	(148,782)	(1)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	(71,831)	(1)	111,198	1
Components of other comprehensive income that will not be reclassified to profit or loss		322,314	2	(473,769)	(3)
Total Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(361,068)	(3)	(143,180)	(1)
Income tax relate to the components of other comprehensive income that will be reclssified to profit or loss	6(29)	72,214	1	50,281	1
Components of other comprehensive income that will be reclassified to profit or loss		(288,854)	(2)	(92,899)	-
Other comprehensive income (loss) for the year		$ 33,460	-	($ 566,668)	(3)
Total comprehensive loss for the year		($ 3,720,337)	(30)	($ 1,022,814)	(6)
Basic loss per share	6(30)				
Total basic loss per share		($ 3.48)		($ 0.42)	
Total diluted loss per share		($ 3.48)		($ 0.42)	

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

EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings (accumulated deficit)	Other equity interest: Financial statements translation differences of foreign operations	Other equity interest: Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity interest: Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total
2018											
Balance at January 1, 2018		$ 10,887,014	$ 39,970,967	$ -	$ -	$ 1,614,226	($ 415,950)	$ -	($ 268,293)	($ 408,783)	$ 51,379,181
Effects of retrospective application and retrospective restatement		-	-	-	-	46,946	3,595	(320,348)	268,293	-	(1,514)
Balance at January 1 after adjustments		10,887,014	39,970,967	-	-	1,661,172	(412,355)	(320,348)	-	(408,783)	51,377,667
Loss for the year	6(20)	-	-	-	-	(456,146)	-	-	-	-	(456,146)
Other comprehensive income (loss) for the year	6(20)(21)	-	-	-	-	25,129	(92,899)	(498,898)	-	-	(566,668)
Total comprehensive loss for the year		-	-	-	-	(431,017)	(92,899)	(498,898)	-	-	(1,022,814)
Appropriations of 2017 earnings											
Legal reserve appropriated	6(20)	-	-	161,423	-	(161,423)	-	-	-	-	-
Special reserve appropriated	6(20)	-	-	-	703,607	(703,607)	-	-	-	-	-
Cash dividends		-	-	-	-	(749,196)	-	-	-	-	(749,196)
Cash dividends distributed from capital surplus	6(19)	-	(121,765)	-	-	-	-	-	-	-	(121,765)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	6(19)	-	2,052	-	-	-	-	-	-	-	2,052
Purchase of treasury shares		-	-	-	-	-	-	-	-	(75,845)	(75,845)
Change in investees interest accounted for under equity method	6(19)	-	(458,095)	-	-	-	-	-	-	-	(458,095)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(19)	-	(732)	-	-	-	-	-	-	-	(732)
Treasury stock transferred to employees	6(19)	-	117,780	-	-	-	-	-	-	273,620	391,400
Changes in ownership interests in subsidiaries accounted for using equity method	6(19)	-	5,472	-	-	-	-	-	-	-	5,472
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(20)(21)	-	-	-	-	(1,071)	-	1,071	-	-	-
Proceeds from disposal of investments accounted for using equity method	6(21)	-	-	-	-	-	5,439	-	-	-	5,439
Balance at December 31, 2018		$ 10,887,014	$ 39,515,679	$ 161,423	$ 703,607	($ 385,142)	($ 499,815)	($ 818,175)	$ -	($ 211,008)	$ 49,353,583
2019											
Balance at January 1, 2019		$ 10,887,014	$ 39,515,679	$ 161,423	$ 703,607	($ 385,142)	($ 499,815)	($ 818,175)	$ -	($ 211,008)	$ 49,353,583
Loss for the year	6(20)	-	-	-	-	(3,753,797)	-	-	-	-	(3,753,797)
Other comprehensive income (loss) for the year	6(20)(21)	-	-	-	-	4,287	(288,854)	318,027	-	-	33,460
Total comprehensive income (loss) for the year		-	-	-	-	(3,749,510)	(288,854)	318,027	-	-	(3,720,337)
Appropriations of 2018											
Special reserve used to offset accumulated deficits		-	-	-	(385,142)	385,142	-	-	-	-	-
Cash dividends distributed from capital surplus	6(19)	-	(324,270)	-	-	-	-	-	-	-	(324,270)
Change in investees interest accounted for under equity method	6(19)	-	7,304	-	-	-	-	-	-	-	7,304
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(19)	-	14,059	-	-	-	-	-	-	-	14,059
Proceeds from disposal of investments accounted for using equity method	6(21)	-	-	-	-	-	3,332	-	-	-	3,332
Purchase of treasury shares		-	-	-	-	-	-	-	-	(114,482)	(114,482)
Balance at December 31, 2019		$ 10,887,014	$ 39,212,772	$ 161,423	$ 318,465	($ 3,749,510)	($ 785,337)	($ 500,148)	$ -	($ 325,490)	$ 45,219,189

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

EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 3,621,721)	($ 822,903)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(27)	3,424,225	3,499,184
Amortization	6(9)(27)	246,948	253,705
(Reveral of) expected credit losses		25,097	(1,363)
Net gain on financial assets at fair value through profit or loss	6(25)	(193,066)	(4,504)
Interest expense	6(26)	36,219	28,278
Interest income	6(24)	(28,246)	(31,680)
Dividend income	6(24)	(13,789)	(12,910)
Effect of exchange rate on loans	6(32)	1,105	-
Share of loss of subsidiaries and associates accounted for using equity method	6(6)	1,047,846	248,225
Impairment loss on non-financial assets	6(25)	178,603	615,949
(Gain) loss on disposal of property, plant and equipment	6(25)	(89,361)	126,690
Gain on disposal intangible assets	6(25)	(5,698)	-
Loss (gain) on disposal of investments	6(25)	20,001	(100,804)
Other income from recognition of long-term deferred revenues	6(17)	(57,830)	(23,647)
Property, plant and equipment transferred to expenses		98,250	5,858
Expenses transferred to intangible assets		(13,566)	-
Realized loss (profit) from sales		85,787	(29,111)
Unrealised loss from sales		(15,548)	(85,787)
Bargain purchase gains		(23,541)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(197,576)	(301,363)
Notes receivable		(292,336)	(325,967)
Accounts receivable		1,755,519	1,463,422
Other receivables		250,093	1,246,730
Inventories		811,472	213,393
Prepayments		62,438	59,421
Other non-current assets		8,034	4,135
Changes in operating liabilities			
Notes payable		(5,299)	(15,372)
Accounts payable		(311,126)	(433,237)
Other payables		(479,984)	(402,911)
Other current liabilities		(104,440)	175,704
Other non-current liabilities		262	22,624
Cash inflow generated from operations		2,598,772	5,371,759
Income tax paid		(1,174)	(157,529)
Interest received		28,332	33,297
Interest paid		(35,895)	(29,388)
Dividend received		61,604	55,084
Net cash flows from operating activities		2,651,639	5,273,223

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EPISTAR CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other receivables from related parties	7	($ 1,872,620)	($ 1,007,840)
Decrease in other receivables from related parties	7	1,764,032	1,013,300
Cash refund from financial assets capital reduction		23,903	-
Increase in other financial assets		(4,440)	(386)
Acquisition for property, plant and equipment	6(31)	(1,865,194)	(2,745,833)
Proceeds from disposal of property, plant and equipment	6(31)	159,467	98,355
Acquisition of intangible assets	6(31)	(93,351)	(155,153)
Proceeds from disposal intangible assets		11,569	-
(Increase) decrease in refundable deposits paid		(526)	13,654
Acquisition of subsidiaries and investment of associates		(908,978)	(1,443,106)
Proceeds from disposal of intangible assets		-	7,844
Cash flows used in spinoff transition	6(18)	-	(360,172)
Net cash flows used in investing activities		(2,786,138)	(4,579,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(12)	(450,400)	(250,705)
Repayment of long-term loans	6(14)	(575,306)	(3,239,824)
Proceeds from long-term loans	6(14)	990,000	1,160,000
Decrease in guarantee deposits received		(1,782)	(783)
Repayment of principal portion of lease liabilities		(89,704)	-
Purchase of treasury shares	6(19)	(114,482)	(75,845)
Proceed from treasury share transferred to employees	6(18)	-	286,897
Cash dividends distributed from capital surplus	6(19)	(324,270)	(121,765)
Cash dividends paid	6(19)	-	(749,196)
Net cash flows used in financing activities		(565,944)	(2,991,221)
Net decrease in cash and cash equivalents		(700,443)	(2,297,335)
Cash and cash equivalents at beginning of year		3,012,708	5,310,043
Cash and cash equivalents at end of year		$ 2,312,265	$ 3,012,708

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

EPISTAR CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Epistar Corporation (the "Company") was incorporated on September 19, 1996 and commenced its operations in August 1997. The Company's shares have been traded on the Taiwan Stock Exchange in the Republic of China since May 2001.

Effective October 1, 2003, Inforcomm Semiconductor Corporation was merged with the Company. The Company acquired United Epitaxy Company Ltd. on December 30, 2005, Epitech Technology Corporation and Highlink Technology Corporation on March 1, 2007, and CHIP STAR Ltd. on June 29, 2015, and the Company merged with Huga Optotech Inc. and Formosa Epitaxy Incorporation on September 29, 2016.

The Company is engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of A1GaInP, AlGaAs and InGaN.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 26, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, ‘Leases’

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

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ by $1,402,458, and increased ‘lease liability’ by $1,402,458.

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

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

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

(c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $13,217 was recognised in 2019.

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

(e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.855%.

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

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	630,297
Add/Less: Adjustments as a result of a different treatment of extension and termination options		773,422
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		1,403,719
Incremental borrowing interest rate at the date of initial application		1.855%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	1,402,458

(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 2018 are as follows:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

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 parent company only 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, these parent company only financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income.

(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 compliance 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 judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company is measured using the currency of the primary economic environment in which the operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional 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 re-translated 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 as part of the fair value gain 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.

(d) Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "interest income or finance costs". 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 or joint arrangement, 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 Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, 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 Group 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

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

B. On a regular way purchase or sale basis, the derivative financial assets are recognised and derecognised using trade date accounting, the beneficiary certificates are recognised and derecognised using settlement date accounting.

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

D. The Company recognises the dividend income 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) Financial assets at fair value through other comprehensive income

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

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
(b) The assets' contractual cash flows represent solely payments of principal and interest.

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

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

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

(8) 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.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

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

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

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

(11) Leasing arrangements (lessor)－lease receivables/operating leases

A. Based on the terms of a lease contract , a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as ‘unearned finance income of finance lease’.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments(excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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

(12) 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 comprise raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs and 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.

(13) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(14) Investments accounted for using the equity method – subsidiaries and 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. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company 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 associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise 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 recognised 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 recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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

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 that are not recognized in profit or loss or other comprehensive income of the associate and such changes does not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

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

J. 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 under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the 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.

K. 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.

L. When the Company disposes its investment in an associate, if it 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 still retains significant influence over this associate, then 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.

M. When the Company disposes its investment in an associate, if it 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 still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. 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 non-consolidated 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 non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(15) 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	20 ~ 50 years
Plant and construction	3 ~ 15 years
Machinery and equipment	2 ~ 20 years
Transportation equipment	3 ~ 5 years
Office equipment	2 ~ 20 years
Leasehold improvements	3 ~ 15 years

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

Effective 2019

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

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

Lease payments are comprised of the following:

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

(b) Variable lease payments that depend on an index or a rate; and

(c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the term and conditions of the lease.

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

(17) Leased assets

Prior to 2019

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.

(18) Intangible assets

A. Patents

Patents are stated at cost and amortized on a straight-line basis over their legal terms or economic service lives, whichever is shorter.

B. Technology know-how

Technology know-how is stated at cost and amortized on a straight-line basis over their economic service lives.

C. Computer software

Computer software is stated at cost and amortized on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

D. Goodwill

Goodwill arising from a business combination is accounted for by applying the acquisition method.

E. Other intangible assets

Other intangible assets, mainly electricity facilities, are stated at cost and amortized using the straight-line method over 3 to 5 years.

(19) Impairment of non-financial assets

A. 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. Except for goodwill, 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.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

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

(20) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Notes and accounts payable

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

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

(22) 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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized 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 defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement 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. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(23) <u>Employee share-based payment</u>

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. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Treasury stocks transferred to employees:

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

(b) For treasury stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must compensate the Company for the difference between the fair value of the equity instruments and their payments on the stocks.

(24) <u>Income tax</u>

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 charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year when the stockholders resolve to retain the earnings.

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

D. Deferred income tax assets are 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 income tax assets are reassessed.

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

(25) <u>Share capital</u>

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

B. Where the 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.

(26) 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.

(27) Revenue recognition

A. Sales of goods:

(a) The Company is engaged in the research, development and sales of EPI wafers and chips of AlGaInP, AlGaAs and InGaN. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the customer 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 revenue is recognised on the net amount of contract price after deduction of sales discounts and allowances. The sales discounts and allowances were offered to customers based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 90 days to120 days, which is consistent with market practice.

(c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

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

B. Revenue from licencing intellectual property

(a) The Company entered into a contract with a customer to grant a licence of patents and intellectual property to the customer. Given the licence is distinct from other promised goods or services in the contract, the Company recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Company's promise in granting a licence is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the patents and intellectual property to which the customer has rights, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the licence to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(28) Government grants

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF A SSUMPTION 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 judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Impairment valuation of goodwill, property, plant and equipment

In assessing assets impairment valuation, the Company estimates useful lives of assets and possible income and expenses in the future based on the Company's subjective judgement, any changes in economic condition and strategy of the Company will affect the recoverable amount, please refer to Note 6(10).

As of December 31, 2019, the Company recognised impaired property, plant and equipment of $13,389,354 and goodwill of $6,324,659.

B. Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, and etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of December 31, 2019, the Company recognized deferred income tax assets amounting to $3,498,489.

C. 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, 2019, the carrying amount of inventories was $2,066,971.

D. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined by considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2019, the carrying amount of unlisted stocks was $1,438,622.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 11	$ 14
Checking accounts and demand deposits	1,207,317	549,672
Time deposits	922,935	1,453,000
Bonds sold under repurchase agreement	182,002	1,010,022
	$ 2,312,265	$ 3,012,708

The Company 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.

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

	December 31, 2019	December 31, 2018
Current items		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 193,778	$ 39,715
Valuation adjustment	56,122	1,208
	249,900	40,923
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	130,172	121,722
Valuation adjustment	27,590	(121,722)
	157,762	-
	$ 407,662	$ 40,923

A. The net gain recognized by the Company amounted to $193,066 and $4,504, respectively for the years ended December 31, 2019 and 2018.

B. Information on credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Listed stocks	$ 429,217	$ 429,217
Emerging stocks	-	25,218
Unlisted stocks	1,323,459	1,298,241
	1,752,676	1,752,676
Valuation adjustment	(286,839)	(654,759)
	$ 1,465,837	$ 1,097,917

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

	Years ended December 31	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 367,920	($ 468,008)
Cumulative losses reclassified to retained earnings due to derecognition	$ -	$ -
Held at end of year	$ 13,789	$ 12,910

B. As at December 31 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $1,465,837 and $1,097,917, respectively.

C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 813,367	$ 521,031
Less: Allowance for uncollectible accounts	-	-
	$ 813,367	$ 521,031
Accounts receivable	$ 3,896,435	$ 4,095,798
Less: Allowance for uncollectible accounts	(333)	(19,254)
	$ 3,896,102	$ 4,076,544

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

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 3,651,561	$ 813,367	$ 3,859,663	$ 458,619
Up to 30 days	162,104	-	160,074	62,412
31 to 90 days	23,291	-	33,401	-
91 to 180 days	15,389	-	28,713	-
Over 180 days	44,090	-	13,947	-
	$ 3,896,435	$ 813,367	$ 4,095,798	$ 521,031

The above ageing analysis was based on past due date.

B. The Company holds bank deposits, commercial papers, financial assets as well as machinery and equipment as collateral for accounts receivable. The fair values of the collateral held cannot be reasonably estimated by the Company since it is impracticable to assess the fair values.

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

(5) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 415,435	($ 34,673)	$ 380,762
Work in progress	1,054,976	(186,239)	868,737
Finished goods	1,119,442	(301,970)	817,472
	$ 2,589,853	($ 522,882)	$ 2,066,971

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 785,232	($ 32,559)	$ 752,673
Work in progress	1,212,443	(213,584)	998,859
Finished goods	1,630,100	(497,097)	1,133,003
	$ 3,627,775	($ 743,240)	$ 2,884,535

Expense and loss incurred on inventories for the years ended December 31, 2019 and 2018 were as follows:

	Years ended December 31	
	2019	2018
Cost of goods sold	$ 11,647,651	$ 13,970,940
Effect of recoverable amounts written off	(776)	(280,504)
Scrap loss	237,754	267,636
(Gain on reversal of dscline) loss on decline in market value	(220,358)	256,566
Loss on idle capacity	913,512	558,718
	$ 12,577,783	$ 14,773,356

(6) Investments accounted for using the equity method

	December 31, 2019	December 31, 2018
Subsidiaries:		
Lighting Investment Corp (Note 1)	$ 2,081,416	$ 1,928,717
Epistar JV Holding (BVI) Co., Ltd (Note 2)	9,030,452	10,268,739
Yen-Rich Technology Corporation (Note 3)	1,123,339	232,509
Full Star Enterprises Limited	257,907	250,537
Ecoled Venture Co., Limited	-	(6,858)
SH Optotech Co., Ltd.	3,192	9,810
GaN Ventures Co., Limited	12,919	124,306
iReach Corporation	48,974	37,606
Unikorn Semiconductor Corporation (Note 4)	571,113	933,330
ProLight Opto Technology Corporation(Note 5)	88,278	-
GaN Force Corporation	56,283	-
Add: Non-current credit balance reclassified to other liabilities	-	6,858
	13,273,873	13,785,554
Associates:		
Nan Ya Photonics Incorporation	450,672	387,627
Tekcore Co., Ltd.	37,788	62,978
TE Opto Corporation	45,524	43,557
ProLight Opto Technology Corporation(Note 5)	-	97,043
	533,984	591,205
	$ 13,807,857	$ 14,376,759

Note 1: Lighting Investment Corp. proceeded with a simple merger with EPI Crystal Investment Inc. on July 1, 2018. Lighting Investment Corp. was the surviving company while EPI Crystal Investment Inc. was the dissolved company.

Note 2: Epistar JV Holding (BVI) Co., Ltd. proceeded with a simple merger with UEC Investment Ltd., Bee Rich Corporation and HUGA Holding (BVI) Limited on November 1, 2018. Epistar JV Holding (BVI) Co., Ltd was the surviving company while UEC Investment Ltd., Bee Rich Corporation and HUGA Holding (BVI) Limited were the dissolved companies.

Note 3: In September 2018, Zheng-Yi Technolgy Corporation has been renamed as Yen-Rich Technology Corporation.

Note 4: On October 1, 2018, the parent company established the Unikorn Semiconductor Corporation due to the spin-off and transfer of its operation for iii－v semiconductors OEM business.

Note 5：The company became one of the Company’s subsidiaries starting from April 11, 2019.

A. Subsidiaries

Information on subsidiaries is provided in Note 4(3) of the 2019 consolidated financial statements.

B. Associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2019	Shareholding ratio December 31, 2018	Nature of relationship	Methods of measurement
Nan Ya Photonics Incorporation	Taiwan	40.80%	40.80%	Associates	Equity method
ProLight Opto Technology Corporation	Taiwan	Note	12.71%	Note	Equity method

Note : The company became one of the Company's subsidiaries starting from April 11, 2019.

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Nan Ya Photonics Incorporation December 31, 2019	Nan Ya Photonics Incorporation December 31, 2018
Current assets	$ 1,073,694	$ 929,990
Non-current assets	160,550	130,111
Current liabilities	(146,214)	(128,743)
Non-current liabilities	(9,481)	(9,520)
Total net assets	$ 1,078,549	$ 921,838
Share in associate's net assets	$ 429,788	$ 366,743
Goodwill	20,884	20,884
Carrying amount of the associate	$ 450,672	$ 387,627

	Prolight Opto Technology Corporation December 31, 2019	Prolight Opto Technology Corporation December 31, 2018
Current assets	$ -	$ 527,783
Non-current assets	-	521,627
Current liabilities	-	(185,033)
Non-current liabilities	-	(105,323)
Total net assets	$ -	$ 759,054
Share in associate's net assets	$ -	$ 56,070
Goodwill	-	40,973
Carrying amount of the associate	$ -	$ 97,043

Statement of comprehensive income

	Nan Ya Photonics Incorporation	
	Years ended December 31	
	2019	2018
Revenue	$ 715,223	$ 879,307
Gain for the period from continuing operations	$ 98,098	$ 90,519
Other comprehensive income, net of tax	122,470	155,488
Total comprehensive income	$ 220,568	$ 246,007
Dividends received from associates	$ 27,359	$ -

	Prolight Opto Technology Corporation	
	Years ended December 31	
	2019	2018
Revenue	$ 134,787	$ 612,433
Loss for the period from continuing operations	($ 5,829)	($ 40,088)
Other comprehensive loss, net of tax	-	(170)
Total comprehensive loss	($ 5,829)	($ 40,258)
Dividends received from associates	$ -	$ -

(c) The carrying amount of the Company's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2019 and 2018, the carrying amount of the Company's individually immaterial associates amounted to $83,312 and $106,535, respectively.

	Years ended December 31	
	2019	2018
Loss for the year from continuing operations	($ 106,092)	($ 9,563)
Other comprehensive loss	(63)	(435)
Total comprehensive loss	($ 106,155)	($ 9,998)

C. The investment loss from equity method investees for the years ended December 31, 2019 and 2018 amounted to $1,047,846 and $248,225, respectively.

D. The other comprehensive loss from equity method investees for the years ended December 31, 2019 and 2018 amounted to $340,215 and $291,962, respectively.

E. The Company's investment in Tekcore Co., Ltd. has a quoted market price. The fair value of Tekcore Co., Ltd. as of December 31, 2019 and 2018 was $100,024 and $117,437, respectively.

F. The Group disposed all its shares of Tops Electrical Technology Co., Led. on March 29, 2018 and recognised loss on disposal of investments amounting to $898.

G. The Group lost significant influence over PlayNitride Inc. as the shares of PlayNitride Inc. owned by the Group were less than 20% on March 6, 2018, therefore, the Group reclassified it into financial assets at fair value through other comprehensive income and recognised gains on disposal of investments amounting to $105,276 in accordance with IFRSs.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2019								
Cost	$ 124,661	$ 12,379,159	$ 31,080,964	$ 3,287	$ 135,846	$ 84,143	$ 1,382,330	$ 45,190,390
Accumulated depreciation and impairment	-	(6,443,242)	(23,218,745)	(3,287)	(92,033)	(47,519)	-	(29,804,826)
	$ 124,661	$ 5,935,917	$ 7,862,219	$ -	$ 43,813	$ 36,624	$ 1,382,330	$ 15,385,564
2019								
Opening net book amount at January 1	$ 124,661	$ 5,935,917	$ 7,862,219	$ -	$ 43,813	$ 36,624	$ 1,382,330	$ 15,385,564
Additions	-	10,114	9,292	-	990	130	1,411,958	1,432,484
Transfer	-	672,829	1,477,806	-	9,899	7,753	(2,168,287)	-
Disposals	-	(15,230)	(175,227)	-	(1,123)	-	-	(191,580)
Reclassifications	138,524	245,568	(5,655)	-	(684)	-	(96,845)	280,908
Depreciation charge	-	(780,397)	(2,537,390)	-	(14,311)	(9,201)	-	(3,341,299)
Impairment loss	-	(37,799)	(123,797)	-	-	(15,126)	-	(176,722)
Closing net book amount at December 31	$ 263,185	$ 6,031,002	$ 6,507,248	$ -	$ 38,584	$ 20,180	$ 529,156	$ 13,389,355
At December 31, 2019								
Cost	$ 263,185	$ 12,792,662	$ 29,175,858	$ 3,287	$ 108,082	$ 91,051	$ 529,156	$ 42,963,281
Accumulated depreciation and impairment	-	(6,761,660)	(22,668,610)	(3,287)	(69,498)	(70,871)	-	(29,573,926)
	$ 263,185	$ 6,031,002	$ 6,507,248	$ -	$ 38,584	$ 20,180	$ 529,156	$ 13,389,355

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2018								
Cost	$124,661	$11,748,150	$ 30,072,874	$ 3,287	$ 140,327	$ 85,438	$ 1,835,073	$ 44,009,810
Accumulated depreciation and impairment	-	(5,752,302)	(21,101,494)	(2,993)	(102,145)	(40,870)	-	(26,999,804)
	$124,661	$ 5,995,848	$ 8,971,380	$ 294	$ 38,182	$ 44,568	$ 1,835,073	$ 17,010,006
2018								
Opening net book amount at January 1	$124,661	$ 5,995,848	$ 8,971,380	$ 294	$ 38,182	$ 44,568	$ 1,835,073	$ 17,010,006
Spinoff and assignments transition	-	6,094	227,784	-	2,235	-	2,907,939	3,144,052
Additions	-	(48,349)	(180,431)	-	-	-	-	(228,780)
Transfer	-	-	(99,733)		-		-	(99,733)
Disposals	-	(408)	136,057	-	-	-	21,033	156,682
Reclassified to non-current assets held for sale	-	807,485	2,201,248	-	17,827	1,517	(3,028,077)	-
Reclassifications	-	-	(285,427)	-	-	(763)	(353,638)	(639,828)
Depreciation charge	-	(707,425)	(2,768,336)	(294)	(14,431)	(8,698)	-	(3,499,184)
Impairment loss	-	(117,327)	(340,323)	-	-	-	-	(457,650)
Closing net book amount at December	$124,661	$ 5,935,918	$ 7,862,219	$ -	$ 43,813	$ 36,624	$ 1,382,330	$ 15,385,565
At December 31, 2018								
Cost	$124,661	$12,379,159	$ 31,080,964	$ 3,287	$ 135,846	$ 84,143	$ 1,382,330	$ 45,190,390
Accumulated depreciation and impairment	-	(6,443,241)	(23,218,745)	(3,287)	(92,033)	(47,519)	-	(29,804,825)
	$124,661	$ 5,935,918	$ 7,862,219	$ -	$ 43,813	$ 36,624	$ 1,382,330	$ 15,385,565

(8) Leasing arrangements－lessee

Effective 2019

A. The Group leases various assets including land, buildings, machinery, transportation equipment and office equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise buildings, transportation equipment and office equipment. Low-value assets comprise office equipment.

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

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Land	$ 1,202,185	$ 45,241
Buildings	32,095	9,427
Machinery and equipment	3,255	13,378
Transportation equipment	4,754	5,360
Office equipment	27,646	9,520
	$ 1,269,935	$ 82,926

D. For the year ended December 31, 2019, the additions to right-of-use assets was $17,422.

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

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 25,501
Expense on short-term lease contracts	10,060
Expense on leases of low-value assets	3,157

F. For the year ended December 31, 2019, the Group's total cash outflow for leases was $102,921.

(9) Intangible assets

	Patents	Acquired special technology	Software	Goodwill	Others	Total
At January 1, 2019						
Cost	$ 2,214,280	$ 64,652	$ 309,302	$ 6,324,659	$ 30,442	$ 8,943,335
Accumulated amortisation and impairment	(1,108,970)	(63,403)	(189,657)	-	(24,592)	(1,386,622)
	$ 1,105,310	$ 1,249	$ 119,645	$ 6,324,659	$ 5,850	$ 7,556,713
2019						
Opening net book amount as at January 1	$ 1,105,310	$ 1,249	$ 119,645	$ 6,324,659	$ 5,850	$ 7,556,713
Additions－acquired separately	6,293	-	37,927	-	1,438	45,658
Disposals	(4,189)	-	(1,682)	-	-	(5,871)
Reclassifications	8,483	-	2,953	-	2,400	13,836
Amortisation charge	(186,653)	(254)	(57,075)	-	(2,966)	(246,948)
Closing net book amount as at December 31	$ 929,244	$ 995	$ 101,768	$ 6,324,659	$ 6,722	$ 7,363,388
At December 31, 2019						
Cost	$ 2,223,811	$ 64,651	$ 348,035	$ 6,324,659	$ 34,279	$ 8,995,435
Accumulated amortisation and impairment	(1,294,567)	(63,656)	(246,267)	-	(27,557)	(1,632,047)
	$ 929,244	$ 995	$ 101,768	$ 6,324,659	$ 6,722	$ 7,363,388

	Patents	Acquired special technology	Software	Goodwill	Others	Total
At January 1, 2018						
Cost	$ 2,148,660	$ 63,381	$ 251,363	$ 6,324,659	$ 29,010	$ 8,817,073
Accumulated amortisation and impairment	(907,224)	(63,381)	(140,555)	-	(21,756)	(1,132,916)
	$ 1,241,436	$ -	$ 110,808	$ 6,324,659	$ 7,254	$ 7,684,157
2018						
Opening net book amount as at January 1	$ 1,241,436	$ -	$ 110,808	$ 6,324,659	$ 7,254	$ 7,684,157
Additions－acquired separately	59,133	1,270	57,939	-	1,432	119,774
Reclassifications	6,487	-	-	-	-	6,487
Amortisation charge	(201,746)	(21)	(49,102)	-	(2,836)	(253,705)
Closing net book amount as at December 31	$ 1,105,310	$ 1,249	$ 119,645	$ 6,324,659	$ 5,850	$ 7,556,713
At December 31, 2018						
Cost	$ 2,214,280	$ 64,652	$ 309,302	$ 6,324,659	$ 30,442	$ 8,943,335
Accumulated amortisation and impairment	(1,108,970)	(63,403)	(189,657)	-	(24,592)	(1,386,622)
	$ 1,105,310	$ 1,249	$ 119,645	$ 6,324,659	$ 5,850	$ 7,556,713

Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2019	2018
Operating costs	$ 114,803	$ 110,588
Selling expenses	4,576	7,283
Administrative expenses	45,916	44,789
Research and development expenses	81,653	91,045
	$ 246,948	$ 253,705

(10) Impairment of non-financial assets

A. During the years ended December 31, 2019 and 2018, the reallocation of production lines resulted in the impairment of the Company's property, plant and equipment and non-current assets classified as held for sale. The Company adjusted recoverable amounts of property, plant and equipment as well as non-current assets classified as held for sale and recognised impairment losses amounting to $178,603 and $615,949, respectively. The recoverable amounts are the fair values less costs of disposal, the fair values were classified to level 3 and the impairment losses are detailed below:

	Years ended December 31			
	2019		2018	
	Recognised in profit or loss		Recognised in profit or loss	
Impairment loss - buildings and structures	$	37,799	$	117,327
Impairment loss - machinery		123,797		340,323
Impairment loss - office quipment		15,126		-
Impairment loss - non-current assets held for sale		1,881		158,299
	$	178,603	$	615,949

B. Goodwill is allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, therefore goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Year ended December 31, 2019			Year ended December 31, 2018		
	1st year	2~5 years	After 6th year	1st year	2~5 years	After 6th year
Revenue growth rate	33.55%	6.82%~ 14.7%	0.00%	26.63%	9.87%~ 30.11%	0.00%
Gross margin rate	17.59%	28.4%~ 34.9%	34.80%	15.56%	23.0%~ 26.8%	26.80%
Discount rate	11.39%	11.39%	11.39%	14.20%	14.20%	14.20%

(a) Revenue growth rate: Estimation refers to relevant market information and relevant operating and sales plan.

(b) Gross margin rate: Estimation refers to historical data and relevant operating and sales plan.

(c) Discount rate: The rate before tax and reflecting specific risk of relevant operating segment.

(11) Non-current assets held for sale

Assets of disposal group classified as held for sale:

	December 31, 2019		December 31, 2018	
Property, plant and equipment	$	827	$	388,500

(12) Short-term borrowings

December 31,2019：None.

Type of borrowings	December 31, 2018		Interest rate range	Collaterals
Unsecured bank borrowings	$	449,295	0.90%~3.10%	None

(13) Other payables

Items	December 31, 2019	December 31, 2018
Payables on wages, salaries and bonus	$ 337,196	$ 475,216
Compensation due to employees, directors and supervisors	69,516	69,516
Payables on personnel expense	37,040	57,460
Payable on machinery and equipment	389,902	953,241
Payables on consumable goods and equipment repair expense	231,126	531,381
Payables on processing fees	179,244	97,381
Payables on reticle expense	17,575	26,478
Payables on gas expense	67,166	74,007
Payables on insurance expense	3,425	7,248
Payable on intangible assets	47,159	47,159
Others	363,991	513,127
	$ 1,743,340	$ 2,852,214

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2019
Secured borrowings	Before October 29, 2022	$ 99,808
Unsecured borrowings	November 2, 2021 Repay fully at maturity	500,000
Unsecured borrowings	Before November 5, 2024	390,000
		989,808
Less: Current portion		(78,561)
		$ 911,247
Interest rate range		1.20%~1.26%

Type of borrowings	Borrowing period and repayment term	December 31, 2018
Secured borrowings	Before October 29, 2022	$ 137,971
Unsecured borrowings	Before December 30, 2019	127,143
Unsecured borrowings	November 2, 2021 Repay fully at maturity	10,000
Unsecured borrowings	January 31, 2020 Repay fully at maturity	300,000
		575,114
Less: Current portion		(165,306)
		$ 409,808
Interest rate range		1.00%~1.39%

The Company, Formosa Inc. and Jiangsu Canyang Optoelectronics Ltd have signed a syndicated contract with 7 financial institutions including Land Bank of Taiwan. The lead bank is Land Bank of Taiwan. The credit granting period is 3 years from the first drawing date, May 30, 2016. Before the maturity, the granting period can be extended for 2 years upon application.The loan has been paid off in advance and the credit line has been cancelled on May 30, 2018.

A. Credit lines are as follows:

(a) Tranche (A): Credit line is $4,000,000. Details of Tranche A are as follows:

i Tranche (A-1): To redeem the 2nd overseas convertible bond and the former facility of Tranche (B) of Formosa Inc., the credit line is $1,500,000 which can be drawn separately but cannot be redrawn.

ii Tranche (A-2): Funds for fulfilling the Company's mid-term operational needs. Credit line is $2,500,000 and can be redrawn.

(b) Tranche (B): Credit line is $1,600,000. Details of Tranche B are as follows:

i Tranche (B-1): To repay former financial debt of Formosa Inc., the credit line is $600,000 and cannot be redrawn.

ii Tranche (B-2): To fulfil midterm operating capital, the credit line is $1,000,000 and can be redrawn.

(c) The balance of Tranche (A) and Tranche (B) cannot exceed the total credit line.

(d) Tranche (C): Credit line is US$19,000 thousand. Details of Tranche C are as follows:

Tranche (C-1): To repay financial debt of Jiangsu Canyang Optoelectronics Ltd., the credit line is USD 19,000 thousand and can be drawn at lump sum but cannot be redrawn.

B. The Company has promised to maintain the following financial ratios and conditions that are based on the audited consolidated financial statements within the credit granting period (if violating following financial rates, annual rates of 0.125% should be added in accordance with contract):

(a) Current ratio more than or equal to 100%;

(b) Debt ratio less or equal to 100%;

(c) Times interest earned ratio no less than 400%;

(d) Tangible net worth (shareholders' equity - intangible assets) not less than $45,000,000 (inclusive).

C. Due to the business combination of the Company and Formosa Inc. on September 29, 2016, the aforementioned Tranche (B), Tranche (B-1) and Tranche (B-2) are not applicable to the contract.

D. The Company's financial commitments to borrowing from Taipei Fubon Commercial Bank Co., Ltd:

Financial commitments (after the first drawn, following financial ratios shall maintain in the duration):

i. Current ratio shall exceed (including) 100%.

ii. Interest coverage ratio shall exceed (including) 4.

iii. Debt ratio shall below (including) 100%.

iv. Tangible net assets: shall exceed NTD 45 billion.

Aforementioned ratios of financial commitment were calculated based on the audited annual consolidated financial statements which will be reviewed once a year. If the financial ratios were violated the restriction, the interest rate plus 0.15%. If the financial ratio were not improved in the continuous 2 periods, the facility shall be examined.

(15) Pensions

A. (a) The Company has a defined benefit pension plans in accordance with the Labor Standards Law, covering all regular employees for services provided prior to July 1, 2005, and employees who choose to remain in the defined benefit pension plan subsequent to the enforcement of the Labor Pension Act on July 1, 2005. Under the defined benefit pension plan, employees are entitled to two base points for every year of service for the first 15 years and one base point for each additional year thereafter, up to a maximum of 45 base points. The pension payment to employees is computed based on years of service and average salaries or wages of the last six months prior to approved retirement. The Company contributes an amount equal to 2% of salaries and wages paid each month to a pension fund. The pension fund is administered by a pension fund monitoring committee (the "Committee") and deposited under the Committee's name in the Bank of Taiwan.

Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of 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 qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 360,068)	($ 357,293)
Fair value of plan assets	280,240	257,354
Net defined benefit liability	($ 79,828)	($ 99,939)

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

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 357,293)	$ 257,354	($ 99,939)
Current service cost	(1,424)	-	(1,424)
Interest (expense) income	(3,566)	2,628	(938)
Past service cost	5,159	-	5,159
Benefits paid	566	(566)	-
	(356,558)	259,416	(97,142)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	8,883	8,883
Change in demographic assumptions	(3,304)	-	(3,304)
Change in financial assumptions	(12,511)		(12,511)
Experience adjustments	12,305	-	12,305
Pension fund contribution	(3,510)	8,883	5,373
Paid pension	-	11,941	11,941
At December 31	($ 360,068)	$ 280,240	($ 79,828)

	2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 380,000)	$ 239,145	($ 140,855)
Current service cost	(1,750)	-	(1,750)
Interest (expense) income	(4,738)	3,064	(1,674)
Benefits paid	3,783	(3,783)	-
	(382,705)	238,426	(144,279)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,411	6,411
Change in demographic assumptions	(105)	-	(105)
Change in financial assumptions	(13,014)		(13,014)
Experience adjustments	38,531	-	38,531
Pension fund contribution	25,412	6,411	31,823
Paid pension	-	12,517	12,517
At December 31	($ 357,293)	$ 257,354	($ 99,939)

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

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

	Years ended December 31	
	2019	2018
Discount rate	0.75%	1.00%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated separately based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 12,483)	$ 13,079	$ 12,883	($ 12,363)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 13,020)	$ 13,663	$ 13,492	($ 12,926)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. 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 method and assumptions used for the preparation of sensitivity analysis during 2019 and during 2018 are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the next year ending December 31, 2020 amounts to $11,619.

(g) As of December 31, 2019, the weighted average duration of that retirement plan is 14 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 contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2019 and 2018 were $119,928 and $130,589, respectively.

(16) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	2017.09.26	20,000	2 years	Note

Note : The Board of Directors adopted a resolution to transfer 20,000 thousand treasury stocks to employees with a subscription price of NT$26.9 and without transfer restriction during the meeting on September 26, 2017. If employees resign during the vesting period, they are obliged to compensate for the difference between closing market price and the subscription price on the date of security delivery which is under the discretion of the Chairperson.

(17) Long-term deferred revenue (shown under "Other non-current liabilities")

	December 31, 2019	December 31, 2018
Government grants revenue	$ 13,765	$ 5,358
Deferred technical services revenue	12,307	16,266
	$ 26,072	$ 21,624

A. The Company obtained government grants for acquisitions of equipment and technology investments and recognized such grants as revenue over the economic lives of those assets. Government grants revenue recognized for the years ended December 31, 2019 and 2018 were $45,523 and $7,381 (shown under 'Other revenue'), respectively.

B. In 2009 and 2018, the Company signed a technical and patent permissions contract with Lite field Corporation (Dalian) LTD. and QL Light Source, and recognises technical services and royalty revenue over the contract periods. The service revenue recognised for the years ended December 31, 2019 and 2018 were $12,307 and $16,266, respectively.

(18) Share capital

A. As of December 31, 2019, the Company's authorized capital was $13,000,000, consisting of 1,300,000 thousand shares of ordinary stock (including 35,000 thousand shares reserved for employee stock options), and the paid-in capital was $10,887,014 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2019	2018
At January 1	1,083,051	1,075,836
Repurchase of treasury stocks	(4,715)	(3,085)
Treasury stocks transferred to employees	-	10,300
At December 31	1,078,336	1,083,051

B. Pursuant to the issuance of global depositary receipts (GDRs), the Company issued 135 million shares of common stocks for $1,350,000 thousand dollars. On September 22, 2009, the issuance of GDRs was completed and the GDRs are traded on the Luxembourg Stock Exchange. The total GDRs issued were 27,000,000 units, each represented 5 common shares and US $13 (in dollars) per unit, amounting to US $351 million.As of December 31, 2019, the Company's outstanding units of GDRs amounted to 6,023 units.

C. On October 1, 2018, the total operating assets and liabilities of iii-v semiconductors OEM business for Spin-off and assignments to Unikorn Semiconductor Corporation were $1,000,000 and $0, respectively. Unikorn Semiconductor Corporation issued 100 million shares, at a price of $10 per share (par value of $5), to exchange the abovementioned assets and liabilities. The details are as follows:

Assets	October 1, 2018
Bank deposits	$ 360,172
Property, plant and equipment	639,828
	$ 1,000,000

D. Treasury shares

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

Thousand shares/Thousand

	Year ended December 31, 2019				
Reason for reacquisition	Beginning balance	Increase	Decrease	Ending balance	Book value
Held by subsidiaries	2,565	-	-	2,565	$ 135,163
Held by the Company	3,085	4715	-	7,800	190,327

	Year ended December 31, 2018				
Reason for reacquisition	Beginning balance	Increase	Decrease	Ending balance	Book value
Held by subsidiaries	2,565	-	-	2,565	$ 135,163
Held by the Company	-	3,085	-	3,085	75,845
To be reissued to employees	10,300	-	(10,300)	-	-

(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 realised 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.

E. Information of the Company's shares held by subsidiaries – Lighting Investment Corporation is as follows:

	December 31, 2019	December 31, 2018
Shares	2,565 thousand shares	2,565 thousand shares
Book value	$ 135,163	$ 135,163
Fair value	$ 82,970	$ 65,658

(19) Capital surplus

A. Pursuant to the Company Act, capital surplus, including additional paid-in capital in excess of par and donation, shall be exclusively used to cover accumulated deficit or to issue new stock or cash to shareholders in proportion to their ownership when the Company has no accumulated deficit. However, pursuant to the R.O.C. Securities and Exchange Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

B. The shareholders resolved at their meeting on June 21, 2018 to issue cash to shareholders from capital surplus of $121,765.

C. The shareholders resolved at their meeting on June 20, 2019 to issue cash to shareholders from capital surplus of $324,270.

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Change in net equity of associates and joint ventures accounted for under equity method
At January 1, 2019	$ 38,308,747	$ 195,387	$ 840,155	$ 105,198	$ 66,192
Cash from capital surplus	(324,270)	-	-	-	-
Treasury stocks transferred to employees	-	-	-	-	7,304
Net change in the equity of associates	-	-	14,059	-	-
At December 31, 2019	$ 37,984,477	$ 195,387	$ 854,214	$ 105,198	$ 73,496

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Change in net equity of associates and joint ventures accounted for under equity method	Employee restricted shares
At January 1, 2018	$ 38,430,512	$ 47,649	$ 834,683	$ 105,930	$ 524,287	$ 27,906
Cash from capital surplus	(121,765)	-	-	-	-	-
Treasury stocks Transferred to employees	-	145,686	-	-	-	(27,906)
Net change in the equity of associates	-	-	-	-	(458,095)	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(732)	-	-
Changes in ownership interest in subsidiaries accounted for using equity method	-	-	5,472	-	-	-
Capital surplus adjustment due to dividend paid to subsidiaries	-	2,052	-	-	-	-
At December 31, 2018	$ 38,308,747	$ 195,387	$ 840,155	$ 105,198	$ 66,192	$ -

(20) Unappropriated retained earnings (accumulated deficit)

	2019	2018
At January 1	$ 479,888	$ 1,614,226
Effect of retrospective application and retrospective restatement	-	46,946
Profit (loss) for the year	(3,753,797)	(456,146)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	(1,071)
Remeasurement of defined benefit obligations	4,287	25,129
Capital surplus used to offset accumulated deficits	-	-
Appropriation of earnings	-	(749,196)
At December 31	($ 3,269,622)	$ 479,888

A. In accordance with the Company's Articles of Incorporation, 10% of current year's earnings, after paying all taxes and dues and covering prior years' losses, shall be appropriated as legal reserve until the total equals the issued share capital. Special reserve shall be appropriated or reversed when needed. The remaining earnings along with the prior years' accumulated unappropriated earnings are considered as distributable earnings, and shall be retained and appropriated in proportion to the number of shares held by each shareholder accordingly.

B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.

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 special reserve is reversed accordingly and could be included in the distributable earnings.

E. The earnings appropriation as resolved by the Board of Directors on June 21, 2018 is as follows:

	Year ended December 31, 2017	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 161,423	$ -
Reversal of special reserve	703,607	-
Cash dividends	749,196	0.688156
	$ 1,614,226	

F. The appropriations of 2018 deficit had been resolved at the shareholders' meeting on June 20, 2019 that offset the deficits by special reserve amounting to $385,142.

G. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(28).

(21) Other equity items

	Currency translation differences	Unrealized gain or loss on available-for-sale financial assets	Total
At January 1, 2019	($ 818,175)	($ 499,815)	($ 1,317,990)
Revaluation - gross	388,784	-	388,784
Revaluation - tax	(70,757)	-	(70,757)
Disposal of investments accounted for using equity method	-	3,332	3,332
Currency translation			
–Group	-	(354,694)	(354,694)
–Tax on Group	-	70,939	70,939
–Associates	-	(6,374)	(6,374)
–Tax on associates	-	1,275	1,275
At December 31, 2019	($ 500,148)	($ 785,337)	($ 1,285,485)

	Currency translation differences	Unrealized gain or loss on available-for-sale financial assets	Total
At January 1, 2018	($ 268,293)	($ 415,950)	($ 684,243)
Effect of retrospective application and retrospective restatement	(52,055)	3,595	(48,460)
Revaluation - gross	(616,461)	-	(616,461)
Revaluation - tax	117,563	-	117,563
Revaluation transferred to retained earnings - gross	1,071	-	1,071
Disposal of investments accounted for using equity method	-	5,439	5,439
Currency translation			
–Group	-	(208,330)	(208,330)
–Tax on Group	-	63,311	63,311
–Associates	-	65,150	65,150
–Tax on associates	-	(13,030)	(13,030)
At December 31, 2018	($ 818,175)	($ 499,815)	($ 1,317,990)

(22) Operating revenue

	Years ended December 31	
	2019	2018
Revenue from contracts with customers:		
Sales revenue	$ 12,401,150	$ 17,143,453
Services revenue	20,449	43,115
Other operating revenue	3,635	3,204
	$ 12,425,234	$ 17,189,772

(23) Other income and expenses– net

	Years ended December 31	
	2019	2018
Other income		
Royalty and technical income	$ 76,091	$ 118,742
Government grants revenue	45,523	7,381
	$ 121,614	$ 126,123

(24) Other income

	Years ended December 31	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 14,404	$ 17,467
Net currency exchange gains	5,279	58,940
Other interest income	13,842	14,213
Total interest income	33,525	90,620
Rental revenue	146,951	56,027
Dividend income	13,789	12,910
Miscellaneous income	119,739	179,781
Total	$ 314,004	$ 339,338

(25) Other gains and losses

	Years ended December 31	
	2019	2018
Net gains on financial assets at fair value through profit or loss	$ 193,066	$ 4,504
Impairment loss on non-financial assets	(178,603)	(615,949)
Losses on disposal of property, plant and equipment	89,361	(126,690)
Gains on disposal of intangible assets	5,698	-
Gains on disposal of investments	(20,001)	100,804
Bargain purchase gains	23,541	-
Net currency exchange (losses) gains	(110,219)	7,827
Miscellaneous losses	(119,089)	(60,214)
	($ 116,246)	($ 689,718)

(26) Finance costs

	Years ended December 31	
	2019	2018
Interest expense:		
Bank borrowings	$ 9,255	$ 16,927
Net currency exchange gains	545	(256)
Other interest expense	26,964	12,106
	36,764	28,777
Less: capitalisation of qualifying assets	-	(755)
	$ 36,764	$ 28,022

(27) Expenses by nature

	Years ended December 31	
	2019	2018
Employee benefit expenses	$ 3,092,720	$ 3,495,523
Depreciation charges on property, plant and equipment (Note)	$ 3,424,225	$ 3,499,184
Amortisation charges on intangible assets	$ 246,948	$ 253,705

Note: Depreciation amounting to $124,572 and $35,887 were recognized as a deduction of rental revenue for the years ended December 31, 2019 and 2018, respectively.

(28) Employee benefit expenses

	December 31, 2019	December 31, 2018
Wages and salaries	$ 2,615,131	$ 2,976,529
Labor and health insurance expenses	231,931	241,004
Pension costs	120,131	134,013
Other personnel expenses	125,527	143,977
	$ 3,092,720	$ 3,495,523

A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 10%~20% and 2% of the distributable profit of the current year, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.

The abovementioned distributable profit of the current year refers to the current year's income before tax (excluding put option, call option, conversion right and reacquisition of corporate bonds on overseas convertible bond that are recorded in other gains and losses) less the profit prior to the appropriation of employees' compensation and directors' remuneration.

B. The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2018, the Company incurred loss and thus did not accrue employees' compensation and directors' and supervisors' remuneration.

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

(29) Income tax

A. Income tax expense (benefit)

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

	Years ended December 31	
	2019	2018
Current tax:		
Current tax on profits for the year	($ 6,395)	$ 9,734
Tax of foreign source income withheld at source	(37,049)	27,100
Total current tax	(43,444)	36,834
Deferred tax:		
Origination and reversal of temporary differences	175,520	(403,591)
Total deferred tax	175,520	(403,591)
Income tax expense (benefit)	$ 132,076	($ 366,757)

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

	Years ended December 31	
	2019	2018
Changes in fair value of financial assets at fair value through other comprehensive income	$ 70,757	($ 117,563)
Currency translation differences	(72,214)	(50,281)
Remeasurement of defined benefit obligations	1,074	6,365
	($ 383)	($ 161,479)

B. Reconciliation between income tax (benefit) expense and accounting profit:

	Years ended December 31	
	2019	2018
Tax calculated based on profit (losses) before tax and statutory tax rate	($ 724,344)	($ 154,846)
Expenses disallowed and tax exempted income by tax regulation	(3,452)	(90)
Temporary differences not recognised as deferred tax assets	-	(189,842)
Taxable loss not recognised as deferred tax assets	795,186	226,033
Investment tax not recognised as deferred tax assets	101,735	-
Prior year income tax (over) underestimation	(37,049)	27,100
Effect from changes in tax regulation	-	(275,112)
Income tax expense (benefit)	$ 132,076	($ 366,757)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credit are as follows:

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
—Temporary differences:				
Unrealized loss on inventory	$ -	$ 47,767	$ -	$ 47,767
Unrealized exchange loss	-	20,345	-	20,345
Unrealized sales returns and discounts	38,338	(21,432)	-	16,906
Investment loss under equity method	561,842	233,344	-	795,186
Impairment loss for non-financial assets	43,101	-	-	43,101
Loss on valuation of financial assets	254,828	-	(137,908)	116,920
Impairment loss for financial assets	47	-	-	47
Deferred revenue	540	2,181	-	2,721
Currency translation differences	628,485	-	221,819	850,304
Unrealized pension	27,034	(1,832)	(1,074)	24,128
Others	183,559	(56,729)	-	126,830
Tax losses	1,907,130	(171,151)	-	1,735,979
Investment tax credit	119,990	(101,735)	-	18,255
Subtotal	$ 3,764,894	($ 49,242)	$ 82,837	$ 3,798,489

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax liabilities:				
Unrealized exchange gain	($ 47)	$ 47	$ -	$ -
Unrealized loss from sales	(17,157)	14,047	-	(3,110)
Bargain purchase gain	(22,670)	15,295	-	(7,375)
Investment gain under equity method	(532,707)	(31,356)	-	(564,063)
Gain on valuation of financial assets	(119,297)	-	60,515	(58,782)
Currency translation differences	(477,196)	-	(127,960)	(605,156)
Others	(214,557)	(124,311)	-	(338,868)
Subtotal	($ 1,383,631)	($ 126,278)	($ 67,445)	($ 1,577,354)
Total	$ 2,381,263	($ 175,520)	$ 15,392	$ 2,221,135

	2018			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
—Temporary differences:				
Unrealized exchange loss	$ 277	($ 277)	$ -	$ -
Unrealized sales returns and discounts	9,794	28,544	-	38,338
Unrealized loss from sales	4,949	(4,949)	-	-
Investment loss under equity method	501,414	60,428	-	561,842
Impairment loss for non-financial assets	102,221	(59,120)	-	43,101
Loss on valuation of financial assets	111,380	-	143,448	254,828
Impairment loss for financial assets	3,484	(3,437)	-	47
Deferred revenue	1,156	(616)	-	540
Currency translation differences	515,708	-	112,777	628,485
Unrealized pension	20,206	463	6,365	27,034
Others	8,884	174,675	-	183,559
Tax losses	1,474,101	433,029	-	1,907,130
Investment tax credit	119,990	-	-	119,990
Subtotal	$ 2,873,564	$ 628,740	$ 262,590	$ 3,764,894

	2018			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax liabilities:				
Unrealized exchange gain	$ -	($ 47)	$ -	($ 47)
Unrealized loss from sales	-	(17,157)	-	(17,157)
Bargain purchase gain	(36,272)	13,602	-	(22,670)
Investment gain under equity method	(504,009)	(28,698)	-	(532,707)
Gain on valuation of financial assets	(104,743)	-	(14,554)	(119,297)
Currency translation differences	(393,055)	-	(84,141)	(477,196)
Others	(27,235)	(187,322)	-	(214,557)
Subtotal	($ 1,065,314)	($ 219,622)	($ 98,695)	($ 1,383,631)
Total	$ 1,808,250	$ 409,118	$ 163,895	$ 2,381,263

D. Details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

	December 31, 2019		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment credit for stockholder	$ 499,950	$ 499,950	2020
Investment credit for stockholder	100,000	8,725	2021
Investment tax credits for industrial innovation	967,447	967,447	2020

	December 31, 2018		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment credit for stockholder	$ 499,950	$ -	2020
Investment credit for stockholder	100,000	-	2021
Investment tax credits for industrial innovation	793,193	793,193	2019
Investment tax credits for industrial innovation	967,447	967,447	2020

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

December 31, 2019						
Year incurred	Amount filed / assessed		Unused amount		Unrecognised deferred tax assets	Expiry year
2014	Assessed	$	3,948,345	$	3,948,345	2024
2015	Assessed		1,048,267		4,990	2025
2016	Assessed		3,408,870		-	2026
2018	Amount filed		852,051		-	2028
2019	Amount filed		3,375,698		-	2029

December 31, 2018						
Year incurred	Amount filed / assessed		Unused amount		Unrecognised deferred tax assets	Expiry year
2014	Assessed	$	3,948,345	$	-	2024
2015	Assessed		1,048,267		-	2025
2016	Assessed		3,408,870		-	2026
2018	Amount filed		852,051		-	2028

F. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows: None.

G. The Company's products qualify for "Regulations for Encouraging Manufacturing Enterprises and Technical Service Enterprises in the Newly Emerging, Important and Strategic Industries" and the Company is entitled to the income tax exemption for five consecutive years. The duration has been set to start from January 1, 2017.

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

I. 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.

(30) Losses per share

	Year ended December 31, 2019				
		Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)		Losses per share (in dollars)
Basic losses per share					
Losses attributable to the parent	($	3,753,797)	1,078,425	($	3.48)

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Losses attributable to the parent	($ 456,146)	1,084,686	($ 0.42)

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

	December 31, 2019	December 31, 2018
Purchase of property, plant and equipment	$ 1,432,484	$ 3,144,052
Add: Opening balance of payable on equipment	953,241	727,604
Add: Ending balance of prepayment for equipment	27,034	157,663
Less: Ending balance of payable on equipment	(389,902)	(953,241)
Less: Opening balance of prepayment for equipment	(157,663)	(330,245)
Cash paid during the year	$ 1,865,194	$ 2,745,833

Intangible assets:

	December 31, 2019	December 31, 2018
Purchase of intangible assets	$ 45,658	$ 119,774
Add: Opening balance of payables	142,218	177,597
Less: Ending balance of payables	(94,525)	(142,218)
Cash paid during the year	$ 93,351	$ 155,153

B. Partial cash investing activities

	December 31, 2019	December 31, 2018
Sale of property, plant and equipment	$ 282,639	$ 114,542
Add: Opening balance of receivables	46,327	30,140
Less: Ending balance of receivables	(169,499)	(46,327)
Cash collected during the year	$ 159,467	$ 98,355

C. Cash received from disposal of ownership interests in subsidiaries

	Years ended December 31	
	2019	2018
Disposal proceeds	$ -	$ 391,400
Less: Ending balance of receivables	-	(104,503)
Net cash provided by disposal of subsidiaries	$ -	$ 286,897

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee depostits received	Liabilities from financing activities-gross
At January 1, 2019	$ 449,295	$ 575,114	$ 1,402,458	$ 5,347	$ 2,432,214
Changes in cash flow from financing activities	(450,400)	414,694	(89,704)	(1,782)	(127,192)
Effect of exchange rate changes in borrowings	1,105	-	-	-	1,105
Effect of interest	-	-	25,501	-	25,501
Disposals	-	-	(29,002)	-	(29,002)
At December 31, 2019	$ -	$ 989,808	$ 1,309,253	$ 3,565	$ 2,302,626

	Short-term borrowings	Long-term borrowings	Guarantee depostits received	Liabilities from financing activities-gross
At January 1, 2018	$ 700,000	$ 2,645,833	$ 6,129	$ 3,351,962
Changes in cash flow from financing activities	(249,600)	(2,079,823)	(782)	(2,330,205)
Effect of exchange rate changes in borrowings	(1,105)	-	-	(1,105)
Amortisation of borrowings cost	-	9,104	-	9,104
At December 31, 2018	$ 449,295	$ 575,114	$ 5,347	$ 1,029,756

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Lighting Investment Corp.	Subsidiary of the Company(Note 1)
Epistar JV Holding (BVI) Co.,Ltd.	Subsidiary of the Company (Note 8)
Full Star Enterprises Limited	Subsidiary of the Company
GaN Ventures Co., Limited	Subsidiary of the Company
SH Optotech Co., Ltd.	Subsidiary of the Company
iReach Corporation	Subsidiary of the Company
Unikorn Semiconductor Corporation	Subsidiary of the Company
Gan Force Corp.	Subsidiary of the Company
EPI Crystal Investment Inc.	Subsidiary of the Company (Note 1)
Yen-Rich Technology Corporation	Subsidiary of the Company (Note 3)
ProLight Opto Technology Corp.	Subsidiary of the Company (Note 4)
UEC Investment Ltd.	Subsidiary of the Company (Note 2)
Bee Rich Corporation	Subsidiary of the Company (Note 2)
HUGA Holding (BVI) Limited	Subsidiary of the Company (Note 2)
Ecoled Venture Co., Limited	Subsidiary of the Company(Note 14)
AllureLux Corporation	The Company's indirectly owned subsidiary
Lighting Investment Ltd.	The Company's indirectly owned subsidiary(Note 2)

Names of related parties	Relationship with the Group
Epistar (Hong Kong) Limited	The Company’s indirectly owned subsidiary
LiteStar JV Holding (BVI) Co.,Ltd.	The Company’s indirectly owned subsidiary
Episky Corp.(Xiamen) Ltd.	The Company’s indirectly owned subsidiary
Episky (Hong Kong) Ltd.	The Company’s indirectly owned subsidiary
United LED Corporation (Hong Kong) Limited	The Company’s indirectly owned subsidiary
United LED Corporation (Shandong) Limited	The Company’s indirectly owned subsidiary
Epicrystal (Changzhou) Co., Ltd.	The Company’s indirectly owned subsidiary
Epicrystal (Hong Kong) Co. Ltd.	The Company’s indirectly owned subsidiary
Crystal Light Enterprises Group Limited	The Company’s indirectly owned subsidiary
Ningbo Formosa Epitaxy Incorporation	The Company’s indirectly owned subsidiary
Jiangsu Canyang Optoelectronics Ltd	The Company’s indirectly owned subsidiary
Can Yang Investments Limited	The Company’s indirectly owned subsidiary
GV Semiconductor Inc.	The Company’s indirectly owned subsidiary
HUGA Holding (SAMOA) Limited	The Company’s indirectly owned subsidiary
Yen-Rich Opto (Hong Kong) Limited	The Company’s indirectly owned subsidiary
Crystaluxx SARL	The Company’s indirectly owned subsidiary
Luxlite (Shenzhen) Corporation Limited	The Company’s indirectly owned subsidiary
Luxlite (HK) Corporation Limited	The Company’s indirectly owned subsidiary
ProLight Opto Holding Corp.	The Company’s indirectly owned subsidiary(Note 4)
ProLight Opto Technology Corp.	The Company’s indirectly owned subsidiary(Note 4)
Shanghai Welight Electronic Co., LTD	The Company’s indirectly owned subsidiary(Note 4)
Interlight Optotech Corp.	The Company’s indirectly owned subsidiary (Note 5)
AllureLux Inc.	The Company’s indirectly owned subsidiary(Note 6)
EPIRICH (Guangzhou) Co.,Ltd	The Company’s indirectly owned subsidiary(Note 7)
EPISKY Corporation (Changzhou) LTD	The Company’s indirectly owned subsidiary(Note 8)
Seoul Semiconductor Co. ,Ltd.	Other related party
Everlight Electronics Co., Ltd. and its subsidiaries	Other related party (Note 9)
LEDAZ Co., Ltd	Associate
Nan Ya Photonics Incorporation	Associate
Te K core Co., Ltd.	Associate
TE Opto Corporation	Associate
KAISTAR Lighting (Xiamen) Co., Ltd.	Associate (Note 10)
Very Optoelectronics(HUI ZHOU) Co., Ltd	Associate (Note 11)
Interlight Optotech (HK)Corp.	Associate
PlayNitride Inc.	Associate (Note 12)
Tops Electrical Technology Co., Ltd.	Associate (Note 13)

Note 1: Lighting Investment Corp. proceeded with a simple merger with EPI Crystal Investment Inc. on July 1, 2018. Lighting Investment Corp. was the surviving company while EPI Crystal Investment Inc. was the dissolved company.

Note 2: Epistar JV Holding (BVI) Co., Ltd. proceeded with a simple merger with UEC Investment Ltd., Bee Rich Corporation and HUGA Holding (BVI) Limited on November 1, 2018.

Epistar JV Holding (BVI) Co., Ltd was the surviving company while UEC Investment Ltd., Bee Rich Corporation and HUGA Holding (BVI) Limited were the dissolved companies.

Note 3: Zheng-Yi Technology Corporation has been renamed as Yen-Rich Technology Corporation on August 13, 2018.

Note 4: Lighting Investment Corp participated in ProLight Opto Technology Corp.'s private placement. The Group's shareholding ratio to ProLight Opto Technology Corp. was increased to 52.6% and the Group has control over ProLight Opto Technology Corp. starting from April 11, 2019, whereby ProLight Opto Technology Corp. became one of the Group's subsidiaries.

Note 5: The liquidation was completed on May 31, 2018 as the company will not continue its operation.

Note 6: The liquidation was completed on February 2019 as the company will not continue its operation.

Note 7: The liquidation was completed on April 2019 as the company will not continue its operation.

Note 8: The liquidation was completed on December, 2019 as the company will not continue its operation.

Note 9: No longer an associate of the Company since June 20, 2018.

Note 10: No longer an associate of the Company since April 26, 2018.

Note 11: No longer an associate of the Company since March 14, 2018.

Note 12: No longer an associate of the Company since March 6, 2018.

Note 13: No longer an associate of the Company since March 29, 2018.

Note 14: The liquidation was completed on December, 2019 as the company will not continue its operation.

(2) Significant related party transactions and balances

A. Operating revenue:

	Years ended December 31	
	2019	2018
Other related parties		
Everlight Electronics Co., Ltd and its subsidiaries	$ 632,479	$ 1,713,222
Others	790	32,341
	633,269	1,745,563
Associates	242,038	921,551
Subsidiaries		
Luxlite (Shenzhen) Corporation Limited	768,584	1,084,713
Episky Corp.(Xiamen) Ltd.	1,425,371	1,951,734
Others	1,037,872	1,360,243
	3,231,827	4,396,690
	$ 4,107,134	$ 7,063,804

The sales price and collection terms to related parties are generally comparable to those of third parties which is 150 days after month-end closing. Additionally, the sales price offered to certain related parties is not comparable to third parties since there is no such transaction with third parties. All other sales prices to related parties are the same as those to third parties.

B. Purchases:

	Years ended December 31	
	2019	2018
Associates	$ 93	$ 47,298
Subsidiaries		
EPISKY Corporation (Changzhou) LTD	3	1,413,330
Epicrystal (Changzhou) Co., Ltd.	1,230,596	423,001
Others	665,719	733,732
	1,896,318	2,570,063
	$ 1,896,411	$ 2,617,361

Due to the product variety, the purchase price from the above related parties was not comparable to other suppliers while other products have no difference with market price.

C. Receivables from related parties:

	December 31, 2019	December 31, 2018
Other related parties		
Everlight Electronics Co., Ltd. and its subsidiaries	$ -	$ 924,489
Others	237	11,359
	237	935,848
Associates	93,201	312,002
Subsidiaries		
Luxlite (Shenzhen) Corporation Limited	775,081	532,415
Episky Corp.(Xiamen) Ltd.	335,715	951,281
Others	296,452	369,314
	1,407,248	1,853,010
	$ 1,500,686	$ 3,100,860

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Other receivables from related parties:

	December 31, 2019	December 31, 2018
Associates	$ 203	$ 305
Subsidiaries		
Jiangsu Canyang Optoelectronics Ltd.	144,077	46,684
Unikorn Semiconductor Corporation	106,577	25,161
Episky Corp.(Xiamen) Ltd.	34,368	42,428
Ecoled Venture Co., Limited	-	26,215
Others	62,878	51,713
	347,900	192,201
	$ 348,103	$ 192,506

The other receivables from related parties arise mainly from sales of machinery and equipment and patent licensing transactions.

E. Payables from related parties:

	December 31, 2019	December 31, 2018
Associates	$ 148,448	$ 250,262
Subsidiaries	586,380	287,986
	$ 734,828	$ 538,248

The payable to related parties arise mainly purchase transactions. The payable bear no interest.

F. Property transactions:

(a) Purchase of machinery and equipment

	Years ended December 31			
	2019		2018	
	Purchase price	Payables	Purchase price	Payables
Other related parties	$ 111	$ -	$ -	$ -
Associates	22,093	-	390	-
Subsidiaries	33,547	15,912	361,876	4,638
	$ 55,751	$ 15,912	$ 362,266	$ 4,638

(b) Disposal of property, plant and equipment

	Years ended December 31			
	2019		2018	
Sales of equipment:				
Associates	$ 132	$ 132	$ 1,803	($ 131)
Subsidiaries				
Jiangsu Canyang Optoelectronics Ltd	132,258	86,898	22,647	1,011
Others	67,552	3,787	38,692	(1,250)
	199,810	90,685	61,339	(239)
	$ 199,942	$ 90,817	$ 63,142	($ 370)

G. Processing fees

	Years ended December 31			
	2019		2018	
	Processing fees	Payables	Processing fees	Payables
Subsidiaries	$ 2,051	$ 863	$ 3,855	$ 1,675

The Company directly committed Episky Corp. (Xiamen) Ltd. for processing on order. Sales revenue and cost of sales, arising from the Company selling the semi-finished goods to Episky Corp. (Xiamen) Ltd., are reversed at the end of every month, which will be recognised as processing fees in the financial statements when those semi-finished goods are manufactured and sold back by Episky Corp. (Xiamen) Ltd. In addition, accounts payable and accounts receivable are presented in the financial statements as net amounts.

H. Loans to /from related parties:

(a) Balance at December 31, 2019 (shown as other receivables)

	December 31, 2019	December 31, 2018
Subsidiaries	$ 87,061	$ 134,070

(b) Interest income

	December 31, 2019	December 31, 2018
Subsidiaries	$ 5,868	$ 8,855

The loan interest were 1.25%~5.53% and 2.57%~5.53% per annum for the years ended December 31, 2019 and 2018, respectively.

I. Endorsements and guarantees provided to related parties:

The balances of guarantees provided to related parties for credit line of bank borrowings is as follows:

	December 31, 2019	December 31, 2018
Subsidiaries		
Episky Corp. (Xiamen) Ltd.	$ 2,518,320	$ 2,871,329
Jiangsu Canyang Optoelectronics Ltd	389,740	399,295
Unikorn Semiconductor Corporation	699,900	-
Yen-Rich Technology Corporation	149,900	-
	$ 3,757,860	$ 3,270,624

J. Other

(a) Royalty and technical income

	Years ended December 31	
	2019	2018
Associates	$ 1,517	$ 2,701
Subsidiaries	55,708	79,577
	$ 57,225	$ 82,278

(b) Fee income

	Years ended December 31	
	2019	2018
Subsidiaries	$ 6,690	$ 3,667

(c) Other income

	Years ended December 31	
	2019	2018
Associates	$ 786	$ 2,646
Subsidiaries	35,654	89,351
	$ 36,440	$ 91,997

(d) Rental revenue

	Years ended December 31	
	2019	2018
Subsidiaries	$ 57,762	$ 8,468

(3) Key management compensation

	Years ended December 31	
	2019	2018
Salaries and other short-term employee benefits	$ 94,328	$ 99,114
Post-employment benefits	1,962	1,900
	$ 96,290	$ 101,014

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2019	Book value December 31, 2018	Purpose
Bank deposits (Shown in "Other assets-other")	$ 101,986	$ 97,546	Lease deposit, Collateral deposits for provisional seizure
Buildings and structures	516,622	577,376	Long-term borrowings
	$ 618,608	$ 674,922	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ 319,101	$ 926,215

(2) Operating lease commitments

The Company's operating lease contracts for land, factories, dorms and automobiles are irrevocable and most of them can be renewed at market price at the end of the lease term.

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

	December 31, 2018
Not later than one year	$ 51,111
Later than one year but not later than five years	168,060
Later than five years	411,126
Total	$ 630,297

On October 12, 2012, the Trustees of Boston University filed a lawsuit against the Company, alleging patent infringement. In November 2015, the verdict of a Massachusetts federal jury for the first instance stated that the Company shall pay compensation of US$ 9.3 million. However, the Company won the verdict from the United States Court of Appeals for the Federal Circuit that stated in the second instance that the alleging patent infringement is invalid on July 25, 2018.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Company's capital management policy is established taking into account the industry characteristics, the Company's future development and changes in external environments. The Company plans the working capital, capital expenditures, investments and dividends required for the future based on the capital management policy, makes financial analysis, and examines its capital structure periodically and makes appropriate adjustments to ensure that every entity within the Company may grow and operate indefinitely.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 407,662	$ 40,923
Financial assets at fair value through other comprehensive income	1,465,837	1,097,917
Designation of equity instrument	-	-
Financial assets at amortised cost		
Cash and cash equivalents	2,312,265	3,012,708
Notes receivable	813,367	521,031
Accounts receivable	3,896,102	4,076,544
Accounts receivable due from related parties	1,500,686	3,100,860
Other receivables	98,448	191,748
Other receivables due from related parties	435,164	326,576
Guarantee deposits paid	7,071	6,545
Other financial assets	101,992	97,552
	$ 11,038,594	$ 12,472,404
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 449,295
Notes payable	4,122	9,421
Accounts payable	1,058,122	1,565,828
Accounts payable to related parties	734,828	538,248
Other payables	1,743,340	2,852,214
Lease liabilities(including current portion)	1,309,253	-
Long-term borrowings (including current portion)	989,808	575,114
Long-term accounts payable	47,365	95,059
Guarantee deposits received	3,565	5,347
	$ 5,890,403	$ 6,090,526

B. Financial risk management policies

(a) 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 purpose of risk management is to minimise potential adverse effects arising from uncertainty on the Company’s financial performance.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

	December 31, 2019		
	Foreign currency amount (in Thousands)	Exchange rate	Book value (in Thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 137,878	29.980	$ 4,133,592
RMB:NTD	442,775	4.3050	1,906,148
Non-monetary items			
USD:NTD	349,952	29.980	10,491,556
Financial liabilities			
Monetary items			
USD:NTD	33,090	29.980	992,044
RMB:NTD	232,899	4.3050	1,002,632
JPY:NTD	103,668	0.2760	28,612

	December 31, 2018				
	Foreign currency amount (in Thousands)		Exchange rate	Book value (in Thousands of NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	164,561	30.715	$	5,054,485
RMB:NTD		457,620	4.4720		2,046,476
Non-monetary items					
USD:NTD		386,006	30.715		11,856,183
Financial liabilities					
Monetary items					
USD:NTD		80,169	30.715		2,462,384
RMB:NTD		134,010	4.4720		599,294
JPY:NTD		270,761	0.2782		75,326

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company.

	Year ended December 31, 2019				
	Unrealized exchange gain (loss)				
	Foreign currency amount (in Thousands)		Exchange rate	Book value (in Thousands of NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	-	29.980	($	106,196)
RMB:NTD		-	4.3050	(	33,977)
Financial liabilities					
Monetary items					
USD:NTD		-	29.980		26,300
RMB:NTD		-	4.3050		12,006
JPY:NTD		-	0.2760		424

	Year ended December 31, 2018			
	Unrealized exchange gain (loss)			
	Foreign currency amount (in Thousands)	Exchange rate	Book value (in Thousands of NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD:NTD	$ -	30.715	($	2,608)
RMB:NTD	-	4.472	(	4,648)
Financial liabilities				
Monetary items				
USD:NTD	-	30.715		7,243
RMB:NTD	-	4.4720		447
JPY:NTD	-	0.2782	(	1,126)

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

	Year ended December 31, 2019		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on equity
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 41,336	$ -
RMB:NTD	1%	19,061	-
Non-monetary item			-
USD:NTD	1%	-	104,916
Financial liabilities			
Monetary items			
USD:NTD	1%	9,920	-
RMB:NTD	1%	10,026	-
JPY:NTD	1%	286	-

	Year ended December 31, 2018		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on equity
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 50,545	$ -
RMB:NTD	1%	20,465	-
Non-monetary item			-
USD:NTD	1%	-	118,562
Financial liabilities			
Monetary items			
USD:NTD	1%	24,624	-
RMB:NTD	1%	5,993	-
JPY:NTD	1%	753	-

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, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $40,766 and $4,092, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $146,584 and $109,792, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings at variable rate were denominated in the USD and NTD.

ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of $481 and $301 for the years ended December 31, 2019 and 2018, respectively. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.

(b) Credit risk

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 amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iii. The Company adopts following assumptions 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 following indicators are used to determine whether the credit impairment of debt instruments has occurred:

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

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

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

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

v. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2019 and 2018, the Company's written-off financial assets that are still under recourse procedures amounted to $16,753 and $16,753, respectively.

vii. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. As of December 31, 2019 and 2018, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2019						
Expected loss rate	0.01%	0.01%~0.16%	0.01%~55.66%	0.01%~100%	0.01%~100%	
Total book value	$ 6,273,093	$ 192,162	$ 189,178	$ 29,413	$ 67,307	$ 6,751,153
Loss allowance	$ 229	$ 104	$ -	$ -	$ 7,054	$ 7,387

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2018						
Expected loss rate	0.01%~0.07%	0.01%~1.08%	0.01%~18.71%	0.01%~100%	0.01%~100%	
Total book value	$ 7,267,342	$ 244,466	$ 59,578	$ 59,340	$ 46,935	$ 7,677,661
Loss allowance	$ 1,748	$ 850	$ 238	$ 2,471	$ 13,947	$ 19,254

	Individual provision	Group provision	Total
December 31, 2019			
Expected loss rate	100%	0.01%~100%	
Total book value	$ 7,283	$ 6,743,870	$ 6,751,153
Loss allowance	$ 7,283	$ 104	$ 7,387

	Individual provision	Group provision	Total
December 31, 2018			
Expected loss rate	100%	0%~100%	
Total book value	$ 14,083	$ 8,221,930	$ 8,236,013
Loss allowance	$ 14,083	$ 5,171	$ 19,254

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

	Year ended December 31, 2019	
	Accounts receivable	Other receivables
At January 1	$ 19,254	$ -
Provision for impairment	20,690	37,265
Reversal of impairment	(29,360)	(30,211)
Write-offs	(10,251)	-
At December 31	$ 333	$ 7,054

	Year ended December 31, 2018	
	Accounts receivable	Other receivables
At January 1_IAS 39	$ 31,421	$ 4,200
Adjustment for retrospective application	2,318	-
At January 1_IFRS 9	33,739	4,200
Provision for impairment	3,684	79
Reversal of impairment	(926)	(4,200)
Write-offs	(17,243)	(79)
At December 31	$ 19,254	$ -

(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 while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants 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 and external regulatory or legal requirements.

ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of December 31, 2019 and 2018, the Company held money market position of $2,719,927 and $3,053,631, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.

iii. The table below shows analysis of 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, 2019	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Notes payable	$ 4,122	$ -	$ -	$ -
Accounts payable	1,792,950	-	-	-
Other payables	1,743,340	-	-	-
Lease liabilities	82,260	269,277	108,875	1,200,827
Long-term borrowings (including current portion)	79,252	937,822	-	-
Long-term accounts payable (including current portion)	-	47,365	-	-
Other financial liabilities	3,032	-	533	-

December 31, 2018	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	$ 449,295	$ -	$ -	$ -
Notes payable	9,421	-	-	-
Accounts payable	2,104,076	-	-	-
Other payables	2,852,214	-	-	-
Long-term borrowings (including current portion)	171,144	414,535	-	-
Long-term accounts payable (including current portion)	-	95,059	-	-
Other financial liabilities	4,502	762	-	533

iv. The Company does not expect the timing of the estimated cash outflows 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 and beneficiary certificates 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 convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, other financial assets, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term accounts payable and guarantee deposits received are approximate to their fair values.

	December 31, 2019			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings (including current portion)	$ 989,808	$ -	$ 1,002,905	$ -

	December 31, 2018			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings (including current portion)	$ 575,114	$ -	$ 577,226	$ -

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

Long-term borrowings: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. 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 is as follows:

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 249,900	$ -	$ 157,762	$ 407,662
Financial assets at fair value through other comprehensive income				
Equity securities	184,977	-	1,280,860	1,465,837
	$ 434,877	$ -	$ 1,438,622	$ 1,873,499

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	$ 40,923	$ -	$ -	$ 40,923
Financial assets at fair value through other comprehensive income				
Equity securities	189,508	-	908,409	1,097,917
	$ 230,431	$ -	$ 908,409	$ 1,138,840

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

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

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. 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 consolidated balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3) A.

v. 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, model risk or liquidity risk and 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 consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(c) The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	Equity securities
At January 1, 2019	$ 908,409
Gain recognised in profit or loss	136,389
Loss recognised in other comprehensive income	372,451
Additions	45,276
Disposals in the year	(23,903)
At December 31, 2019	$ 1,438,622

	Equity securities
At January 1, 2018	$ 941,567
Gain recognised in profit or loss	(232)
Loss recognised in other comprehensive income	(441,276)
Disposals in the year	(12,923)
Transfers into level 3	421,273
At December 31, 2018	$ 908,409

D. The Company lost significant influence over PlayNitride Inc. and KAISTR Lighting (Xiamen) Co., Ltd. as their shares owned by the Company were less than 20% as at March 6, 2018 and April 26, 2018, respectively. Therefore, the Company reclassified them into financial assets at fair value through other comprehensive income in accordance with IFRSs. Additionally, the Company transferred the fair values into Level 3 as there is insufficient observable market information.

E. Treasury department 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.

F. 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, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 485,611	Market comparable companies	Price to book ratio multiple	1.17~2.48	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	791,211	Market comparable companies	Price to earnings ratio multiple	16.83~17.50	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	161,800	Market comparable companies	Enterprise value to operating income ratio	2.57	The higher the multiple value, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 439,240	Market comparable companies	Price to book ratio multiple	0.45~1.90	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	465,131	Market comparable companies	Price to earnings ratio multiple	19.30~19.39	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	4,038	Market comparable companies	Enterprise value to operating income ratio	26.11	The higher the multiple value, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.

G. 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, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	$ 1,578	($ 1,578)	$ 12,809	($ 12,809)

			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	Multiple	±1%	$ -	$ -	$ 9,084	($ 9,084)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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 NT$300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching NT$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: None.

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

General information:

None.

EPISTAR CORPORATION
Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Item	Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd	Other receivables-related	Y	$ 879,000	$ 430,500	$ 86,100	4.20%	Short-term financing	$ -	Working capital	$ -	None	$ -	$ 4,521,919	$ 13,565,757	Note 1
0	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	1,824,000	861,000	-	5.53%	Short-term financing	-	Working capital	-	None	-	4,521,919	13,565,757	Note 1
0	Epistar Corporation	Yen-Rich Technology Corporation.	Other receivables-related parties	Y	300,000	300,000	-	1.25%	Short-term financing	-	Working capital	-	None	-	4,521,919	13,565,757	Note 1
1	Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd	Other receivables-related	Y	460,300	-	-	5.00%	Short-term financing	-	Working capital	-	None	-	858,656	1,073,320	Note 2
2	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd	Other receivables-related	Y	368,240	344,400	172,200	4.35%	Short-term financing	-	Working capital	-	None	-	875,898	1,313,847	Note 3
3	Yen-Rich Opto (Hong Kong) Limited	Ecoled Venture Co., Limited	Other receivables-related	Y	15,800	-	-	3.02%	Short-term financing	-	Working capital	-	None	-	115,553	115,553	Note 4
3	Yen-Rich Opto (Hong Kong) Limited	Lighting Inrestment Corporation.	Other receivables-related parties	Y	101,120	95,936	95,936	3.30%	Short-term financing	-	Working capital	-	None	-	115,553	115,553	Note 4

Note 1: In accordance with Epistar Corporation’s Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 30% of its net equity.
Note 2: In accordance with Episky Corporation (Xiamen) Ltd.'s Procedures for Provision of Loans: the limit on loans granted to a single party is 40% of its net equity, and the ceiling on total loans granted is 50% of its net equity.
Note 3: In accordance with Epicrystal (Changzhou) Co., Ltd.'s Procedures for Provision of Loans: the limit on loans granted to a single party is 20% of its net equity, and the ceiling on total loans granted is 30% of its net equity.
Note 4: In accordance with Yen-Rich Opto (Hong Kong) Limited’s Procedures for Provision of Loans: the limit on loans granted to a single party is 40% of its net equity, and the ceiling on total loans granted is 40% of its net equity.

EPISTAR CORPORATION
Provision of endorsements and guarantees to others
Year ended December 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Epistar Corporation	Episky Corp.(Xiamen) Ltd.	3	$ 4,521,919	$ 4,551,550	$ 2,518,320	$ 953,164	$ -	5.57	$ 9,043,838	Y	N	Y	
0	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd	3	4,521,919	663,600	389,740	206,640	-	0.86	9,043,838	Y	N	Y	
0	Epistar Corporation	Unikorn Semiconductor Corporation	3	4,521,919	706,950	699,900	175,658	-	1.55	9,043,838	Y	N	N	
0	Epistar Corporation	Yen-Rich Technology Corporation.	3	4,521,919	158,000	149,900	-	-	0.33	9,043,838	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
Note 3: In accordance with the Company’s Procedures for Provision of Loans: the ceiling on total endorsements/guarantees is 20% of the Company’s net assets, and the limit on endorsements/guarantees to a single party is 10% of its net assets.

EPISTAR CORPORATION
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	$ 2,143	17.07	$ 2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	4,587	7.45	4,587	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	270,562	12.24	270,562	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	9,561,340	157,762	12.57	157,762	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,000,000	791,211	10.00	791,211	
Epistar Corporation	POWERLIGHTEC CO., LTD (Stock)	None	Non-current financial assets at fair value through profit or loss	141,730	-	17.53	-	
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,340,628	60,109	3.06	60,109	

				As of December 31, 2019				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	$ -	0.06	$ -	
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,424,000	124,868	7.54	$ 124,868	
Epistar Corporation	Phecda Technology Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	
Epistar Corporation	Elit Fine Ceramics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,200,000	-	4.68	-	
Epistar Corporation	Nanocrystal Technology Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,568,669	210,461	12.74	210,461	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	67,500	-	4.50	-	
Epistar Corporation	Global Communication semiconductors LLC (Stock)	None	Current financial assets at fair value through profit or loss	3,627,000	249,900	3.99	249,900	
Epistar JV Holding (BVI) Co.,Ltd.	Everlight electronic(Fujian) Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	Cash USD2,500,000	44,223	10.00	44,223	
Epistar JV Holding (BVI) Co.,Ltd.	KAISTAR Lighting (Xiamen) Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	Cash USD48,000,000	1,428,696	17.65	1,428,696	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar JV Holding (BVI) Co.,Ltd.	Global Communication semiconductors(Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	2,750,000	$ 151,039	3.03	$ 151,039	
Episky Corp.(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	Cash RMB7,500,000	22,320	15.00	Unlisted company, no comparable market price available	
Episky Corp.(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	50,317	1.14	Unlisted company, no comparable market price available	
Episky Corp.(Xiamen) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	8,064,516	29,070	4.08	Unlisted company, no comparable market price available	
Lighting Investment Corp.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	113,543	5.14	113,543	
Lighting Investment Corp.	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-	
Lighting Investment Corp.	Lustrous Technology, Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corp.	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corp.	FormoLight Technologies Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	9,728	10.00	9,728	
Lighting Investment Corp.	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Lighting Investment Corp.	Jojnt Power eXponent, Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,250,000	$ 5,000	13.89	$ 5,000	
Lighting Investment Corp.	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	10,705,000	141,841	8.56	141,841	
Lighting Investment Corp.	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,532,500	5,686	2.14	5,686	
Lighting Investment Corp.	Le Dimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	5,643	16.92	5,643	
Lighting Investment Corp.	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	50,000	62,498	6.20	62,498	
Lighting Investment Corp.	De-an Venture Capoital Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,000,000	20,127	10.77	20,127	
Lighting Investment Corp.	iReach Corporation. (Stock)	Investee company accounted for under the equity method of the Company	Non-current investments in equity instruments at fair value through other comprehensive income	150,000	759	1.67	759	
Lighting Investment Corp.	Tekcore Co., Ltd. (Stock)	Investee company accounted for under the equity method of the Company	Current financial assets at fair value through profit or loss	2,616,932	12,928	2.72	12,928	
Lighting Investment Corp.	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	5,851,182	77,528	4.68	77,528	
Lighting Investment Corp.	Epistar Corporation (Stock)	Parent company	Current financial assets at fair value through profit or loss	2,564,755	82,970	0.24	82,970	Note

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Lighting Investment Corp.	Rigidtech Microelectronics Corp. (Stock)	None	Current financial assets at fair value through profit or loss	17,753	$ 66	0.02	$ 66	
Lighting Investment Corp.	Global Communication semiconductors LLC (Stock)	None	Current financial assets at fair value through profit or loss	2,748,000	189,337	3.03	189,337	
Lighting Investment Corp.	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	2,588,671	35,165	N/A	35,165	
Lighting Investment Ltd.	LEDLITEK Co.,LTD. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	41,500	51,873	5.15	51,873	
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	778,541	35,864	2.17	35,864	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	40,405	1.83	40,405	
Full Star Enterprises Limited	Ufeco Technology Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	Cash USD250,000	-	10.00	-	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Full Star Enterprises Limited	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	$ 27,640	1.67	$ 27,640	
Full Star Enterprises Limited	Global Communication Semiconductors LLC.(Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	2,100,000	115,339	2.31	115,339	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	67,526	8.97	67,526	
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	9,139	7.90	9,139	
Yen-Rich Technology Corporation.	Global Communication seiconductors LLC(Stock)	None	Current financial assets at fair value through profit or loss	4,113,000	283,386	4.53	283,386	
Yen-Rich Opto (Hong Kong) Limited	Global Communication Semiconductors LLC.(Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	1,150,000	63,162	1.27	63,162	
AllureLux Corporation	Franklin Templeton Sinoam Money Market Fund(Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	680,537	7,063	N/A	7,063	
AllureLux Corporation	Hua Nan Phoenix Money Market Fund(Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	18,454	301	N/A	301	
ProLight Opto Technology Corporation.	ISON Corporation(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	150,000	1,252	2.50	1,252	

Note : Shown as treasury stocks of Epistar Corporation.

EPISTAR CORPORATION

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

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2019 (Note) Number of shares	Balance as at January 1, 2019 (Note) Amount	Addition Number of shares	Addition Amount	Disposal Number of shares	Disposal Selling price	Disposal Book value	Disposal Gain (loss) on disposal	Balance as at December 31, 2019 (Note) Number of shares	Balance as at December 31, 2019 (Note) Amount
EPISKY Corporation (Changzhou) LTD	CR Yuanta Money Market Fund B Class(Beneficiary certificates)	Financial assets at fair value through profit or loss	-	NA	-	$ -	36,500,000	$ 157,133	36,500,000	$ 157,685	$ 157,133	$ 552	-	$ -
Epicrystal Corporation (Changzhou) Ltd.	CR Yuanta Money Market Fund B Class(Beneficiary certificates)	Financial assets at fair value through profit or loss	-	NA	-	-	157,800,000	679,329	157,800,000	681,905	679,329	2,576	-	-
Epistar Corporation	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	28,567,808	315,000	28,567,808	315,110	315,000	110	-	-
Epistar Corporation	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	30,666,839	415,000	30,666,839	415,244	415,000	244	-	-
Epistar Corporation	Jin Sun Moeney Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	38,980,503	578,000	38,980,503	578,448	578,000	448	-	-
Epistar Corporation	Prudential Financial Money Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	22,803,397	361,000	22,803,397	361,269	361,000	269	-	-
Epistar Corporation	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	19,923,250	305,000	19,923,250	305,187	305,000	187	-	-
Yen-Rich Technology Corporation.	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	22,911,086	310,000	22,911,086	310,265	310,000	265	-	-
Yen-Rich Technology Corporation.	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	NA	-	-	23,517,813	360,000	23,517,813	360,363	360,000	363	-	-
Epistar Corporation	Yen-Rich Technology Corporation.	Investments accounted for using equity method	-	Subsidiary	-	-	-	918,728	-	-	-	-	-	918,728

Note 1: The balance consists gain on valuation of financial assets.

EPISTAR CORPORATION

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, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms		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
Epistar Corporation	Everlight Electronics Co., Ltd and its subsidiaries	Director of the Company	Sales	($ 633,080)	5	150 days after month-end closing	N/A	Normal	$ -	-	
Epistar Corporation	LEDAZ Co., Ltd	Investee company accounted for using equity method by the Company's subsidiary	Sales	(179,599)	1	90 days after month-end closing	N/A	Normal	71,314	1	
Epistar Corporation	Yen-Rich Technology Corporation.	Subsidiary of the Company	Sales	(230,511)	2	120 days after month-end closing	N/A	Normal	86,508	1	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	The Company's indirectly owned subsidiary	Sales	(184,669)	1	180 days after next month-end closing	N/A	Normal	87,845	1	
Epistar Corporation	Luxlite (Shenzhen) Corporation Limited	The Company's indirectly owned subsidiary	Sales	(1,425,371)	11	180 days after next month-end closing	N/A	Normal	775,081	12	
Epistar Corporation	Episky Corp.(Xiamen) Ltd.	The Company's indirectly owned subsidiary	Sales	(768,584)	6	180 days after next month-end closing	N/A	Normal	335,714	5	
Epistar Corporation	Epicrystal Corporation (Changzhou) Ltd.	The Company's indirectly owned subsidiary	Sales	(449,614)	4	90 days after month-end closing	N/A	Normal	83,183	1	

			Transaction				Differences in transaction terms		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
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	The Company’s indirectly owned subsidiary	Purchases	$ 378,190	5	30 days after month-end closing	N/A	Normal	($ 38,419)	2	
Epistar Corporation	Episky Corp.(Xiamen) Ltd.	The Company’s indirectly owned subsidiary	Purchases	287,519	4	60 days after next month-end closing	N/A	Normal	(50,045)	3	
Epistar Corporation	Epicrystal Corporation (Changzhou) Ltd.	The Company’s indirectly owned subsidiary	Purchases	1,230,596	17	150 days after month-end closing	N/A	Normal	(497,916)	28	
Yen-Rich Technology Corporation.	LEDAZ Co., Ltd	Note 1	Sales	(196,254)	33	90 days after month-end closing	N/A	Normal	78,196	36	
Yen-Rich Technology Corporation.	Epistar Corporation	Subsidiary of the Company	Purchases	230,511	38	120 days after month-end closing	N/A	Normal	(86,508)	37	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	The Company’s indirectly owned subsidiary	Sales	(378,190)	39	30 days after month-end closing	N/A	Normal	38,419	6	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corp.(Xiamen) Ltd.	Note 1	Sales	(419,324)	43	90 days after month-end closing	N/A	Normal	146,164	22	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Note 1	Sales	(228,902)	23	90 days after month-end closing	N/A	Normal	17,453	3	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	The Company’s indirectly owned subsidiary	Purchases	184,669	18	180 days after month-end closing	N/A	Normal	(87,845)	46	

			Transaction				Differences in transaction terms		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
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Note 1	Purchases	$ 201,471	20	90 days after month-end closing	N/A	Normal	($ 76,311)	40	
Luxlite (Shenzhen) Corporation Limited	Epistar Corporation	The Company's indirectly owned subsidiary	Purchases	1,425,371	44	180 days after next month-end closing	N/A	Normal	(775,081)	47	
Luxlite (Shenzhen) Corporation Limited	Episky Corp.(Xiamen) Ltd.	Note 1	Purchases	1,806,330	56	120 days after month-end closing	N/A	Normal	(856,519)	52	
Episky Corp.(Xiamen) Ltd.	Epistar Corporation	The Company's indirectly owned subsidiary	Sales	(287,519)	9	60 days after next month-end closing	N/A	Normal	50,045	2	
Episky Corp.(Xiamen) Ltd.	Luxlite (Shenzhen) Corporation Limited	Note 1	Sales	(1,806,330)	55	120 days after month-end closing	N/A	Normal	856,519	39	
Episky Corp.(Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	The Company's indirectly owned subsidiary	Purchases	419,324	15	90 days after month-end closing	N/A	Normal	(146,164)	11	
Episky Corp.(Xiamen) Ltd.	Epistar Corporation	The Company's indirectly owned subsidiary	Purchases	768,584	28	180 days after next month-end closing	N/A	Normal	(335,714)	24	
Episky Corp.(Xiamen) Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Note 1	Purchases	1,081,074	40	90 days after month-end closing	N/A	Normal	(943,635)	68	
Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(201,471)	9	90 days after month-end closing	N/A	Normal	76,311	4	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	The Company's indirectly owned subsidiary	Sales	($ 1,230,596)	53	150 days after month-end closing	N/A	Normal	$ 497,916	24	
Epicrystal Corporation (Changzhou) Ltd.	Episky Corp.(Xiamen) Ltd.	Note 1	Sales	(1,081,074)	46	90 days after month-end closing	N/A	Normal	943,635	46	
Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	228,902	14	90 days after month-end closing	N/A	Normal	(17,453)	3	
Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	The Company's indirectly owned subsidiary	Purchases	449,614	27	90 days after month-end closing	N/A	Normal	(83,183)	13	
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	Note 1	Sales	(170,826)	38	120 days after month-end closing	N/A	Normal	167,605	72	
Shanghai Welight Electronic Co., LTD.	ProLight Opto Technology Corporation	Note 1	Purchases	170,826	99	120 days after month-end closing	N/A	Normal	(167,605)	100	

Note 1: Investee company accounted for under the equity method directly and indirectly.

EPISTAR CORPORATION

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

December 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019: Accounts receivable	Balance as at December 31, 2019: Other receivable	Total	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
Epistar Corporation	Yen-Rich Technology Corporation.	Subsidiary of the Company	$ 86,508	$ 37,537	$ 124,045	3.72	1,958	-	22,144	$ -
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	The Company's indirectly owned subsidiary	87,845	231,137	318,982	0.56	131,255	-	15,635	-
Epistar Corporation	Luxlite (Shenzhen) Corporation Limited	The Company's indirectly owned subsidiary	775,081	960	776,041	2.15	14	-	122,207	-
Epistar Corporation	Episky Corp.(Xiamen) Ltd.	The Company's indirectly owned subsidiary	335,714	34,368	370,082	1.13	25,049	-	55,035	-
Epistar Corporation	Epicrystal Corporation (Changzhou) Ltd.	The Company's indirectly owned subsidiary	83,183	23,060	106,243	4.10	350	-	24,831	-
Epistar Corporation	Unikorn Semiconductor Corporation	Subsidiary of the Company	6,116	106,577	112,693	1.08	7,351	-	8,821	-
Yen-Rich Technology Corporation.	LEDAZ Co., Ltd	Note 2	78,196	-	78,196	5.02	23,170	-	40,330	-
Episky Corp.(Xiamen) Ltd.	Luxlite (Shenzhen) Corporation Limited	Note 2	856,519	-	856,519	2.03	267,865	-	43,050	-
Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2	76,311	174,109	250,420	0.65	312	-	573	-
Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	The Company's indirectly owned subsidiary	497,916	606	498,522	3.84	92	-	108,839	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable	Total		Amount	Action taken		
Epicrystal Corporation (Changzhou) Ltd.	Episky Corp.(Xiamen) Ltd.	Note 2	$ 943,635	$ 1,191	$ 944,826	1.86	619,838	-	-	$ -
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	Note 2	167,605	-	167,605	2.04	-	-	37,159	-

Note 1: The Company endeavored to purpose the overdue amount. Epistar has receive $1,519、$1,647、$14 and $244 from Yen-Rich、Jiangsu Canyan、 Luxlite and Epicrystal,respectively;Yen-Rich has receive $23,170 from LEDAZ respective; Episky(xiamen) has receive $43,050 from Luxlite respectively; Epicrystal has receive $312 and $92 from Jiangsu Canyan and Epistar respectively.

Note 2: Investee company accounted for under the equity method directly and indirectly.

EPISTAR CORPORATION

Significant inter-company transactions during the reporting periods

Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Epistar Corporation	LEDAZ Co., Ltd	1	Sales	$ 179,599	Conducted in the ordinary course of business with terms similar to those with third parties	1.13
0	Epistar Corporation	Yen-Rich Technology Corporation.	1	Sales	230,511	Conducted in the ordinary course of business with terms similar to those with third parties	1.44
0	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	1	Sales	184,669	Conducted in the ordinary course of business with terms similar to those with third parties	1.16
0	Epistar Corporation	Luxlite (Shenzhen) Corporation Limited	1	Sales	1,425,371	Conducted in the ordinary course of business with terms similar to those with third parties	8.93
0	Epistar Corporation	Episky Corp.(Xiamen) Ltd.	1	Sales	768,584	Conducted in the ordinary course of business with terms similar to those with third parties	4.82
0	Epistar Corporation	Epicrystal Corporation (Changzhou) Ltd.	1	Sales	449,614	Conducted in the ordinary course of business with terms similar to those with third parties	2.82
0	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	1	Cost of goods sold	378,190	Conducted in the ordinary course of business with terms similar to those with third parties	2.37
0	Epistar Corporation	Episky Corp.(Xiamen) Ltd.	1	Cost of goods sold	287,519	Conducted in the ordinary course of business with terms similar to those with third parties	1.80

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Epistar Corporation	Epicrystal Corporation (Changzhou) Ltd.	1	Cost of goods sold	$ 1,230,596	Conducted in the ordinary course of business with terms similar to those with third parties	7.71
0	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	1	Accounts receivable	87,845	Conducted in the ordinary course of business with terms similar to those with third parties	0.15
0	Epistar Corporation	Luxlite (Shenzhen) Corporation Limited	1	Accounts receivable	775,081	Conducted in the ordinary course of business with terms similar to those with third parties	1.32
0	Epistar Corporation	Episky Corp.(Xiamen) Ltd.	1	Accounts receivable	335,714	Conducted in the ordinary course of business with terms similar to those with third parties	0.57
0	Epistar Corporation	LEDAZ Co., Ltd	1	Accounts payable	148,416	Conducted in the ordinary course of business with terms similar to those with third parties	0.25
0	Epistar Corporation	Epicrystal Corporation (Changzhou) Ltd.	1	Accounts payable	497,916	Conducted in the ordinary course of business with terms similar to those with third parties	0.85
0	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	1	Other receivable	231,137	Based on contract terms	0.39
0	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	106,577	Conducted in the ordinary course of business with terms similar to those with third parties	0.18
1	Episky Corp.(Xiamen) Ltd.	Luxlite (Shenzhen) Corporation Limited	3	Sales	1,806,330	Conducted in the ordinary course of business with terms similar to those with third parties	11.32

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Episky Corp.(Xiamen) Ltd.	Luxlite (Shenzhen) Corporation Limited	3	Accounts receivable	$ 856,519	Conducted in the ordinary course of business with terms similar to those with third parties	1.46
2	Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	201,471	Conducted in the ordinary course of business with terms similar to those with third parties	1.26
2	Epicrystal Corporation (Changzhou) Ltd.	Episky Corp.(Xiamen) Ltd.	3	Sales	1,081,074	Conducted in the ordinary course of business with terms similar to those with third parties	6.77
2	Epicrystal Corporation (Changzhou) Ltd.	Episky Corp.(Xiamen) Ltd.	3	Accounts receivable	943,635	Conducted in the ordinary course of business with terms similar to those with third parties	1.61
2	Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Other receivable	174,109	Based on contract terms	0.30
3	Yen-Rich Technology Corporation.	LEDAZ Co., Ltd	3	Sales	196,254	Conducted in the ordinary course of business with terms similar to those with third parties	1.23
3	Yen-Rich Technology Corporation.	LEDAZ Co., Ltd	3	Accounts receivable	78,196	Conducted in the ordinary course of business with terms similar to those with third parties	0.13
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corp.(Xiamen) Ltd.	3	Sales	419,324	Conducted in the ordinary course of business with terms similar to those with third parties	2.63
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Sales	228,902	Conducted in the ordinary course of business with terms similar to those with third parties	1.43

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Accounts receivable	$ 17,453	Conducted in the ordinary course of business with terms similar to those with third parties	0.03
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Processing Fees	416	Conducted in the ordinary course of business with terms similar to those with third parties	0.00
5	ProLight Opto Technology Corporation	Shanghai Weilight Electornic Co., LTD.	3	Sales	170,826	Conducted in the ordinary course of business with terms similar to those with third parties	1.07
5	ProLight Opto Technology Corporation	Shanghai Weilight Electornic Co., LTD.	3	Accounts receivable	167,605	Conducted in the ordinary course of business with terms similar to those with third parties	0.29

Note 1: Parent company is ‘0’.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: Disclosure of the transactions over 100 million New Taiwan dollars only and the related party transactions for counterparty are not disclosed.

EPISTAR CORPORATION

Information on investees

Year ended December 31, 2019

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2019					Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares (Note)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	
Epistar Corporation	iReach Corporation	Taiwan	Packaging, module design, manafacturing and sales of LED	$ 70,000	$ 70,000	7,000,000	100.00	$ 48,974	$ 11,469	$ 11,469	
Epistar Corporation	Ecoled Venture Co.,Limited	Hong Kong	Sales of LED lighting facilities	-	82,348	-	0.00	-	19,736	10,261	Note 1
Epistar Corporation	Epistar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	9,030,452	(666,350)	(766,532)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	Cash USD8,660,000	100.00	257,907	7,599	7,599	
Epistar Corporation	GaN Ventures Co., Limited	Hong Kong	Investment holding; sales of electronic components	212,667	275,117	13,886,743	59.02	12,919	(90,478)	(53,400)	
Epistar Corporation	Yen-Rich Technology Corporation.	Taiwan	Manufacturing and sales of electronic components	600,000	600,000	60,000,000	100.00	1,123,339	(28,223)	(28,223)	
Epistar Corporation	Lighting Investment Corp.	Taiwan	Professional investment	2,161,814	2,161,814	251,478,518	100.00	2,081,416	135,696	140,662	
Epistar Corporation	Nan Ya Photonics Incorporation	Taiwan	LED light application,manafacturing and sales	840,381	840,381	18,806,694	40.80	450,672	98,067	40,012	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares (Note)	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Epistar Corporation	Tekcore Co., Ltd.	Taiwan	Manufacturing and sales of LED chips and LED lighting facilities	$ 1,169,412	$ 1,169,412	20,247,828	21.05	$ 37,788	($ 120,081)	($ 25,279)	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Development, manufacturing and sales of LED chips and LED lighting facilities	1,000,000	1,000,000	100,000,000	85.91	571,113	(436,932)	(377,906)	
Epistar Corporation	ProLight Opto Technology Corporation	Taiwan	Packaging, manufacturing and sales of LED	101,500	130,375	5,800,000	8.52	88,278	(55,888)	(4,849)	
Epistar Corporation	SH Optotech Co., Ltd.	Taiwan	Sales of LED chips and LED lighting facilities	31,792	31,792	3,179,176	49.00	3,192	1,076	527	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips and LED lighting facilities	9,200	9,200	920,000	40.00	45,524	13,075	5,230	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of LED	63,800	-	1,063,000	64.31	56,283	(11,533)	(7,417)	
Crystaluxx SARL	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	14,051	(798)	(479)	
Epistar JV Holding (BVI) Co.,Ltd.	Country Lighting (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	89,843	89,843	3,060,000	36.43	91,723	(65)	(24)	
Epistar JV Holding (BVI) Co.,Ltd.	Crystal Light Enterprise Group Ltd.	British Virgin Islands	Professional investment	6,754	6,754	Cash USD200,000	100.00	26,093	(311)	(311)	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares (Note)	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	$ 334,967	$ 331,951	12,551,035	100.00	$ 79,880	$ 51,872	$ 51,872	
Epistar JV Holding (BVI) Co.,Ltd.	LiteStar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,341,085	(119,528)	(98,503)	
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	342,534	(165,085)	(123,583)	
Epistar JV Holding (BVI) Co.,Ltd.	Episky (Hong Kong) Ltd.	Hong Kong	Professional investment	2,124,096	2,124,096	Cash USD68,000,000	100.00	2,083,512	(284,375)	(284,375)	
Epistar JV Holding (BVI) Co.,Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,291,894	4,291,894	Cash USD141,272,700	80.10	1,415,308	(275,527)	(168,451)	
GaN Ventures Co., Limited	GV Semiconductor Inc.	USA	R&D and sales of electronic components	177,602	91,225	-	0.00	-	(76,243)	(76,243)	
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	44,466	-	Cash USD6,680,000	100.00	32,668	(11,449)	(11,449)	
HUGA Holding (SAMOA) Limited	Ecoled Venture Co.,Limited	Hong Kong	Sales of LED lighting facilities	-	24,655	-	0.00	-	19,736	9,475	Note 1
Lighting Investment Ltd.	GaN Ventures Co.,Limited	Hong Kong	Investment holding; sales of electronic components	64	64	1,500,000	4.92	1,077	(90,478)	(4,452)	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares (Note)	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Lighting Investment Ltd.	LEDAZ CO., Ltd.	Korea	Engineering service of LED	$ 48,166	$ 48,166	88,460	28.13	$ 34,117	($ 46,707)	($ 27,071)	
Lighting Investment Ltd.	Interlight OPtotech (HK) Co.,Limited	Hong Kong	Packaging, manufacturing and sales of LED	12,806	12,806	429,000	30.00	12,705	(1,232)	(397)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	2,080	(32)	(32)	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	91,286	91,286	2,850,000	75.00	321,159	120,918	90,689	
LiteStar JV Holding (BVI) Co.,Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,053,019	(119,460)	(119,460)	
Lighting Investment Corp.	Crystaluxx SARL	Luxembourg	Professional investment	131,659	131,659	33,200	100.00	12,734	(1,844)	(1,844)	
Lighting Investment Corp.	LEDAZ CO., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	21,228	(46,707)	(13,447)	
Lighting Investment Corp.	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	592,768	52,468	52,468	
Lighting Investment Corp.	Yen-Rich Opto (Hong Kong) Limited	Hong Kong	Sales of LED light components	250,731	250,731	8,010,000	100.00	295,781	7,113	7,113	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares (Note)	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Lighting Investment Corp.	Nan Ya Photonics Incorporation	Taiwan	LED light application	$ 50,561	$ 50,561	1,135,430	2.46	$ 35,862	$ 98,085	$ 2,416	
Lighting Investment Corp.	ProLight Opto Technology Corporation	Taiwan	Packaging and sales of LED chips and LED lighting facilities	318,929	214,329	27,539,234	40.46	420,117	(55,888)	(22,023)	
Lighting Investment Corp.	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	121,388	(275,527)	(18,929)	
Lighting Investment Corp.	allureLux Corporation	Taiwan	Development and design services of LED lamps	30,000	30,000	3,000,000	100.00	7,638	(4,423)	(4,423)	
Yen-Rich Technology Corporation.	ProLight Opto Technology Corporation	Taiwan	Packaging, manufacturing and sales of LED	29,372	-	2,462,000	3.62	37,537	(51,586)	(1,868)	
Epistar (Hong Kong) Limited	ES-LEDRU LLC.	Russia	Sales of LED products	2,474	2,474	4,036,069	49.00	2,231	-	-	
Episky Corp.(Xiamen) Ltd.	Epicrystal Corporation (Changzhou) Ltd.	China-Changzhou	Assembling and sales of LED bulbs	147,472	147,472	Cash USD5,200,000	3.31	143,666	(127,901)	(4,234)	
Episky Corp.(Xiamen) Ltd.	Episky Corporation (Changzhou) Ltd.	China-Changzhou	Manufacturing and sales of LED chips and LED lighting facilities	-	99,056	-	0.00	-	(9,237)	(9,237)	Note 1
Episky Corp.(Xiamen) Ltd.	EPIRICH (Guangzhou)Co.,Ltd	China-Guangzhou	Development and sales of LED products	-	40,382	-	0.00	-	(69)	(69)	Note 3

				Initial investment amount		Shares held as at December 31, 2019					Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares （Note）	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	
allureLux Corporation	AllureLux Inc.	USA	Design and sales of LED lighting	$ -	$ 16,795	-	0.00	$ -	($ 2,977)	($ 2,977)	Note 2
ProLight Opto Technology Corporation	Prolight Opto Holding Corporation	Seychelles	Protessional investment	4,402	4,402	150,000	100.00	(1,211)	2,364	4,443	
Prolight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Protessional investment	4,403	4,403	150,000	100.00	(1,184)	2,364	4,443	

Note 1:The liquidation was completed on December , 2019 as the company will not continue its operation.
Note 2: The liquidation was completed on February , 2019 as the company will not continue its operation.
Note 3: The liquidation was completed on April , 2019 as the company will not continue its operation.

EPISTAR CORPORATION

Information on investments in Mainland China

Year ended December 31, 2019

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, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips and LED lighting facilities	$ 2,038,640	2	$ 2,038,640	$ -	$ -	$ 2,038,640	($ 284,408)	100.00	($ 284,408)	$ 2,083,505	$ -	2(3)
United LED Shandong Corporation	Manufacturing and sales of LED chips and LED lighting facilities	2,518,320	2	1,911,225	-	-	1,911,225	(165,485)	74.86	(123,882)	341,252	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED chips and LED lighting facilities	4,706,860	2	3,585,608	-	-	3,585,608	(127,901)	76.95	(98,426)	3,340,092	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED lighting facilities	89,940	2	22,511	-	-	22,511	125,395	75.00	94,046	238,126	57,861	2(1)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
KAISTAR Lighting (Xiamen) Co., Ltd.	Manufacturing and sales of LED chips and LED lighting facilities	$ 8,154,525	2	$ 1,530,779	$ -	$ -	$ 1,530,779	$ -	18.77	$ -	$ 1,428,696	$ -	2(3) 7
Everlight Electronics (Fujian) Co., Ltd	Manufacturing and sales of LED backlight and related parts	749,500	2	74,950	-	-	74,950	-	10.00	-	44,223	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacture and sale of LED extension and chip, module and light instrument	1,771,488	3	218,751	36,898	-	255,649	-	11.81	-	-	-	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacture and sale of gallium arsenide unit crystal and chips	851,380	2	100,632	-	-	100,632	-	8.97	(9,582)	67,526	-	2(3)
Ufeco Technology Inc.	Developing and manufacturing LED application and sales of selfproduct	$ 74,950	2	$ 7,808	$ -	$ -	$ 7,808	$ -	10.00	$ -	$ -	$ -	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
Very Optoelectronics (HUI ZHOU) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	430,500	2	219,457	-	-	219,457	-	0.00	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Manufacturing and sales of LED chips and LED lighting facilities	5,996	2	50,463	-	-	50,463	(311)	100.00	(311)	26,093	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED chips and LED lighting facilities	5,756,160	2	2,387,089	-	-	2,387,089	(275,384)	86.97	(239,626)	1,536,695	-	2(3)
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	$ 4,497	2	$ 4,497	$ -	$ -	$ 4,497	$ 2,633	52.60	$ 4,443	($ 1,157)	$ -	2(2)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Epistar Corporation	$ 12,241,483	$ 13,277,209	$ 28,317,215

Note 1: The investments are classified in three types; they are numbered as follows:

1. Direct investment in Mainland China companies;
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
3. Other ways.

Note 2: Investment income or loss in this period:

The bases for recognition of investment income or loss are classified into four types; they are numbered as follows:

1. The financial statements that are audited by the international accounting firm which has a cooperative relationship with the R.O.C. accounting firm;
2. The financial statements that are audited by the R.O.C. parent company’s independent accountants;
3. Others: The financial statements that are not audited by the independent accountants

Note 3: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: The numbers in the table shall be expressed in NTD. Foreign currencies shall be translated into NTD at the exchange rate prevailing on the financial reporting date.

Note 5: The ‘amounts’ are expressed in thousands of New Taiwan dollars.

Note 6: The shares of Very Optoelectronics (HUI ZHOU) Co., Ltd. and Cosmoled Lighting Limited were all disposed on March 14, 2018 and June 25, 2018.

Note 7: The Group lost significant influence over KAISTAR Lighting (Xiamen) Co., Ltd. as the shares of it owned by the Group were less than 20% on April 26, 2018. Therefore, the Group reclassified them into financial assets at fair value through other comprehensive income in accordance with IFRSs.

EPISTAR CORPORATION

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

Year ended December 31, 2019

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				Others
	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31,	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	
Shanghai Welight Electronic Co., LTD.	$ 170,826	1	$ -	-	$ 167,605	-	$ -	-	$ -	$ -	-	$ -	
Jiangsu Canyang Optoelectronics Ltd.	184,669	1	132,258	15	87,845	-	389,740	-	879,000	430,500	4.2%	5,868	
Jiangsu Canyang Optoelectronics Ltd.	(378,190)	(2)	(11,851)	-	(38,419)	-	-	-	-	-	-	-	
Luxlite (Shenzhen) Corporation Limited	1,425,371	9	-	-	775,081	1	-	-	-	-	-	-	
Episky Corporation (Xiamen) Ltd.	768,584	5	29,708	3	335,714	1	2,518,320	-	1,824,000	861,000	5.53%	-	
Episky Corporation (Xiamen) Ltd.	(287,519)	(2)	-	-	(50,045)	-	-	-	-	-	-	-	
Epicrystal Corporation (Changzhou) Ltd	449,614	3	16,405	2	83,183	-	-	-	-	-	-	-	
Epicrystal Corporation (Changzhou) Ltd	(1,230,596)	(8)	(11,839)	-	(497,916)	(1)	-	-	-	-	-	-	

EPISTAR CORPORATION
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Summary	Amount
Cash		
Cash on hand		$ 11
Bank deposits		
Checking accounts		268
Demand deposits － NTD		102,509
－USD	USD 25,933 thousand at exchange rate of 29.98	777,471
	JPY 41,300 thousand at exchange rate of 0.276	11,399
	HKD 234 thousand at exchange rate of 3.84	899
	EUR 24 thousand at exchange rate of 33.59	814
	CNY 72,928 thousand at exchange rate of 4.305	313,957
Time deposits － NTD		773,035
－ USD	USD 5,000 thousand at exchange rate of 29.98	149,900
Bonds sold under repurchase agreement － NTD		182,002
		$ 2,312,265

EPISTAR CORPORATION
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 2

Customer name	Amount	Note
LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES	$ 730,814	
DOMINANT Opto Technologies Sdn. Bhd.	453,473	
ADVANCED OPTOELECTRONIC TECHNOLOGY INC.	391,629	
Everlight Electronics Co., Ltd. and its subsidiar	377,791	
APT Electronics Co., Ltd.	334,902	
UNITY OPTO TECHNOLOGY CO., LTD.	280,177	
Others	1,327,649	The balance of each customer has not exceeded 5% of the accounts receivable
	3,896,435	
Less: Allowance for bad debts	(333)	The accounts receivable that were past due over 1 year amounted to $0
Less: Allowance for sales returns and discounts	-	
	3,896,102	
Associates		
Luxlite(Shenzhen) Corporation Limited	775,081	
Episky Corp.(Xiamen) Ltd.	335,714	
Others	389,891	The balance of each customer has not exceeded 5% of the accounts receivable
	1,500,686	
Less: Allowance for sales returns and discounts	-	
	1,500,686	
	$ 5,396,788	

EPISTAR CORPORATION
DETAILS OF INVENTORIES
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 3

Items	Amount: Cost	Amount: Market price	Note
Raw materials	$ 415,435	$ 417,751	Net realisable values are used as market value
Work in progress	1,054,976	1,392,298	Net realisable values are used as market value
Finished goods	1,119,442	1,367,894	Net realisable values are used as market value
	2,589,853	$ 3,177,943	
Less: Allowance for valuation loss	(522,882)		
	$ 2,066,971		

EPISTAR CORPORATION
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 4

	Opening balance		Additions (Reduction)			Ending balance			Market price or value per share		
Name	Number of shares	Amounts	Number of shares	Amounts (Note 1)	Gain (loss) on investments	Number of shares	Ownership (%)	Amounts	Price (in NTD	Total price	Pledged to other as collateral
Lighting Investment Corp.	251,478,518	1,928,717	-	12,037	140,662	251,478,518	0.00%	2,081,416	7.95	1,998,438	None
Epistar JV Holding (BVI) Co., Ltd.	24,616	10,268,739	-	(471,755)	(766,532)	24,616	100.00%	9,030,452	366,852.94	9,030,452	None
Yen-Rich Technology Corporation. (Note 2)	60,000,000	232,509	-	919,150	(28,320)	60,000,000	100.00%	1,123,339	18.72	1,123,339	None
Full Star Enterpises Limted	11,560,000	250,537	-	(229)	7,599	11,560,000	100.00%	257,907	22.31	257,907	None
Ecoled Venture Co., Limited	7,189,668	(6,858)	-	(3,403)	10,261	-	0.00%	-	-	-	None
SH Optotech Co., Ltd.	3,179,176	9,810	-	(7,145)	527	3,179,176	49.00%	3,192	1.00	3,192	None
Gan Ventures Co., Limited	18,000,000	124,306	-	(57,987)	(53,400)	18,000,000	59.02%	12,919	0.72	12,919	None
TReach Corportation	7,000,000	37,606	-	(101)	11,469	7,000,000	100.00%	48,974	7.00	48,974	None
Unikon Semiconductor Corportation	100,000,000	933,330	-	15,689	(377,906)	100,000,000	85.91%	571,113	5.71	571,113	None
Pro Light Opto Technology Corportation	7,450,000	97,043	-	(3,916)	(4,849)	7,450,000	8.52%	88,278	11.85	88,278	None
GaN Force Corporation.	-	-	1,063,000	63,700	(7,417)	1,063,000	64.31%	56,283	52.95	56,283	None
Nan Ya Photonies Incorportation	81,608,270	387,627	-	23,033	40,012	81,608,270	40.80%	450,672	5.52	450,672	None
Tekcore Co., Ltd.	57,956,337	62,978	-	(8)	(25,182)	57,956,337	21.05%	37,788	1.73	100,024	None
TE Opto Corporation	920,000	43,557	-	(3,263)	5,230	920,000	0.00%	45,524	49.48	45,524	None
Add: Non-current credit balance reclassified to other liabilities		6,858		(6,858)	-			-			
		$ 14,376,759		$ 478,944	($ 1,047,846)			$ 13,807,857			

Note 1: Including acquisition from combinations, investments of additions and disposals,translation of foreign operations and cash dividend paid through financial statements translation differences of foreign operations as well as unrealised gains or losses on available-for-sale adjusted by shareholders'equity of subsidiaries, capital surplus and retained earnings were recognised proportionally to their interest.

Note 2: The liquidation was completed on December , 2019 as the company will not continue its operation.

EPISTAR CORPORATION
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 5

Items	Opening balance	Additions	Reductions	Transfer (Note)	Ending balance
Land	$ 124,661	$ -	$ -	$ 138,524	$ 263,185
Buildings and structures	12,379,159	10,114	(790,636)	1,194,025	12,792,662
Machinery and equipment	31,080,964	9,292	(3,387,121)	1,472,723	29,175,858
Transportation equipment	3,287	-	-	-	3,287
Office equipment	135,846	990	(37,933)	9,179	108,082
Leasehold improvement	84,143	130	(975)	7,753	91,051
Construction in progress and prepayments for business facilities	1,382,330	1,411,958	-	(2,265,132)	529,156
	$ 45,190,390	$ 1,432,484	($ 4,216,665)	$ 557,072	$ 42,963,281

EPISTAR CORPORATION
MOVEMENT SUMMARY OF ACCUMULATED DEPRECIATION CHARGES ON PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 6

Items	Opening balance	Additions	Reductions	Transfer (Note)	Ending balance
Accumulated depreciation:					
Buildings and structures	($ 6,074,279)	($ 780,397)	$ 663,394	($ 69,619)	($ 6,260,901)
Machinery and equipment	(22,101,323)	(2,537,390)	2,670,562	(9,778)	(21,977,929)
Transportation equipment	(3,287)	-	-	-	(3,287)
Office equipment	(89,730)	(14,311)	34,793	36	(69,212)
Leasehold improvement	(46,906)	(9,201)	362	-	(55,745)
	($ 28,315,525)	($ 3,341,299)	$ 3,369,111	($ 79,361)	($ 28,367,074)
Accumulated impairment:					
Buildings and structures	($ 368,962)	($ 37,799)	$ 112,011	($ 206,009)	($ 500,759)
Machinery and equipment	(1,117,423)	(123,797)	541,332	9,207	(690,681)
Office equipment	(2,303)	-	2,017	-	(286)
Leasehold improvement	(613)	(15,126)	613	-	(15,126)
	($ 1,489,301)	($ 176,722)	$ 655,973	($ 196,802)	($ 1,206,852)

Note: The transfer includes inventories transferred to fixed assets of $6,092, non-current assets held for sale transferred to fixed assets of $384,092, Property, plant and equipment transferred to expense $98,250、expense transferred to property, plant and equipment $7,318。

EPISTAR CORPORATION
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 7

Vendor name	Amount	Note
Crystalligent Material Co. Ltd.	$ 230,306	
Laminar Advanced Material Co., Ltd.	77,105	
Crystalwise Technology Inc.	65,683	
Sun-Tech Material Corp.	63,213	
Vital Advanced Materials Co., Ltd	62,336	
Versum Materials Twiwan Co., LTD.	51,579	
Others	507,900	The balance of each expense account has not exceeded 5% of the accounts payable
	1,058,122	
Associates		
Epicrystal(Changzhou)Co., Ltd.	421,375	
LEDAZ Co., Ltd.	150,327	
Episky Corp.(Xiamen) Ltd.	30,632	
Others	132,494	The balance of each expense account has not exceeded 5% of the accounts payable
	734,828	
	$ 1,792,950	

EPISTAR CORPORATION
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 8

Items	Quantity	Amount	Note
Chips	163,881,975 thousand pieces	$ 12,136,049	
EPI Wafers	7,657,951 square inches	881,988	
Others		23,359	
Less: Sales returns and discounts		(616,162)	
		$ 12,425,234	

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EPISTAR CORPORATION
DETAILS OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 9

Items	Summary	Amount	Note
Raw materials at beginning of year		$ 785,232	
Add: Material purchased during the year		5,368,772	
Less: Raw materials at end of year		(415,435)	
Expenses transferred		(3,357,636)	
Fixed assets transferred		(6,092)	
Material recycle		79,607	
Scrapping inventory transferred		(12,652)	
Consumption of raw materials for the year		2,441,796	
Direct labor		912,973	
Overhead		6,094,062	
Manufacturing cost		9,448,831	
Add: Semi-finished goods at beginning of year		1,212,443	
Semi-finished goods purchased		30,337	
Less: Semi-finished goods at end of year		(1,054,976)	
Expenses transferred		(81,268)	
Scrapping inventory transferred		(96,937)	
Cost of finished goods		9,458,430	
Add: finished goods at beginning of year		1,630,100	
Finished goods purchased		1,887,024	
Less: Finished goods at end of year		(1,119,442)	
Expenses transferred		(48,023)	
Scrapping inventory transferred		(140,818)	
Cost of sales		11,667,271	
Loss on inventories		250,406	
Gain or reversal of decline		(220,358)	
Loss on idle capacity		913,512	
Leftover and scrapping inventory sold		(11,774)	
Others		(21,274)	
Operating costs		$ 12,577,783	

EPISTAR CORPORATION
DETAILS OF MANUFACTURING COST
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Statement 10

Items	Summary	Amount	Note
Depreciation		$ 2,867,171	
Wages and salaries		1,935,914	
Utilities expenses		598,962	
Others		692,015	The balance of each expense account has not exceeded 5% of the research and development expenses
		$ 6,094,062	

EPISTAR CORPORATION
DETAILS OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Items	Summary	Amount	Note
Wages and salaries		$ 91,322	
Export customs expense		21,868	
Commissions expense		16,757	
Others		52,358	The balance of each expense account has not exceeded 5% of the general and administrative expenses
		$ 182,305	

EPISTAR CORPORATION
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Items	Summary	Amount	Note
Wages and salaries		$ 390,244	
Cost of services		78,064	
Depreciation		80,286	
Utilities expenses		46,838	
Others		263,043	The balance of each expense account has not exceeded 5% of the general and administrative expense
		$ 858,475	

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EPISTAR CORPORATION
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Items	Summary	Amount	Note
Wages and salaries		$ 294,659	
Depreciation		347,453	
Expenses on raw materials used by other departments		161,624	
Other expenses		190,900	
Utilities expenses		81,565	
Others		491,617	The balance of each expense account has not exceeded 5% of the research and development expenses
		$ 1,567,818	

EPISTAR CORPORATION
EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES SUMMARISED BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

By function / By nature	Year ended December 31, 2019			Year ended December 31, 2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Wages and salaries	1,847,924	767,207	2,615,131	2,074,022	899,807	2,973,829
Labor and health insurance fees	176,049	55,882	231,931	180,385	60,619	241,004
Pension costs	87,990	32,141	120,131	96,424	37,589	134,013
Director's and supervisors' remunertion	-	-	-		2,700	2,700
Other employee benefit expense	98,898	26,629	125,527	112,515	31,462	143,977
Depreciation	2,867,171	432,482	3,299,653	3,033,026	430,271	3,463,297
Amortisation	114,804	132,144	246,948	110,587	143,118	253,705
	5,192,836	1,446,485	6,639,321	5,606,959	1,605,566	7,212,525

Note:

1. As at December 31, 2019 and 2018, the Company had 3,395 and 3,320 employees, including 7 and 7 non-employee directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year was $923.
Average employee benefit expense in previous year was $1,054.

(2) Average employees salaries in current year was $780.
Average employees salaries in previous year was $898.

(3) Adjustments of average employees salaries was 13.14%.