BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Buima Group Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Buima Group Inc. and subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

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Valuation of inventory

Description

Please refer to Note 4(10) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions related to inventory valuation, and Note 6(3) for details of inventory. As of December 31, 2018, the Group's inventory and allowance for inventory valuation losses amounted NT$234,083 thousand and NT$23,248 thousand, respectively.

The Group is primarily engaged in manufacture and sales of metal wall partitions and compartments, fire insulation partitions, grids and related products. As the value of the Group's inventory is affected by the unstable prices of raw materials and the demand from the market, there is a higher risk of inventory losing value or becoming obsolete.

The Group recognises inventories at the lower of cost and net realisable value and individually identifies obsolete inventories for those inventories that are over a certain age. Given that the valuation of obsolete inventories involves subjective judgement and a high degree of uncertainty and the inventory as well as allowance for valuation losses are material to the financial statements, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter

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

1. Assessed the appropriateness of the policy when identifying the lower of cost and net realisable value and market value, slow-moving, obsolete or damaged items based on the accountant's understanding in the industry and verified that the accounting policies applied are consistent with the previous year.
2. Verified the logic of the report the Group used to assess the net realisable value of the inventory. Tested the data of the net realisable value estimation basis including verification of the supporting documents such as sales contracts or orders and related purchase evidences. Referred to the subsequent transactions to evaluate the reasonableness of allowance for inventory valuation loss.
3. Verified the logic of the Group's inventory aging report. Tested the movement of inventory and checked the date of the movement with related supporting documents to ascertain the accuracy of the inventory aging classification.
4. Conducted the physical inventory count at the end of reporting period and observed the inventory condition to evaluate the effectiveness of the procedures the management used to identify and control obsolete inventories.

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Occurrence and cutoff of revenue recognition from the export sales

Description

Please refer to Note 4(23) for accounting policies on revenue recognition and Note 6(17) for details of revenue recognition. For the year ended December 31, 2018, export sales revenue amounted to NT$ 482,970 thousand, representing 46% of consolidated operating revenue.

The export sales revenues, which are mainly concentrated in European countries, constitute a high percentage of the Group's consolidated operating revenue. Sales revenue are recognised in the year when the control of the products are transferred according to the transaction terms agreed upon by both parties. Thus, we consider that there might be potential risks arising from export revenue recognition, which are mainly the occurrence of the export sales revenue and the accuracy of revenue recognition

How our audit addressed the matter

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

1. Understood and assessed the effectiveness of internal control regarding the Group's shipping and billing procedures.
2. Tested transaction terms of export sales including selling prices and credit terms and checked the timing of revenue recognition by agreeing it to the information on the customer order.
3. Checked the occurrence of the sales revenue and the accuracy of the timing on recognition by conducting confirmation procedures and testing the reconciling items on the replies from confirmation letters circulated.
4. Sampled and tested the export sales revenue of the current year to ensure the occurrence of the sales.
5. Performed cut-off test on sales transactions in a certain period before and after the balance sheet date in order to check whether sales revenues are recorded in the proper period.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hadrien Chiu Audrey Tseng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 21, 2019

The accompanying consolidated 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 consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 260,429	24	$ 201,196	19
1140	Current contract assets	6(17)	7,078	1	-	-
1150	Notes receivable, net		23,524	2	35,268	3
1170	Accounts receivable, net	6(2)	135,924	12	134,222	12
1180	Accounts receivable - related parties	7	44,006	4	46,642	4
1200	Other receivables		6,567	1	6,111	1
1210	Other receivables - related parties	7	3,722	-	27,534	3
130X	Inventories	6(3)	210,835	19	189,944	18
1410	Prepayments		14,263	1	22,309	2
1460	Non-current assets held for sale - net	6(7)	-	-	5,628	-
1479	Other current assets, others	6(4) and 8	12,347	1	22,624	2
11XX	**Current Assets**		718,695	65	691,478	64
	Non-current assets					
1600	Property, plant and equipment	6(5) and 8	280,959	25	320,712	30
1780	Intangible assets	6(6)	1,175	-	1,532	-
1840	Deferred income tax assets	6(23)	9,123	1	9,393	1
1900	Other non-current assets	6(8) and 8	97,937	9	59,628	5
15XX	**Non-current assets**		389,194	35	391,265	36
1XXX	**Total assets**		$ 1,107,889	100	$ 1,082,743	100

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BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 120,188	11	$ 114,978	11
2130	Current contract liabilities	6(17)	19,107	2	-	-
2150	Notes payable		-	-	120	-
2170	Accounts payable		53,183	5	66,254	6
2200	Other payables	6(10)	130,727	12	154,059	14
2220	Other payables - related parties	7	271	-	-	-
2230	Current income tax liabilities		5,744	-	4,088	-
2300	Other current liabilities	6(11)	-	-	32,465	3
21XX	**Current Liabilities**		329,220	30	371,964	34
	Non-current liabilities					
2570	Deferred income tax liabilities	6(23)	10,593	1	13,090	1
2645	Guarantee deposits received		1,209	-	2,332	1
25XX	**Non-current liabilities**		11,802	1	15,422	2
2XXX	**Total Liabilities**		341,022	31	387,386	36
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(13)				
3110	Share capital - common stock		357,000	32	307,000	28
	Capital surplus	6(14)				
3200	Capital surplus		274,309	25	313,779	29
	Retained earnings	6(15)				
3310	Legal reserve		-	-	6,462	1
3320	Special reserve		25,632	2	14,077	1
3350	Unappropriated retained earnings (accumulated deficit)		18,891	2	(50,739)	(5)
	Other equity interest	6(16)				
3400	Other equity interest		(37,193)	(3)	(25,632)	(2)
31XX	**Equity attributable to owners of the parent**		638,639	58	564,947	52
36XX	**Non-controlling interest**	4(3)	128,228	11	130,410	12
3XXX	**Total equity**		766,867	69	695,357	64
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,107,889	100	$ 1,082,743	100

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

BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(17), 7 and 12(4)	$ 1,045,564	100	$ 965,325	100
5000	**Operating costs**	6(3)(12)(21)(22) and 7	(779,285)	(74)	(698,576)	(72)
5950	**Net operating margin**		266,279	26	266,749	28
	Operating expenses	6(12)(21)(22), 7 and 12(2)				
6100	Selling expenses		(120,146)	(12)	(129,299)	(13)
6200	General and administrative expenses		(75,990)	(7)	(126,444)	(13)
6300	Research and development expenses		(55,217)	(5)	(53,759)	(6)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9		14,151	1	-	-
6000	**Total operating expenses**		(237,202)	(23)	(309,502)	(32)
6900	**Operating profit (loss)**		29,077	3	(42,753)	(4)
	Non-operating income and expenses					
7010	Other income	6(18)	3,751	-	2,813	-
7020	Other gains and losses	6(7)(19)	2,126	-	(11,608)	(1)
7050	Finance costs	6(20)	(5,614)	-	(7,099)	(1)
7000	**Total non-operating income and expenses**		263	-	(15,894)	(2)
7900	**Profit (loss) before income tax**		29,340	3	(58,647)	(6)
7950	Income tax expense	6(23)	(2,732)	-	(2,617)	-
8200	**Profit (loss) for the year**		$ 26,608	3	($ 61,264)	(6)
	Other comprehensive income					
8341	Other components of other comprehensive income that will not be reclassified to profit or loss		$ 12,854	1	($ 53,691)	(6)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(16)	(35,858)	(3)	43,940	4
8399	Income tax relating to the components of other comprehensive income	6(16)(23)	2,878	-	(3,474)	-
8300	**Other comprehensive loss for the year**		($ 20,126)	(2)	($ 13,225)	(2)
8500	**Total comprehensive income (loss) for the year**		$ 6,482	1	($ 74,489)	(8)
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 18,891	2	($ 62,987)	(6)
8620	Non-controlling interest		7,717	1	1,723	-
			$ 26,608	3	($ 61,264)	(6)
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 7,330	1	($ 74,542)	(8)
8720	Non-controlling interest		(848)	-	53	-
			$ 6,482	1	($ 74,489)	(8)
	Basic earnings (loss) per share	6(24)				
9750	**Total basic earnings (loss) per share**		$ 0.61		($ 2.28)	
9850	**Total diluted earnings (loss) per share**		$ 0.61		($ 2.28)	

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

BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Share capital	Capital surplus	Retained earnings			Other equity			
	Notes	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total	Non-controlling interest	Total
Year 2017										
Balance at January 1, 2017		$ 272,000	$ 297,719	$ 5,409	$ -	$ 32,818	($ 14,077)	$ 593,869	$ 154,212	$ 748,081
Profit (loss)		-	-	-	-	(62,987)	-	(62,987)	1,723	(61,264)
Other comprehensive loss	6(16)	-	-	-	-	-	(11,555)	(11,555)	(1,670)	(13,225)
Total comprehensive income		-	-	-	-	(62,987)	(11,555)	(74,542)	53	(74,489)
Appropriations of 2016 earnings										
Legal reserve	6(15)	-	-	1,053	-	(1,053)	-	-	-	-
Special reserve	6(15)	-	-	-	14,077	(14,077)	-	-	-	-
Cash dividends		-	-	-	-	(5,440)	-	(5,440)	-	(5,440)
Cash payment from capital surplus		-	(19,040)	-	-	-	-	(19,040)	-	(19,040)
Cash capital increase	6(13)	35,000	35,100	-	-	-	-	70,100	-	70,100
Cash dividends paid by a consolidated subsidiary	4(3)	-	-	-	-	-	-	-	(23,855)	(23,855)
Balance at December 31, 2017		$ 307,000	$ 313,779	$ 6,462	$ 14,077	($ 50,739)	($ 25,632)	$ 564,947	$ 130,410	$ 695,357
Year 2018										
Balance at January 1, 2018		$ 307,000	$ 313,779	$ 6,462	$ 14,077	($ 50,739)	($ 25,632)	$ 564,947	$ 130,410	$ 695,357
Profit		-	-	-	-	18,891	-	18,891	7,717	26,608
Other comprehensive loss	6(16)	-	-	-	-	-	(11,561)	(11,561)	(8,565)	(20,126)
Total comprehensive income		-	-	-	-	18,891	(11,561)	7,330	(848)	6,482
Appropriations of 2017 earnings										
Legal reserve		-	-	(6,462)	-	6,462	-	-	-	-
Capital surplus used to cover accumulated deficit	6(14)	-	(55,832)	-	-	55,832	-	-	-	-
Special reserve	6(15)	-	-	-	11,555	(11,555)	-	-	-	-
Cash payment from capital surplus	6(15)	-	(24,559)	-	-	-	-	(24,559)	-	(24,559)
Cash capital increase	6(13)	50,000	40,921	-	-	-	-	90,921	-	90,921
Cash dividends paid by a consolidated subsidiary	4(3)	-	-	-	-	-	-	-	(1,334)	(1,334)
Balance at December 31, 2018		$ 357,000	$ 274,309	$ -	$ 25,632	$ 18,891	($ 37,193)	$ 638,639	$ 128,228	$ 766,867

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

BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 29,340	($ 58,647)
Adjustments			
Adjustments to reconcile profit (loss)			
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	12(2)	(14,151)	-
Provision for allowance for doubtful accounts	12(3)	-	14,080
(Gain on reversal) loss of decline in market value	6(3)	(3,000)	726
Depreciation and amortization	6(21)	44,924	47,941
Loss on disposal of property, plant and equipment	6(19)	450	5,935
Gain on disposal of non-current asses held for sale	6(7)(19)	(636)	-
Interest income	6(18)	(965)	(983)
Interest expense	6(20)	5,614	7,099
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		(6,993)	-
Notes receivable		11,744	(3,808)
Accounts receivable		14,121	32,350
Accounts receivable - related parties		2,636	2,930
Other receivables		(456)	(1,274)
Other receivables - related parties		23,812	(27,493)
Inventories		(17,891)	(47,555)
Prepayments		8,046	3,385
Decrease in other current assets		10,192	45,875
Decrease in other non-current assets		2,306	1,423
Changes in operating liabilities			
Contract liabilities - current		6,452	-
Notes payable		(120)	120
Accounts payable		(13,071)	1,690
Other payables		(23,332)	27,705
Other payables - related parties		271	-
Other current liabilities		(19,810)	4,815
Cash inflow generated from operations		59,483	56,314
Interest received		965	983
Interest paid		(5,614)	(7,099)
Income tax paid		(596)	(9,138)
Net cash flows from operating activities		54,238	41,060
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(5)	(11,575)	(10,800)
Proceeds from disposal of property, plant and equipment	6(5)	498	329
Proceeds from disposal of non-current asses held for sale	6(19)	6,334	-
Acquisition of intangible assets	6(6)	-	(9)
Increase in refundable deposits		(8,552)	(524)
Increase in prepayment for land approval fee		(34,894)	-
Net cash flows used in investing activities		(48,189)	(11,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		176,798	187,106
Decrease in short-term borrowings		(169,488)	(261,424)
Payment of cash dividends	6(15)	(24,559)	(24,480)
Payment of cash dividends - non-controlling interest		(1,334)	(23,855)
Cash capital increase	6(13)	90,921	70,100
(Decrease) increase in guarantee deposits received		(1,123)	1,310
Net cash flows from (used in) financing activities		71,215	(51,243)
Effect of foreign exchange translations		(18,031)	(5,139)
Net increase (decrease) in cash and cash equivalents		59,233	(26,326)
Cash and cash equivalents at beginning of year		201,196	227,522
Cash and cash equivalents at end of year		$ 260,429	$ 201,196

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

BUIMA GROUP INC. (CAYMAN) AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Buima Group Inc. (the "Company") was incorporated in the British Cayman Islands in November 2009 for the purpose of the organisational restructuring undertaken prior to listing on the Taiwan Stock Exchange or Taipei Exchange. On November 10, 2009, the Company provided its own shares to exchange shares in Buima Holding Limited and Syntech Holding Limited at a conversion ratio of 0.54:1 and became the holding company of the two companies thereafter. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in manufacture and sales of metal wall partitions and compartments, fire insulation partitions, metal ceilings, grids and new building materials.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 21, 2019.

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 FSC effective from 2018 are as follows:

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

IFRS 15, 'Revenue from contracts with customers' and amendments

A. IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

   The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

   Step 1: Identify contracts with customer.

   Step 2: Identify separate performance obligations in the contract(s).

   Step 3: Determine the transaction price.

   Step 4: Allocate the transaction price.

   Step 5: Recognise revenue when the performance obligation is satisfied.

   Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

B. The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

   Accounting for customer loyalty programme

   In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

   (a) Under IFRS 15, wall partition installation service revenue contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance amounted to $5,733.

(b) Under IFRS 15, liabilities in relation to sales contracts are recognised as contract liabilities, but were previously presented as advance sales receipts (shown as other current liabilities) in the balance sheet. As of January 1, 2018, the balance amounted to $32,465.

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

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

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

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

IFRS 16, 'Leases'

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.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $42,948 and $1,925, respectively, and land use right agreements (shown as other non-current assets) will be decreased by $41,023.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

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

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(3) and (4) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2018	Ownership(%) December 31, 2017	Description
Buima Group Inc.	Buima Holding Ltd.	Investment and holding	100%	100%	
	Syntech Holding Co., Ltd.	Investment and holding	100%	100%	
	Buima New Building Materials India Private Ltd.	Sales of new building materials and provision of product consulting	100%	100%	Note 1
Buima Holding Ltd.	Hong-Ji International Trading (Shanghai) Ltd.	International, export, and bonded area trade agency	100%	100%	
Syntech Holding Co., Ltd.	Syntech New Building Materials (Shanghai) Ltd.	sells metal wall partitions and compartment, fire insulation partition	100%	100%	
Buima Holding Ltd.	Buima Holding Hong Kong Ltd. (formerly: Syntech Holding Hong Kong Ltd.)	Investment and holding	86.12%	86.12%	
Syntech Holding Co., Ltd.			13.40%	13.40%	
Syntech New Building Materials (Shanghai) Ltd.			0.48%	0.48%	
Buima Holding Hong Kong Ltd. (formerly: Syntech Holding Hong Kong Ltd.)	Buima (China) New Materials Ltd. (formerly: Jangsu Buima New Materials Ltd.)	Manufactures of new building materials and provision of product	100%	100%	
	OWA Metallic PTE. Ltd.	Investment and holding	51%	51%	
OWA Metallic PTE. Ltd.	OWA New Building Materials (Shanghai) Ltd.	Design and manufactures of new building materials and provision of product consulting services	100%	100%	
OWA New Building Materials (Shanghai) Ltd.	OWA Metallic Hong Kong Ltd.	Sales of new building materials and provision of product consulting	100%	100%	Note 2

Note 1: The company was newly registered in 2017.

Note 2: The company has applied for dissolution and liquidation but has not been approved as of March 21, 2019.

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

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

E. Significant restrictions: None.

F. Subsidiary that have non-controlling interests that is material to the Group:

As of December 31, 2018 and 2017, the non-controlling interest amounted to $128,228 and $130,410, respectively. The information of non-controlling interest and respective subsidiary is as follows:

		Non-controlling interest			
		December 31, 2018		December 31, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
OWA Metallic PTE. Ltd.	Singapore	$ 128,228	49%	$ 130,410	49%

Summarised financial information of the subsidiary:

Balance sheets

	OWA Metallic PTE. Ltd.	
	December 31, 2018	December 31, 2017
Current assets	$ 260,985	$ 252,247
Non-current assets	87,619	106,479
Current liabilities	(86,914)	(92,584)
Total net assets	$ 261,690	$ 266,142

Statements of comprehensive income

	OWA Metallic PTE. Ltd.	
	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	$ 583,782	$ 605,303
Profit before income tax	15,176	5,863
Income tax benefit (expense)	572	(2,347)
Profit for the period	15,748	3,516
Other comprehensive (loss) income, net of tax	(14,438)	18,783
Total comprehensive income for the period	$ 1,310	$ 22,299
Comprehensive income attributable to non-controlling interest	$ 642	$ 10,927
Dividends paid to non-controlling interest	$ 1,334	$ 23,855

Statements of cash flows

	OWA Metallic PTE. Ltd.	
	Year ended December 31, 2018	Year ended December 31, 2017
Net cash provided by operating activities	$ 8,504	$ 4,220
Net cash used in investing activities	(1,052)	(10,409)
Net cash used in financing activities	(11,951)	(54,384)
Effect of exchange rates on cash and cash equivalents	(11,481)	4,811
Decrease in cash and cash equivalents	(15,980)	(55,762)
Cash and cash equivalents, beginning of period	38,637	94,399
Cash and cash equivalents, end of period	$ 22,657	$ 38,637

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US dollars; however, the consolidated financial statements are presented in New Taiwan Dollars under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities. When converting the consolidated financial statements into New Taiwan Dollars, all assets and liabilities are translated into New Taiwan Dollars at the exchange rate of the balance sheet; except for the balance accrued at the end of the period, the balance of the equity in the equity account is carried forward, and the rest is based on historical exchange rates. Profit and loss accounts are translated at the weighted average exchange rate, and the difference arising from the conversion is included in the "financial statements translation differences of foreign operations" as an adjustment item for equity.

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other income and expenses – net’ or ‘other gains and losses’.

B. Translation of foreign operations

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

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

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

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

(5) <u>Classification of current and non-current items</u>

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 realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle 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.

(6) <u>Cash equivalents</u>

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.

(7) <u>Accounts and notes receivable</u>

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

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

(8) 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 Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

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

(11) 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.

(12) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. 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	5 ~ 20	years
Machinery and equipment	3 ~ 10	years
Transportation equipment	5 ~ 10	years
Other equipment	3 ~ 10	years

(13) Operating leases (lessee)

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

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 10 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. 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 amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

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.

(17) 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.

(18) Derecognition of financial liabilities

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

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Income tax

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

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

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

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

(21) Share capital

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.

(22) Dividends

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

(23) Revenue recognition

A. Sales of goods—wholesale

The Group manufactures and sells metal wall partitions and compartments, fire insulation partitions, metal ceilings, grids and new building materials. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler'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 wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Building material installment services

(a) The Group provides installation related services of building materials such as compartments, partitions and grids. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on installment costs incurred relative to the total expected installment costs. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) Some contracts include sales and installation services of building materials. The building materials and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Group recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation. Conversely, the Group recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total expected costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Group procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.

(c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(24) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the carrying amount of inventories was $210,835.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 344	$ 583
Demand deposits	260,085	200,613
	$ 260,429	$ 201,196

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

B. Time deposits pledged to others as collateral and demand deposits pledged to others as performance guarantee were classified as other current assets. Details are provided in Notes 6(4) and 8.

(2) Accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable	$ 191,339	$ 208,011
Less: Allowance for bad debts	(55,415)	(73,789)
	$ 135,924	$ 134,222

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

	December 31, 2018	December 31, 2017
Not past due	$ 25,119	$ 50,939
Past Due		
UP to 90 days	69,509	35,148
91 to 180 days	15,931	15,935
Over 180 days	25,365	32,200
	$ 135,924	$ 134,222

The above ageing analysis was based on past due date.

B. The Group does not hold any collateral as security.

C. As at December 31, 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 account receivable held by the Group was $135,924.

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

(3) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 81,406	($ 5,581)	$ 75,825
Finished goods	152,677	(17,667)	135,010
Total	$ 234,083	($ 23,248)	$ 210,835

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 98,879	($ 8,193)	$ 90,686
Finished goods	118,028	(18,770)	99,258
Total	$ 216,907	($ 26,963)	$ 189,944

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2018	Year ended December 31, 2017
Cost of goods sold	$ 742,442	$ 68,800
(Gain) loss on inventory valuation	(3,000)	726
Revenue from sale of scraps	(3,201)	(3,710)
	$ 736,241	$ 65,816

The Group continued clearing out obsolete inventories in 2018 and, hence, reversed the previously recognised inventory valuation losses.

(4) Other current assets - other

	December 31, 2018	December 31, 2017
Time deposits pledged	$ 6,143	$ 10,499
Deposits pledged as performance guarantee	6,204	6,392
Retention in construction contracts	-	5,733
Total	$ 12,347	$ 22,624

The above time deposits pledged to others as collateral and demand deposits pledged to others as performance guarantee were classified as other current assets. It is expected that performance guarantee will be recovered within a year.

(5) Property, plant and equipment

	Buildings and structures	Machinery	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2018						
Cost	$ 211,152	$ 387,090	$ 20,117	$ 77,213	$ 3,140	$ 698,712
Accumulated depreciation	(66,572)	(230,035)	(13,622)	(67,771)	-	(378,000)
	$ 144,580	$ 157,055	$ 6,495	$ 9,442	$ 3,140	$ 320,712
2018						
Opening net book amount as at January 1	$ 144,580	$ 157,055	$ 6,495	$ 9,442	$ 3,140	$ 320,712
Additions	2,231	6,312	955	1,775	302	11,575
Disposals	-	(563)	(237)	(148)	-	(948)
Reclassifications (including transfers from prepaid equipment)	-	3,785	-	-	(952)	2,833
Depreciation charge	(9,892)	(29,261)	(1,707)	(3,744)	-	(44,604)
Net exchange differences	(3,978)	(4,189)	(169)	(211)	(62)	(8,609)
Closing net book amount as at December 31	$ 132,941	$ 133,139	$ 5,337	$ 7,114	$ 2,428	$ 280,959
At December 31, 2018						
Cost	$ 206,093	$ 384,620	$ 16,971	$ 74,513	$ 2,428	$ 684,625
Accumulated depreciation	(73,152)	(251,481)	(11,634)	(67,399)	-	(403,666)
	$ 132,941	$ 133,139	$ 5,337	$ 7,114	$ 2,428	$ 280,959

	Buildings and structures	Machinery	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2017						
Cost	$ 212,674	$ 382,677	$ 19,606	$ 76,004	$ 8,554	$ 699,515
Accumulated depreciation and impairment	(57,067)	(201,436)	(11,169)	(62,126)	-	(331,798)
	$ 155,607	$ 181,241	$ 8,437	$ 13,878	$ 8,554	$ 367,717
2017						
Opening net book amount as at January 1	$ 155,607	$ 181,241	$ 8,437	$ 13,878	$ 8,554	$ 367,717
Additions	59	1,139	962	2,266	6,374	10,800
Disposals	-	(10)	(319)	(257)	(5,678)	(6,264)
Reclassifications (including transfers from prepaid equipment)	-	5,966	-	(262)	(5,931)	(227)
Depreciation charge	(9,707)	(29,422)	(2,480)	(5,972)	-	(47,581)
Net exchange differences	(1,379)	(1,859)	(105)	(211)	(179)	(3,733)
Closing net book amount as at December 31	$ 144,580	$ 157,055	$ 6,495	$ 9,442	$ 3,140	$ 320,712
At December 31, 2017						
Cost	$ 211,152	$ 387,090	$ 20,117	$ 77,213	$ 3,140	$ 698,712
Accumulated depreciation and impairment	(66,572)	(230,035)	(13,622)	(67,771)	-	(378,000)
	$ 144,580	$ 157,055	$ 6,495	$ 9,442	$ 3,140	$ 320,712

A. The significant components of buildings and structures include main plants and parking shed, which are depreciated over 20 and 5 years, respectively.

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

(6) Intangible assets

	December 31, 2018	December 31, 2017
Software		
Cost	$ 4,324	$ 4,449
Accumulated amortisation	(3,149)	(2,917)
	$ 1,175	$ 1,532

	Year ended December 31, 2018	Year ended December 31, 2017
At January 1	$ 1,532	$ 1,904
Additions	-	9
Amortisation charge	(320)	(360)
Net exchange differences	(37)	(21)
At December 31	$ 1,175	$ 1,532

The administrative expenses of amortisation on intangible assets of the Group for the years ended December 31, 2018 and 2017, were $320 and $360, respectively.

(7) Non-current assets held for sale and discontinued operations

On September 7, 2015, the Board of Directors approved the disposal of unused buildings and structures amounting to RMB 1,227 thousand. However, due to the unresolved issues, the transaction was not completed within the timeframe, which was expected to be finished in September 2017. On September 22, 2017, the Board of Directors approved an extension of the disposal plan. In September 2018, the transaction was completed and the Group recognised gain on disposal of $636. As of December 31, 2017, the carrying amount of the assets was $5,628 and there was no carrying amount of the assets as of December 31, 2018.

(8) Other non-current assets

	December 31, 2018	December 31, 2017
Long-term prepaid rent - land use right	$ 41,023	$ 43,328
Refundable deposits	22,020	13,467
Prepayment for land approval fee	34,894	-
Prepayments for equipment	-	2,833
	$ 97,937	$ 59,628

A. The Group's subsidiaries, Syntech New Building Materials (Shanghai) Limited and Buima (China) New Materials Ltd. (original named: Jangsu Buima New Materials Ltd.), entered into 50-year land use right agreements with local governments and will return the lands upon the expiration of the agreements. The Group recognised rental expenses of $1,080 and $1,000 for the years ended December 31, 2018 and 2017, respectively.

B. Information about the other non-current assets that were pledged to others as collaterals is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
secured borrowings	$ 120,188	4.59%～5.307%	Other current assets- time deposits, buildings and structures, other non-current assets-land use right

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
secured borrowings	$ 114,978	1.36%～5.22%	Other current assets- time deposits, buildings and structures, other non-current assets-land use right, promissory note provided by related person.

(10) Other current accounts payable

	December 31, 2018	December 31, 2017
Social insurance payable	$ 57,493	$ 60,535
Housing fund payable	10,953	16,504
Wages and bonuses payable	18,291	24,149
Employee benefits payable	7,047	18,872
Other	36,943	33,999
	$ 130,727	$ 154,059

(11) Other current liabilities

	December 31, 2018	December 31, 2017
Advance sales receipts	$ -	$ 32,465

Advance sales receipts (shown as other current liabilities) in relation to the sales of products and installation services of building materials contract in the balance sheet were previously presented in accordance with previous R.O.C. GAAP. Under IFRS 15 'Revenue from contracts with customers', the advance sales receipts are recognised as contract liabilities. As of December 31, 2018, the Group did not recognise advance sales receipts.

(12) Pensions

A. The Company's mainland China subsidiaries, OWA New Building Materials (Shanghai) Ltd., Buima (China) New Materials Ltd. (formerly: Jiangsu Buima New Materials Ltd.), Syntech New Building Materials (Shanghai) Ltd. and Hong-Ji International Trading (Shanghai) Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2018 and 2017, was 20% and 22%, respectively. Other than the monthly contributions, the Group has no further obligations.

B. The above pension costs under defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017, were $14,516 and $15,303, respectively.

(13) Share capital

A. As of December 31 2018, the Company's authorised capital was $357,000 which was converted to New Taiwan dollars at historical exchange rate, consisting of 35,700 thousand shares of ordinary stock. All proceeds from shares issued have been collected.

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

	2018	2017
At January 1	30,700	27,200
Cash capital increase	5,000	3,500
At December 31	35,700	30,700

B. To increase the Company's working capital, the Board of Directors during its meeting on August 28, 2017 adopted a resolution to raise additional cash through the issuance of an additional of 3,500 thousand shares of ordinary shares with par value of NT $10 per share. The effective date was set on November 22, 2017. The issuance price less cost of the shares issued amounted to $70,100 at NT $20.6 per share. The cash capital increase has been registered in accordance with the law.

C. To purchase land, machinery and building factory, the Board of Directors during its meeting on November 18, 2018 adopted a resolution to raise additional cash through issuance of an additional of 5,000 thousand shares of ordinary shares with par value of NT $10 per share. The effective date was set on December 24, 2018. The issuance price less cost of the shares issued amounted to $90,921 at NT $18.6 per share. The cash capital increase has been registered in accordance with the law.

(14) Capital surplus

Under the Company's Articles of Incorporation, capital surplus can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership.

The stockholders at their annual stockholders' meeting on May 29, 2018 adopted a resolution to use capital surplus to cover accumulated deficit of $55,832.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, while listing on any security market in the R.O.C, earnings will be distributed upon the Board of Directors' proposal for earning distribution and approval by the stockholders. The restrictions on the yearly earnings distribution are as follows:

(a) Paying all taxes.

(b) Offsetting accumulated deficits.

(c) Setting aside 10% earnings as legal reserve in accordance with the public offering regulations until the legal reserve equals the paid-in capital.

(d) Based on the resolution of the Board of Directors of the Company, appropriate special reserve in accordance with the Company's Articles of Incorporation or as required by the securities exchange regulations

(e) At least 25% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends in the form of cash or new shares.

B. The Company's dividend policy is summarised below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 25% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 15% of the total dividends distributed.

C. The information regarding the appropriations of earnings and deficit as well as capital surplus of 2017 and 2016 as resolved by the shareholders on May 29, 2018 and June 20, 2017, respectively, is as follows:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Amount	Dividend per share (dollar)	Amount	Dividend per share (dollar)
Legal reserve	$ -		$ 1,053	
Special reserve	11,555		14,077	
Cash dividend	24,559	$ 0.80	24,480	$ 0.90
Total	$ 36,114		$ 39,610	

On May 29, 2018 and June 20, 2017, the shareholders resolved to pay cash dividends out of capital surplus in the amounts of $24,559 and $19,040, respectively.

On May 29, 2018, the shareholders resolved to use legal reserve to write off accumulated losses in the amount of $6,462.

The distributions of earnings and capital surplus for 2018 as resolved by the shareholders on March 21, 2019 are as follows:

	Year ended December 31, 2018	
	Amount	Dividend per share (dollar)
Legal reserve	$ 1,889	
Special reserve	11,561	
Cash dividend	17,850	$ 0.50
Total	$ 31,300	

On March 21, 2019 the Board of Directors approved to pay dividends out of capital surplus in the amount of $12,450.

D. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(16) Other equity items

	Year ended December 31, 2018	Year ended December 31, 2017
Currency translation		
At January 1	($ 25,632)	($ 14,077)
–Group	(14,439)	(8,081)
–Tax on Group	2,878	(3,474)
At December 31	($ 37,193)	($ 25,632)

(17) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	
-Sale of goods	$ 994,290
-Service of installation	51,274
	$ 1,045,564

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2018	Building materials - wholesale	Service of installation	Total
Domestic revenue	$ 511,320	$ 51,274	$ 562,594
Export revenue	482,970	-	482,970
Total	$ 994,290	$ 51,274	$ 1,045,564
Timing of revenue recognition			
At a point in time	$ 994,290	$ -	$ 994,290
Over time	-	51,274	51,274
	$ 994,290	$ 51,274	$ 1,045,564

B. Contract assets and liabilities

(a) The Group has recognised the revenue-related contract assets (mainly construction contract receivable) and liabilities (mainly advanced sales receipt) of $6,993 and $19,107, respectively.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Building material - wholesale	$ 13,888
Service of installation	18,577
	$ 32,465

C. Related disclosures for 2017 operating revenue are provided in Note 12(4) B.

(18) Other income

	Year ended December 31, 2018	Year ended December 31, 2017
Interest income:		
Interest income from bank deposits	$ 965	$ 983
Other income, others	2,786	1,830
	$ 3,751	$ 2,813

(19) Other gains and losses

	Year ended December 31, 2018	Year ended December 31, 2017
Losses on disposals of property, plant and equipment	($ 450)	($ 5,935)
Gains on disposals of other non-current assets	636	-
Foreign exchange gains (losses)	2,168	(5,628)
Other losses	(228)	(45)
	$ 2,126	($ 11,608)

(20) Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense	$ 5,614	$ 7,099

(21) Expenses by nature

	Year ended December 31, 2018	Year ended December 31, 2017
Employee benefit expense	$ 167,294	$ 164,107
Depreciation charges on property, plant and equipment	44,604	47,581
Amortisation	320	360
	$ 212,218	$ 212,048

(22) Employee benefit expense

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	$ 133,744	$ 130,415
Labour and health insurance fees	9,952	8,631
Pension costs	14,516	15,303
Other personnel expenses	9,082	9,758
	$ 167,294	$ 164,107

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% and shall not be higher than 10% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $699 and $0, respectively; while directors' and supervisors' remuneration was accrued at $699 and $0, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based both on 3% of distributable profit of current year. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $699 and $699, and the employees' compensation will be distributed in the form of cash.

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

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.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2018	Year ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ 5,232	$ 9,551
Prior year income tax overestimation	(2,847)	(1,929)
Total current tax	2,385	7,622
Deferred tax:		
Origination and reversal of temporary differences	347	(5,005)
Total deferred tax	347	(5,005)
Income tax expense	$ 2,732	$ 2,617

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

	Year ended December 31, 2018	Year ended December 31, 2017
Currency translation differences	$ 2,878	($ 3,474)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2018	Year ended December 31, 2017
Tax calculated based on profit (loss) before tax and statutory tax rate (note)	$ 15,287	($ 6,033)
Expenses disallowed by tax regulation	175	464
Temporary differences not recognised as deferred tax assets	(3,627)	1,947
Taxable loss not recognised as deferred tax assets	(6,679)	3,953
Prior year income tax overestimation	(2,847)	(1,929)
Change in assessment of realisation of deferred tax assets	(1,034)	(1,223)
Tax on undistributed earnings	1,457	5,438
Income tax expense	$ 2,732	$ 2,617

Note: The basis for computing the applicable tax rateare the rates applicable in the respective countries where the Group entities operate.

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

	2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Temporary differences:					
—Deferred tax assets:					
Effect from foreign loss of investment	$ 9,393	$ -	$ -	($ 270)	$ 9,123
—Deferred tax liabilities:					
Effect from foreign earnings income	4,524	347	-	125	4,996
Currency translation difference	8,566	-	(2,878)	(91)	5,597
Subtotal	$ 13,090	$ 347	($ 2,878)	$ 34	$ 10,593
Total	($ 3,697)	($ 347)	$ 2,878	($ 304)	($ 1,470)

	2017				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Temporary differences:					
－Deferred tax assets:					
Effect from foreign loss of investment	$ 9,464	$ -	$ -	($ 71)	$ 9,393
－Deferred tax liabilities:					
Effect from foreign earnings income	10,192	(5,005)	-	(663)	4,524
Currency translation difference	5,116	-	3,474	(24)	8,566
Subtotal	$ 15,308	($ 5,005)	$ 3,474	($ 687)	$ 13,090
Total	($ 5,844)	$ 5,005	($ 3,474)	$ 616	($ 3,697)

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

(a) Subsidiaries in PRC

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 1,418	$ 1,418	$ 1,418	2023

(b) Buima Group Inc. Taiwan branch

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 5,931	$ 5,931	$ 5,931	2020
2011	8,034	8,034	8,034	2021
2012	851	851	851	2022
2013	853	853	853	2023
2014	1,949	1,949	1,949	2024
2015	3,488	3,488	3,488	2025
2016	7,285	7,285	7,285	2026
2017	7,826	7,826	7,826	2027

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2010	$ 5,931	$ 5,931	$ 5,931	2020
2011	8,034	8,034	8,034	2021
2012	851	851	851	2022
2013	853	853	853	2023
2014	1,949	1,949	1,949	2024
2015	3,488	3,488	3,488	2025
2016	7,285	7,285	7,285	2026
2017	7,826	7,826	7,826	2027

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

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 5,263	$ 8,890

F. Effect from preferential tax effective from 2018 arose mainly because of the Group's subsidiary, OWA New Building Materials (Shanghai) Ltd., becoming a qualifying High and New Technology Enterprise as approved by the local government on November 23, 2017, and hence, is eligible for a preferential tax rate of 15% with exemption period between 2017 and 2019.

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

(24) Earnings (loss) per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 18,891	30,796	$ 0.61
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 18,891	30,796	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	10	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 18,891	30,806	$ 0.61

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Losst attributable to ordinary shareholders of the parent	($ 62,987)	27,584	($ 2.28)
Diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 62,987)	27,584	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus (Note)	-	-	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	($ 62,987)	27,584	($ 2.28)

Note: As the Group's 2017 results was a loss, it will cause an anti-dilution effect if the potential ordinary shares are included, so it is not included in the calculation of the diluted earnings per share in 2017.

(25) Operating leases

The Group leases in offices and dormitories under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and all these lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of $9,139 and $11,165 for the years ended December 31, 2018 and 2017, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 3,117	$ 5,411
Later than one year but not later than five years	2,117	4,264
Total	$ 5,234	$ 9,675

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

None.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Odenwald Faserplattenwerk GmbH(Odenwald)	Other related party
Mr. Yang, Ming-Chou (Note)	Key management of the Group

Note: Mr. Yang, Ming-Chou was dismissed from key management roles with the Company such as Chairman and Director during the shareholders' and the Board of Directors' meeting held on

May 29, 2018.

(3) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2018	Year ended December 31, 2017
Sales of goods:		
Odenwald	$ 418,209	$ 479,228

Given there is no comparable transaction, some goods are sold to other related parties based on the mutual agreements by referring to the cost by product types, market price competition and other transaction terms. The credit term is 30~60 days after the date of sales.

B. Purchases:

	Year ended December 31, 2018	Year ended December 31, 2017
Purchases of goods:		
Odenwald	$ 1,196	$ 8,985

The above purchases are based on normal purchase prices as well as terms and conditions. The payment term is 90 days after the date of purchase for the year ended December 31, 2017 and the transactions were changed to prepayment for the year ended December 31, 2018.

C. Rent expenses (shown as "6200 General and administrative expenses"):

	Year ended December 31, 2018	Year ended December 31, 2017
Mr. Yang, Ming-Chou	$ -	$ 397

Rent expenses from related parties arise from office space lease, which were based on the mutual agreement with monthly payment during the period of agreement. The lease expired in March 2017.

D. Receivables from related parties:

	December 31, 2018	December 31, 2017
Accounts receivable:		
Odenwald	$ 44,006	$ 74,176
Less: transfers to other receivables (Note)	-	(27,534)
	44,006	46,642
Other receivables－overdue accounts receivable		
Odenwald	-	27,534
Other receivables－advance payment:		
Odenwald	3,722	-
Subtotal	3,722	27,534
Total	$ 47,728	$ 74,176

The receivables from related parties arise mainly from sale transactions and sales of property, plant and equipment. The receivables are due two months after the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

Note: The Company transfers accounts receivable due from related parties that are over a certain period of the normal credit period to other receivables in accordance with the R.O.C Accounting Research and Development Foundation Interpretation 93-168, dated July 9, 2004. The ageing analysis is as follows:

	December 31, 2017		
	UP to 30 days	31 ~ 90 days	Total
Odenwald	$ 12,584	$ 14,950	$ 27,534
Less: Allowance for uncollectible accounts	-	-	-
Total	$ 12,584	$ 14,950	$ 27,534

E. Payables to related parties:

	December 31, 2018	December 31, 2017
Other payables		
Odenwald	$ 271	$ -

F. Endorsements and guarantees provided to related parties:

	December 31, 2018	December 31, 2017
Mr. Yang, Ming-Chou	$ -	$ 22,856

(4) Key management compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Salaries and other short-term employee benefits	$ 6,387	$ 15,839

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2018	December 31, 2017	Purpose
Other current assets			
Deposits	$ 6,204	$ 6,392	Performance guarantee
Time deposits pledged	6,143	10,499	Short-term loan
Buildings and structures	117,825	129,706	Short-term loan
Other non-current assets			
Land use right	32,195	33,967	Short-term loan
	$ 162,367	$ 180,564	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2018	December 31, 2017
Property, plant and equipment	$ 979	$ 6,462

B. Rent agreements of lessee

Please refer to Note 6(25).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriations of earnings had been resolved at the Board of Directors' meeting on March 21, 2019. Details are provided in Note 6(15).

(2) For purposes of the Group's development and marketing plan in China, the Company's subsidiaries, Syntech holding Co. Ltd. and Syntech New Building Materials (Shanghai) Ltd., prepared to transfer their shares, consisting of 13.4% and 0.48% of shares, respectively, in Buima Holding Hong Kong Limited (formerly: Syntech Holding Hong Kong Limited) to the Company's subsidiary, Buima Holding Limited on February 27, 2018. The transactions are subsidiary equity restructuring to adjust the investment structure within the Group.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2018, the Group's strategy, after considering the economic circumstances, business stage of gross model of the Group, significant investment plan in the future and long-term finance structure, was unchanged from 2017. The gearing ratios at December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Total borrowings	$ 120,188	$ 114,978
Less: Cash and cash equivalents	(260,429)	(201,196)
Net debt	(140,241)	(86,218)
Total equity	766,867	695,357
Total capital	$ 626,626	$ 609,139
Gearing ratio	- %	- %

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at amortised cost/ Receivables		
Cash and cash equivalents	$ 260,429	$ 201,196
Notes receivable	23,524	35,268
Accounts receivable	135,925	134,222
Accounts receivable- related party	44,006	46,642
Other receivables	6,567	6,111
Other receivables -related party	3,722	27,534
Guarantee deposits paid	22,020	13,467
Other financial assets	12,347	16,891
	$ 508,540	$ 481,331

	December 31, 2018	December 31, 2017
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 120,188	$ 114,978
Notes payable	-	120
Accounts payable	53,183	66,254
Other accounts payable	130,727	154,059
Other accounts payable -related party	271	-
Guarantee deposits received	1,209	2,332
	$ 305,578	$ 337,743

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally, and its businesses involve some non-functional currency operations (the Company's functional currency: USD; other certain subsidiaries' functional currency: USD and RMB). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018			Year ended December 31, 2018	
				Sensitivity analysis	
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:RMB	$ 3,109	6.87	$ 9,549	1%	$ 955
USD:NTD	123	30.72	3,779	1%	38
Financial liabilities					
Monetary items					
USD:RMB	9	6.87	276	1%	3

	December 31, 2017			Year ended December 31, 2017	
				Sensitivity analysis	
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on other comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:RMB	$ 3,198	6.51	$ 95,924	1%	$ 959
Financial liabilities					
Monetary items					
USD:RMB	3,072	6.51	92,151	1%	922

ii. Total exchange gain (loss), including realised and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017, amounted to $2,186 and ($5,628), respectively.

Cash flow and fair value interest rate risk

i. The Group’s main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2018 and 2017, the Group’s borrowings at variable rate were mainly denominated in US Dollars.

ii. If the borrowing interest rate had increased/decreased by 0.25% or with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have increased/decreased by $300 and $230, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

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

ii. The Group manages their credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. In line with credit risk management procedure, when the contract payments are past due over 90 days, the default has occurred.

iv. The Group classifies customers’ accounts receivable, contract assets and rents receivable in accordance with credit risk on trade and customer types. The Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

v. 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.

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

	Not past due	Up to 90 days past due	91~180 days past due
At December 31, 2018			
Expected loss rate	0.30%~2.78%	0.30%~3.18%	0.30%~6.14%
Total book value	$ 25,351	$ 69,820	$ 16,304
Loss allowance	232	311	373

	181~365 days past due	Over one year past due	Total
Expected loss rate	7.23%~16.48%	16.55%~100%	
Total book value	$ 20,802	$ 59,062	$ 191,339
Loss allowance	2,343	52,156	55,415

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable is as follows:

	2018
At January 1_IAS 39	$ 73,789
Adjustments under new standards	-
At January 1_IFRS 9	73,789
Reversal of impairment loss	(14,151)
Write-offs	(2,551)
Effect of foreign exchange	(1,672)
At December 31	$ 55,415

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

(c) Liquidity risk

i. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2018 and 2017, the Group held money market position of $260,429 and $201,196, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

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

December 31, 2018	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ -	$ 120,188	$ -	$ 120,188
Accounts payable	51,242	1,941	-	53,183
Other payables (including related party)	91,277	39,523	198	130,998

December 31, 2017	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
Non-derivative financial liabilities				
Short-term borrowings	$ 59,880	$ 55,098	$ -	$ 114,978
Accounts payable	66,254	-	-	66,254
Other payables (including related party)	127,469	21,210	5,380	154,059

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

A. Summary of significant accounting policies adopted in 2017:

(a) Loans and receivables

Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(b) Impairment of financial assets

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

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

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

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

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

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

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

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

B. Credit risk information for the year ended December 2017 are as follows :

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

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

(c) The credit quality information of financial assets that are neither past due nor impaired is as follows:

	December 31, 2017	
Group 1	$	31,827
Group 2		19,112
	$	50,939

Group 1: New customers (less than 12 months from the initial transaction).

Group 2: Existing customers (more than 12 months from the initial transaction).

(d) The ageing analysis of financial assets that were past due but not impaired is as follows:

		December 31, 2017
Up to 30 days	$	18,026
31 to 90 days		17,122
91 to 180 days		15,935
181 to 365 days		15,760
Over 365 days		16,440
	$	83,283

(e) Movements in the provision for impairment of accounts receivable for the year ended December 2017 are as follows:

		Individual provision		Group provision		Total
At January 1	$	12,692	$	47,238	$	59,930
Provision for impairment	(	3,374)		17,454		14,080
Effects of foreign exchange	(	191)	(	30)	(	221)
At December 31	$	9,127	$	64,662	$	73,789

(4) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

(a) Sales of goods

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

(b) Construction service revenue

For long-term construction contracts, when profit or loss can be reliably estimated, percentage of completion method is used to recognise revenue and cost; otherwise, completed contract method is adopted for revenue recognition. In case estimated construction cost exceeds total construction price, construction loss is recognised in the year when estimated loss is incurred regardless of which method is applied.

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

		2017
Sales revenue	$	947,639
Construction service revenue		17,686
	$	965,325

C. As at December 31, 2017, the retentions relating to construction contracts amounted to $5,733; the advances received before the related construction work is performed amounted to $0.

D. The effects and description of current balance sheet items if the Group continues adopting above accounting policies are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Contract assets	$ 7,078	$ -	$ 7,078
Other current assets	12,347	19,425	(7,078)
Contract liabilities	(19,107)	-	(19,107)
Other current liabilities	-	(1,910)	1,910

There were no significant differences to the comprehensive income statements.

(a) Under IFRS 15, the construction service contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet.

(b) Under IFRS 15, liabilities in relation to sales contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet.

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): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, the Board of Directors, considers the business from a product type perspective; the Group currently focuses on wholesale, new development, and manufacturing of new building materials.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on a measure of profit after tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments.

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

	Year ended December 31, 2018	Year ended December 31, 2017
Revenue from external customer	$ 1,045,564	$ 965,325
Segment income (loss)	$ 26,608	($ 61,264)
Segment income (loss), including:		
Depreciation and amortisation	($ 44,924)	($ 47,941)
Income tax expense	($ 2,732)	($ 2,617)
Segment assets	$ 1,107,889	$ 1,082,743
Segment liabilities	$ 341,022	$ 387,386

The group aggregated into a single segment, so there are no revenue between the inter-segments. The revenue from external customers, segment assets and segment liabilities reported to the chief operating decision-maker is measured in a manner consistent with that revenue in the statement of comprehensive income, assets and liabilities in the balance sheets.

(4) Information on products and services

Please refer to Note 6 (17) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 1,045,564	$ 282,101	$ 965,325	$ 322,192
India	-	33	-	52
Total	$ 1,045,564	$ 282,134	$ 965,325	$ 322,244

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2018 and 2017 is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Revenue	Segment (%)	Revenue	Segment (%)
A	$ 418,209	40	$ 479,228	50

Buima Group Inc.

Loans to others

For the year ended December 31, 2018

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, 2018	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2 and 3)	Ceiling on total loans granted (Note 1)	Footnote
1	Buima Holding Hong Kong Ltd.(formerly: Syntech Holding Hong Kong Ltd.)	Buima Group Inc.	Other receivables	Yes	$ 32,251	$ 21,501	$ 21,501	-	Short-term financing	$ -	working capital	$ -	-	$ -	$ 32,196	$ 223,524	
1	Buima Holding Hong Kong Ltd.(formerly: Syntech Holding Hong Kong Ltd.)	OWA Metallic PTE Ltd.	Other receivables	Yes	282	282	282	-	Short-term financing	-	working capital	-	-	-	32,196	223,524	
2	Syntech Holding Ltd.	Buima (China) New Materials Ltd. (formerly: Jangsu Buima New Materials Ltd.)	Other receivables	Yes	12,286	-	-	-	Short-term financing	-	working capital	-	-	-	26,436	223,524	
2	Syntech Holding Ltd.	Buima Group Inc.	Other receivables	Yes	9,215	-	-	-	Short-term financing	-	working capital	-	-	-	26,436	223,524	

Note 1: The limit on total loans granted by the Company to a single party, related party and party with business transactions shall not be more than 35% of the Company's consolidated net assets.
Note 2: The ceiling on loans granted by the Company or the subsidiary to others shall not be more than the higher between total sales revenue or total merchandize purchased last year or at the time of loans applied.
Note 3: Ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 10% of the Company's net assets.

Buima Group Inc.

Provision of endorsements and guarantees to others

For the year ended December 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Buima Group Inc.	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018 (Note 4)	Outstanding endorsement/ guarantee amount as of December 31, 2018 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Buima Group Inc.	Buima (China) New Materials Ltd. (formerly: Jangsu Buima New Materials Ltd.)	3	$ 319,320	$ 61,430	$ -	$ -	$ -	-	$ 638,639	Y	N	Y	
1	Syntech Holding Ltd.	Buima Group Inc.	4	132,179	30,715	30,715	30,715	6,143	0.12	264,358	N	Y	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 seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(5)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(6)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

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

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

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

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

Buima Group Inc.

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

For the year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note)		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
OWA New Building Materials (Shanghai) Ltd.	Odenwald	Other related party	Sales	$ 418,209	71%	Note	Note	Note	$ 44,006	48%	

Note: The price above based on the mutual agreements by referring to the cost by product types, market price competition and other transaction terms. The credit term is 30~60 days after the date of sales.

Buima Group Inc.

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

December 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
OWA New Building Materials (Shanghai) Ltd.	Odenwald	Other related party	$ 44,006	7.08	$ -	-	$ 26,845	$ -

Buima Group Inc.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Buima Group Inc.	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Buima (China) New Materials Ltd. (formerly: Jangsu Buima New Materials Ltd.)	Syntech New Building Materials (Shanghai) Ltd.	2	Sals revenue	$ 163,969	Goods are sold to other related parties based on the mutual agreements by referring to the cost by types, market price competition and other transaction terms.	16%
1	Buima (China) New Materials Ltd. (formerly: Jangsu Buima New Materials Ltd.)	OWA New Building Materials (Shanghai) Ltd.	3	Sals revenue	152,619	Goods are sold to other related parties based on the mutual agreements by referring to the cost by types, market price competition and other transaction terms.	15%

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

(1)Parent company is ‘0’.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

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

Buima Group Inc.

Information on investees

For the year ended December 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Buima Group Inc.	Buima Holding Ltd.	Hong Kong	Investment and holding	$ 297,399	$ 297,399	75,205	100.00%	$ 312,121	$ 27,478	$ 27,478	Note 1, 3 and 4
Buima Group Inc.	Syntech Holding Ltd.	B.V.I.	Investment and holding	98,061	98,061	3,223	100.00%	264,358	17,018	17,018	Note 1, 3 and 4
Buima Group Inc.	Buima New Building Materials India Private Ltd.	India	Sales of new building materials and provision of product consulting services	6,143	6,143	1,000	100.00%	2,027	(743)	(743)	Note 2, 3 and 4
Buima Holding Ltd.	Buima Holding Hong Kong Ltd. (formerly: Syntech Holding Hong Kong Ltd.)	Hong Kong	Investment and holding	276,435	276,435	9,000	86.12%	277,270	28,621	24,649	Note 1, 3 and 4
Syntech Holding Ltd.	Buima Holding Hong Kong Ltd. (formerly: Syntech Holding Hong Kong Ltd.)	Hong Kong	Investment and holding	43,001	43,001	1,400	13.40%	43,142	28,621	3,835	Note 1, 3 and 4
Syntech New Building Materials (Shanghai) Ltd.	Buima Holding Hong Kong Ltd. (formerly: Syntech Holding Hong Kong Ltd.)	Hong Kong	Investment and holding	1,536	1,536	50	0.48%	1,545	28,621	137	Note 1, 3 and 4
Buima Holding Hong Kong Ltd. (formerly: Syntech Holding Hong Kong Ltd.)	OWA Metalic Pte. Ltd.	Singapore	Investment and holding	37,596	37,596	1,224	51.00%	133,462	15,748	8,032	Note 1, 3 and 4

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as of December 31, 2018	Balance as of December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
OWA New Building Materials (Shanghai) Ltd.	OWA Metalic Hong Kong Ltd.	Hong Kong	Sales of new building materials and provision of product consulting services	$ 1,536	$ 1,536	50	100.00%	$ 1,536	($ 125)	($ 125)	Note 1, 3 and 4

Note 1: The amount recognized was based on the financial statements that were audited by R.O.C. parent company's CPA firm.
Note 2: The amount recognized was based on the financial statements that were audited by the independent accountants.
Note 3: The relevant figures in this table are listed in New Taiwan Dollar. Foreign currency involved is converted to NT at the exchange rate on the balance sheet date (at the end of December 31, 2018: USD: 30.72 ; RMB: 4.47; INR: 0.44; average exchange rate from January 1 to December 31, 2018 : 30.15; RMB: 4.56; INR: 0.44).
Note 4: It was written-off during the preparation of the consolidated financial statements.

Buima Group Inc.

Information on investments in Mainland China

For the year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee as of 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 3)	Book value of investments in Mainland China as of December, 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of 2018	Footnote
Syntech New Building Materials (Shanghai) Ltd.	Sells metal wall partition and compartment, fire insulation partition as well as grid	$ 134,871	Note 1	$ -	$ -	$ -	$ -	$ 13,467	100.00%	$ 13,467	$ 173,734	$ -	Note 4
Hong-Ji International Trading (Shanghai) Ltd.	International, export, and bonded area trade agency	7,163	Note 2	-	-	-	-	2,865	100.00%	2,865	14,384	-	Note 4
Buima (China) New Materials Ltd. (formerly: Jangsu Buima New Materials Ltd.)	Manufactures of new building materials and provision of product consulting services	303,388	Note 1	-	-	-	-	24,643	100.00%	24,643	223,367	-	Note 4
OWA New Building Materials (Shanghai) Ltd.	Design and manufactures of new building materials and provision of product consulting services	116,618	Note 1	-	-	-	-	18,053	51.00%	9,207	134,757	-	Note 4

Note 1: Through investing in Syntech Holding Ltd. in the third area, which then invested in the investee in Mainland China.
Note 2: Through investing in Buima Holding Ltd. in the third area, which then invested in the investee in Mainland China.
Note 3: The financial statements that are audited and attested by R.O.C. parent company's CPA.
Note 4: The figures in this table are presented in New Taiwan Dollars. Foreign currency involved is converted to NT at the exchange rate on the balace sheet date.
(at the end of December 31, 2018: USD: 30.72 ; RMB: 4.47; average exchange rate from January 1 to December 31, 2018: USD: 30.15; RMB :4.56).