FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of the parent company and its subsidiaries under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

FLEXIUM INTERCONNECT, INC.

By

MING-CHI CHENG

Chairman

February 11, 2020

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19003083

To the Board of Directors and Shareholders of Flexium Interconnect, Inc.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our 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:

Key audit matter - Valuation of impairment of accounts receivable

Description

For the accounting policies on accounts receivable, please refer to Note 4(10). For the uncertainty of accounting estimates and assumptions in relation to accounts receivable, please refer to Note 5(2). For the details of net accounts receivable, please refer to Note 6(5).

The criteria that the Group uses to measure expected credit loss includes the aging of accounts receivable past due, financial situation of customers, internal credit ranking and historical transaction records. Based on this criterion, the Group estimates the amounts of allowance for accounts receivable that the Group has to provision. As the estimates are subject to management's judgement and involves uncertainty, the recoverable amount may be significantly affected. Thus, we consider the valuation of impairment of accounts receivable as one of the key audit matters.

How our audit addressed the matter

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

A. Obtained an understanding of the Group's operation and sales customers. Assessed the reasonableness of policies and process applied in allowance for accounts receivable, including the objective evidence for the loss rate and compared whether the provision policies adopted in the different periods are consistently applied.

B. Verified the consistency between the expected credit loss in the past due period for each group applied in calculating allowance for accounts receivable and the provision policies.

C. Verified the accuracy of the classification for accounts receivable aging to confirm that the information in the reports is consistent with its policies.

D. Sampled and performed subsequent collection tests for material accounts receivable and evaluated their recoverability.

Key audit matter - Inventory valuation

Description

For the accounting policies on inventory valuation, please refer to Note 4(14). For the uncertainty of accounting estimates and assumptions in relation to inventory valuation, please refer to Note 5(2). For the details of inventory, please refer to Note 6(6).

The Group is primarily engaged in manufacturing and sales of flexible print circuit board which belongs to a rapidly changing industry and is easily affected by the market price. Thus, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group determines inventory value using the item-by-item approach and recognised at the lower of cost and net realisable value. For inventory that is over a certain age, the net realised value was calculated from the historical experience of disposing old inventories.

The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement and involves uncertainty. Considering the Group's inventory balance and the allowance for inventory valuation losses are material to its financial statements, we consider the inventory valuation as one of the key audit matters.

How our audit addressed the matter

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

A. Obtained an understanding of the Group's operation and industry. Assessed the reasonableness of the policy and procedures applied to recognise allowance for inventory evaluation losses and whether the accounting policy has been consistently applied in the comparative periods of financial statements.

B. Understood the Group's inventory control procedures. Participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.

C. Sampled and verified the accuracy of inventory aging calculation, confirmed and verified the reasonableness of obsolete inventories identification, the basis of net realisable value valuation of inventories to assess the reasonableness of provision of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Flexium Interconnect, Inc. as at and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

A. 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.

B. 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.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. 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.

E. 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.

F. 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.

Chien-Chih Wu

Kuo-Hua Wang

Chien-Chih Wu

Kuo-Hua Wang

PricewaterhouseCoopers, Taiwan
February 11, 2020

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.

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,925,525	20	$ 7,392,184	27
1110	Financial assets at fair value through profit or loss - current	6(2)	1,275,354	4	420,398	2
1136	Current financial assets at amortised cost - current	6(4)	8,037,220	23	2,613,320	9
1170	Accounts receivable, net	6(5)	7,067,598	20	6,818,722	25
1200	Other receivables		69,684	-	39,486	-
130X	Inventories	6(6)	2,360,044	7	3,692,815	13
1410	Prepayments		216,584	1	161,220	1
11XX	**Current Assets**		25,952,009	75	21,138,145	77
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	30,550	-	-	-
1600	Property, plant and equipment	6(7)	7,323,353	21	5,630,571	20
1755	Right-of-use assets	6(8)	143,039	1	-	-
1760	Investment property - net	6(9)	-	-	135,692	1
1780	Intangible assets	6(10)	46,150	-	85,717	-
1840	Deferred tax assets	6(27)	113,378	-	55,465	-
1990	Other non-current assets, others	6(11) and 8	845,208	3	579,112	2
15XX	**Non-current assets**		8,501,678	25	6,486,557	23
1XXX	**Total assets**		$ 34,453,687	100	$ 27,624,702	100

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FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(2)	$ 448	-	$ -	-
2170	Accounts payable		3,594,528	10	4,077,918	15
2200	Other payables	6(12)	3,928,531	11	2,988,145	11
2230	Income tax payable		561,039	2	405,584	1
2280	Current lease liabilities		15,750	-	-	-
2399	Other current liabilities, others		33,523	-	148,068	-
21XX	**Current Liabilities**		8,133,819	23	7,619,715	27
	Non-current liabilities					
2530	Bonds payable	6(13)	2,093,521	6	-	-
2540	Long-term borrowings	6(14)	1,349,962	4	-	-
2570	Deferred tax liabilities	6(27)	884,776	3	766,929	3
2580	Non-current lease liabilities		16,209	-	-	-
2600	Other non-current liabilities	6(15)	47,598	-	36,381	-
25XX	**Non-current liabilities**		4,392,066	13	803,310	3
2XXX	**Total Liabilities**		12,525,885	36	8,423,025	30
	Equity attributable to owners of parent					
	Share capital	6(13)(17)				
3110	Share capital - common stock		3,329,549	10	3,182,142	11
3130	Certificates of bond-to-stock conversion		16,779	-	-	-
3140	Advance receipts for share capital		-	-	812	-
	Capital surplus	6(13)(18)				
3200	Capital surplus		4,285,961	14	3,859,566	14
	Retained earnings	6(19)				
3310	Legal reserve		1,814,575	5	1,550,104	6
3320	Special reserve		303,446	1	212,254	1
3350	Unappropriated retained earnings		13,239,945	38	11,225,027	41
	Other equity interest	6(20)				
3400	Other equity interest		(771,663)	(3)	(303,446)	(1)
3500	**Treasury stocks**	6(17)	(290,790)	(1)	(524,782)	(2)
31XX	**Equity attributable to owners of the parent**		21,927,802	64	19,201,677	70
3XXX	**Total equity**		21,927,802	64	19,201,677	70
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 34,453,687	100	$ 27,624,702	100

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
4000	**Sales revenue**	6(21)	$ 26,033,230	100	$ 26,770,491	100
5000	**Operating costs**	6(6)(10)	(20,088,225)	(77)	(21,650,208)	(81)
5900	**Net operating margin**		5,945,005	23	5,120,283	19
	Operating expenses	6(10)				
6100	Selling expenses		(158,893)	(1)	(159,651)	(1)
6200	General and administrative expenses		(568,461)	(2)	(594,994)	(2)
6300	Research and development expenses		(1,420,631)	(6)	(1,211,453)	(4)
6450	Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	12(2)	93	-	(1,211)	-
6000	**Total operating expenses**		(2,147,892)	(9)	(1,967,309)	(7)
6900	**Operating profit**		3,797,113	14	3,152,974	12
	Non-operating income and expenses					
7010	Other income	6(4)(22)	293,556	1	270,259	1
7020	Other gains and losses	6(2)(23)	(731)	-	62,753	-
7050	Finance costs	6(24)	(88,169)	-	(5,283)	-
7000	**Total non-operating income and expenses**		204,656	1	327,729	1
7900	**Profit before income tax**		4,001,769	15	3,480,703	13
7950	Income tax expense	6(27)	(848,566)	(3)	(835,991)	(3)
8200	**Profit for the year**		$ 3,153,203	12	$ 2,644,712	10
	Other comprehensive income					
	Items that may not be reclassified subsequently to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(15)	$ 520	-	($ 3,843)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	(219,865)	(1)	(74,692)	-
8500	**Total comprehensive income for the year**		$ 2,933,858	11	$ 2,566,177	10
	Profit, attributable to:					
8610	Owners of parent		$ 3,153,203	12	$ 2,644,712	10
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,933,858	11	$ 2,566,177	10
	Earnings per share	6(28)				
9750	**Basic earnings per share**		$	10.02	$	8.55
9850	**Diluted earnings per share**		$	9.08	$	8.38

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent									
		Share capital				Retained Earnings					
	Notes	Common stock	Certificates of bond-to-stock conversion	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	Treasury stocks	Total equity
Year ended December 31, 2018											
Balance at January 1, 2018		$ 3,179,912	$ -	$ -	$ 3,990,243	$ 1,244,420	$ 153,669	$ 10,476,420	($ 212,254)	($ 972,002)	$ 17,860,408
Effects of retrospective application and retrospective restatement	6(20)	-	-	-	-	-	-	16,500	(16,500)	-	-
Balance at 1 January after adjustments		3,179,912	-	-	3,990,243	1,244,420	153,669	10,492,920	(228,754)	(972,002)	17,860,408
Profit for the year	6(28)	-	-	-	-	-	-	2,644,712	-	-	2,644,712
Other comprehensive loss	6(20)	-	-	-	-	-	-	(3,843)	(74,692)	-	(78,535)
Total comprehensive income (loss)		-	-	-	-	-	-	2,640,869	(74,692)	-	2,566,177
Appropriation and distribution of 2017 earnings:											
Legal reserve		-	-	-	-	305,684	-	(305,684)	-	-	-
Special eserve		-	-	-	-	-	58,585	(58,585)	-	-	-
Distribution of cash dividends	6(19)	-	-	-	-	-	-	(1,544,493)	-	-	(1,544,493)
Share-based payments transactions	6(16)(17)(18)	2,230	-	812	18,456	-	-	-	-	-	21,498
Conversion of convertible bonds	6(13)(17)(18)	-	-	-	(149,133)	-	-	-	-	681,212	532,079
Purchase of treasuty share	6(17)	-	-	-	-	-	-	-	-	(233,992)	(233,992)
Balance at December 31, 2018		$ 3,182,142	$ -	$ 812	$ 3,859,566	$ 1,550,104	$ 212,254	$ 11,225,027	($ 303,446)	($ 524,782)	$ 19,201,677
Year ended December 31, 2019											
Balance at January 1, 2019		$ 3,182,142	$ -	$ 812	$ 3,859,566	$ 1,550,104	$ 212,254	$ 11,225,027	($ 303,446)	($ 524,782)	$ 19,201,677
Profit for the year	6(28)	-	-	-	-	-	-	3,153,203	-	-	3,153,203
Other comprehensive income (loss)	6(20)	-	-	-	-	-	-	520	(219,865)	-	(219,345)
Total comprehensive income (loss)		-	-	-	-	-	-	3,153,723	(219,865)	-	2,933,858
Appropriation and distribution of 2018 earnings:											
Legal reserve		-	-	-	-	264,471	-	(264,471)	-	-	-
Special eserve		-	-	-	-	-	91,192	(91,192)	-	-	-
Distribution of cash dividends	6(19)	-	-	-	-	-	-	(783,142)	-	-	(783,142)
Cash dividends from capital surplus	6(18)	-	-	-	(783,142)	-	-	-	-	-	(783,142)
Share-based payments transactions	6(16)(17)(18)(20)	57,660	-	(812)	283,526	-	-	-	(248,352)	233,992	326,014
Issuance of convertible bonds	6(13)(18)	-	-	-	246,517	-	-	-	-	-	246,517
Conversion of convertible bonds	6(13)(17)(18)	89,747	16,779	-	678,249	-	-	-	-	-	784,775
Due to donated assets received	6(18)	-	-	-	1,245	-	-	-	-	-	1,245
Balance at December 31, 2019		$ 3,329,549	$ 16,779	$ -	$ 4,285,961	$ 1,814,575	$ 303,446	$ 13,239,945	($ 771,663)	($ 290,790)	$ 21,927,802

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 4,001,769	$ 3,480,703
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(16)(18)	89,249	15,512
Expected credit (gain) loss	12(2)	(93)	1,211
(Reversal of) provision for allowance sales returns and discounts	6(5)	(50,071)	29,264
Depreciation expense	6(7)(8)(25)	1,244,129	1,228,608
Depreciation expense from investment properties	6(9)(25)	4,167	11,376
Amortization of intangible and other assests	6(10)(25)	52,881	29,663
Rental expense (land use rights)	6(11)	-	3,187
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(23)	(43,356)	(173)
Interest expense	6(24)	88,169	5,283
Interest income	6(22)	(147,628)	(110,999)
Loss on disposal of property, plant and equipment	6(23)	14,056	16,070
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in financial assets at fair value-current		6,364	57,676
Increase in financial assets at amortised cost - current		(5,423,900)	(415,000)
(Increase) decrease in accounts receivable		(198,712)	1,264,421
(Increase) decrease in other receivables		(31,794)	19,405
Decrease in inventories		1,332,771	1,193,820
(Increase) decrease in prepayments		(55,364)	166,184
Changes in operating liabilities			
Decrease in financial liabilities at fair value - current		(1,401)	(4,631)
Decrease in accounts payable		(483,390)	(3,318,935)
Increase in other payables		93,784	182,717
(Decrease) increase in other current liabilities		(114,545)	126,700
Cash inflow generated from operations		377,085	3,982,062
Interest received		117,664	51,966
Interest paid		(628)	-
Income tax paid		(636,285)	(927,101)
Net cash flows (used in) from operating activities		(142,164)	3,106,927

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FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at fair value		($ 6,636,856)	($ 4,721,670)
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		5,739,983	5,907,790
Increase in financial assets at fair value through other comprehensive income - non-current		(30,550)	-
Acquisition of property, plant and equipment	6(29)	(2,345,299)	(1,694,041)
Proceeds from disposal of property, plant and equipment		16,272	59,221
Acquisition of intangible assets	6(10)	(13,450)	(78,215)
Increase in refundable deposits		(81,578)	(167,019)
Interest received		31,560	59,208
Net cash flows used in investing activities		(3,319,918)	(634,726)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of principal portion of lease liabilities	6(30)	(23,131)	-
Proceeds from issuance of bonds	6(30)	3,069,952	-
Proceeds from long-term borrowings	6(30)	1,349,962	-
Increase (decrease) in other non-current liabilities		11,737	(21,524)
Cash dividends paid	6(18)(19)	(1,566,284)	(1,544,493)
Proceeds from issuance of stock from exercising employee stock options	6(16)	7,215	5,986
Treasury stock transferred to employees	6(16)	229,550	-
Treasury stock transferred cost		-	(1,586)
Payments to acquire treasury shares	6(17)	-	(233,992)
Donated assets received	6(18)	1,245	-
Net cash flows from (used in) financing activities		3,080,246	(1,795,609)
Effect of exchange rate changes on cash and cash equivalents		(84,823)	(11,592)
Net (decrease) increase in cash and cash equivalents		(466,659)	665,000
Cash and cash equivalents at beginning of year	6(1)	7,392,184	6,727,184
Cash and cash equivalents at end of year	6(1)	$ 6,925,525	$ 7,392,184

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Flexium Interconnect, Inc. (the "Company") was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) and other relevant regulations on December 19, 1997. The Company is primarily engaged in the following: (1) manufacturing of build-up copper clad laminate; (2) manufacturing, processing, research, development, trading and repair of build-up printed circuit boards, flexible printed circuit boards, related semi-finished goods and parts; (3) manufacturing, research, development, and trading of parts for semi-finished goods of polyimide film base copper clad laminate; (4) manufacturing, processing, repair, design, trading of moulds, tools and clamping apparatuses; and (5) sale of raw materials for the products mentioned above. The Company's shares have been traded in the Taiwan Stock Exchange since September, 2003.

(2) Please refer to Note 4(3) B. for the descriptions on the primary business operations of the Company and its subsidiaries (collectively referred herein as the "Group").

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 February 11, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, 'Leases'

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

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by $158,690, increased 'lease liability' by $40,439 and 'long-term lease prepayments' by $118,251 with respect to the lease contracts of lessees on January 1, 2019.

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

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

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

(c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $318 was recognised in 2019.

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

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.04%.

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

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 41,660
Less: Short-term leases	(314)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$ 41,346
Incremental borrowing interest rate at the date of initial application	1.04%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 40,439

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%) December 31,		
Name of investor	Name of subsidiary	Main business activities	2019	2018	Note
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INC.	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	UFLEX TECHNOLOGY CO., LTD.	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INVESTMENT CO.,	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	BOOM BUSINESS LIMITED	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT AMERICA LLC.	Marketing supporting, and technology services	100	-	Note 2
FLEXIUM INTERCONNECT INC.	SUCCESS GLORY INVESTMENTS LTD.	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Business investment	100	100	
UFLEX TECHNOLOGY CO., LTD.	FLEXIUM INTERCONNECT AMERICA LLC.	Marketing supporting, and technology	-	100	Note 2
SUCCESS GLORY INVESTMENTS LTD. and UFLEX TECHNOLOGY CO., LTD.	FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Research, development, manufacturing and sale of new-type electronic components and devices (such as flexible printed circuit boards)	100	100	Note 1
GRANDPLUS ENTERPRISES LTD.	CHOSEN GLORY LIMITED	Business investment	100	100	
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Business investment	100	100	
GRANDPLUS ENTERPRISES LTD.	FOREVER MASTER LIMITED	Business investment	100	100	
BOOM BUSINESS LIMITED	CLEAR SUCCESS GLOBAL LIMITED	Business investment	100	100	
CLEAR SUCCESS GLOBAL LIMITED	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Research, development, manufacturing and sale of new-type electronic components and devices (such as flexible printed circuit boards)	100	100	

Note 1: As of December 31, 2019 and 2018, the ownership percentages of SUCCESS GLORY INVESTMENTS LTD. were both 74.11%, and the ownership percentages of UFLEX TECHNOLOGY CO., LTD. were both 25.89%.

Note 2: The ownership percentage of FLEXIUM INTERCONNECT AMERICA LLC. is 100% held by FLEXIUM INTERCONNECT INC. due to the organizational restructuring in the second quarter of 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. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be 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) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

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

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

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

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

(9) Financial assets at amortised cost

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

(10) Accounts and notes receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

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

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

(13) Operating leases (lessor)

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

(14) Inventories

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 process 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.

(15) 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	2 ~ 35 years
Machinery equipment	3 ~ 15 years
Transportation equipment	3 ~ 15 years
Office equipment	5 ~ 10 years
Other equipment	2 ~ 10 years

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

Effective 2019

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

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

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

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

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

(17) 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.

(18) Investment property

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

(19) Intangible assets

Computer software is stated at cost and amortized using the straight-line method over its estimated economic service life.

(20) 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.

(21) 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.

(22) Notes and accounts payable

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

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

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

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

(a) Hybrid (combined) contracts; or

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

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

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

(24) Derecognition of financial liabilities

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

(25) Offsetting financial instruments

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

(26) Financial liabilities and equity instruments

Bonds payable

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

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

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

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

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

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

(27) Non-hedging derivatives

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

(28) 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

(a) Defined contribution plans

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.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

C. Employees', directors' and supervisors' remuneration

Employees' remuneration 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.

(29) Employee share-based payment

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

B. Employee restricted shares:

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

(b) The issued employee restricted shares before meeting the vesting conditions are not entitled to appropriation of earnings (including but not limited to dividend, bonus and the distribution rights of capital surplus) and share options of cash capital increase.

(c) For restricted stocks where employees do not need to pay to acquire those stocks. If employees resign during the vesting period, the Company will redeem without consideration and retire those stocks.

(30) 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(31) Share capital

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

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

(32) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved 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.

(33) Revenue recognition

A. The Group manufactures and sells flexible printed circuit board products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances.

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

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(35) 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 is responsible for allocating resources and assessing performance of the operating segments.

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. The above information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Expected credit losses for accounts receivable

The Group shall measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivable. When assessing expected credit losses, the Group must use judgements to determine the influence factors for the collectibility of accounts receivable such as customers' operation conditions and historical transaction records which may influence the payment abilities of customers also consider the time value of money and future economic conditions to estimate reasonable and supporting information. The aforementioned judgements and considerations may all have significant impacts on the measurement outcome of expected credit losses.

B. 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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash:		
Cash on hand and revolving funds	$ 1,018	$ 988
Checking accounts and demand deposits	3,003,757	2,796,313
	3,004,775	2,797,301
Cash equivalents:		
Time deposits	3,670,729	4,594,883
Bonds sold under repurchase agreements	250,021	-
	3,920,750	4,594,883
	$ 6,925,525	$ 7,392,184

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. The Group has no cash and cash equivalents pledged to others.

C. The above time deposits and bonds sold under the repurchase agreement with original maturities of less than three months were classified as cash equivalents.

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

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 31,664	$ 30,692
Forward foreign exchange	8,303	-
Structured certificates of deposit	1,251,504	403,015
	1,291,471	433,707
Valuation adjustments	(16,117)	(13,309)
	$ 1,275,354	$ 420,398
Current items:		
Financial liabilities designated as at fair value through profit or loss		
Put options of convertible bonds	$ 448	$ -

A. The Group recognised net gain of $43,356 and $173, respectively, for the years ended December 31, 2019 and 2018.

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

Derivative Financial Assets	December 31, 2019 Contract Amount (notional principal)	Contract Period
Structured certificates of deposit	RMB 170,000 thousand	2019.10~2020.01
Structured certificates of deposit	RMB 70,000 thousand	2019.12~2020.02
Structured certificates of deposit	RMB 50,000 thousand	2019.12~2020.03
Forward foreign exchange contracts	RMB 33,000 thousand	2019.11~2020.02

Derivative Financial Assets	December 31, 2018 Contract Amount (notional principal)	Contract Period
Structured certificates of deposit	RMB 90,000 thousand	2018.07~2019.01

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

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

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Unlisted stocks	$ 30,550	$ -
Valuation adjustments	-	-
	$ 30,550	$ -

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $30,550 as at December 31, 2019.

B. There was no amount recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income for the years ended December 31, 2019 and 2018.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items		
Time deposits mature in excess of three months	$ 8,037,220	$ 2,613,320

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

	For the years ended December 31,	
	2019	2018
Interest income	$ 12,006	$ 2,801

B. The Group has no financial assets at amortised cost pledged to others as collateral.

(5) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	$ 7,068,863	$ 6,870,153
Less: Allowance for doubtful accounts	(1,106)	(1,201)
Allowance for sales returns and discounts	(159)	(50,230)
	$ 7,067,598	$ 6,818,722

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

	December 31, 2019	December 31, 2018
Up to 90 days	$ 7,043,497	$ 6,806,574
91 to 180 days	6,735	43,535
181 to 365 days	88	1,006
Over one year	18,543	19,038
	$ 7,068,863	$ 6,870,153

The above ageing analysis was based on overdue dates.

B. As of December 31, 2019 and 2018, and January 1, 2018, the balances of receivables from contracts with customers amounted to $7,068,863, $6,870,153 and $8,134,574, respectively.

C. The Group does not hold collateral as security for accounts receivable.

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $7,067,598 and $6,818,722, respectively.

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

(6) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 531,055	$ 577,684
Work in process and semi-finished goods	772,125	711,609
Finished goods	1,056,864	2,403,522
	$ 2,360,044	$ 3,692,815

The cost of inventories recognised as expense for the years ended December 31, 2019 and 2018, was $20,088,225 and $21,650,208 respectively, including the amount of $70,622 for the year ended December 31, 2018, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventory were scrapped or sold, as well as the amount of $238,842 for the year ended December 31, 2019, that the Group wrote down from cost to net realisable value accounted for as increase of cost of goods sold.

(7) Property, plant and equipment

A. Book values of property, plant and equipment are as follows:

	December 31, 2019	December 31, 2018
Land	$ 786,599	$ 657,573
Buildings	1,029,368	1,091,569
Machinery	4,832,717	3,431,943
Transportation equipment	8,079	5,262
Office equipment	966	1,040
Other equipment	100,390	100,274
Construction in progress and equipment under acceptance	565,234	342,910
	$ 7,323,353	$ 5,630,571

B. Changes in property, plant and equipment are as follows:

	For the year ended December 31, 2019					
Cost	Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Land	$ 657,573	$ -	$ -	$ 129,026	$ -	$ 786,599
Buildings	1,894,215	86,189	-	29,998	(53,700)	1,956,702
Machinery	7,661,439	2,532,867	(205,197)	-	(172,452)	9,816,657
Transportation equipment	20,735	3,172	(2,443)	3,482	(426)	24,520
Office equipment	14,374	-	-	-	(407)	13,967
Other equipment	393,369	40,230	(8,224)	(3,482)	(7,540)	414,353
Construction in progress and equipment under acceptance	342,910	226,416	-	-	(4,092)	565,234
	$ 10,984,615	$ 2,888,874	($ 215,864)	$ 159,024	($ 238,617)	$ 13,578,032

	For the year ended December 31, 2018					
Cost	Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Land	$ 516,599	$ -	$ -	$ 140,974	$ -	$ 657,573
Buildings	1,904,502	15,884	(2,664)	6,192	(29,699)	1,894,215
Machinery	7,411,734	523,492	(172,197)	(701)	(100,889)	7,661,439
Transportation equipment	19,531	2,127	(672)	-	(251)	20,735
Office equipment	14,609	-	(27)	-	(208)	14,374
Other equipment	352,023	53,820	(8,575)	-	(3,899)	393,369
Construction in progress and equipment under acceptance	289,023	55,218	-	-	(1,331)	342,910
	$ 10,508,021	$ 650,541	($ 184,135)	$ 146,465	($ 136,277)	$ 10,984,615

	For the year ended December 31, 2019					
Accumulated depreciation and impairment	Opening net book amount	Additions	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Buildings	$ 802,646	$ 125,750	$ -	$ 27,499	($ 28,561)	$ 927,334
Machinery	4,229,496	1,053,562	(182,343)	-	(116,775)	4,983,940
Transportation equipment	15,473	2,427	(2,443)	1,404	(420)	16,441
Office equipment	13,334	38	-	-	(371)	13,001
Other equipment	293,095	36,229	(7,781)	(1,404)	(6,176)	313,963
	$ 5,354,044	$ 1,218,006	($ 192,567)	$ 27,499	($ 152,303)	$ 6,254,679

	For the year ended December 31, 2018					
Accumulated depreciation and impairment	Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Buildings	$ 655,949	$ 158,698	($ 2,664)	$ 4,128	($ 13,465)	$ 802,646
Machinery	3,362,059	1,030,898	(101,321)	(69)	(62,071)	4,229,496
Transportation equipment	13,058	2,804	(221)	-	(168)	15,473
Office equipment	13,497	49	(25)	-	(187)	13,334
Other equipment	266,598	36,159	(6,624)	-	(3,038)	293,095
	$ 4,311,161	$ 1,228,608	($ 110,855)	$ 4,059	($ 78,929)	$ 5,354,044

C. No borrowing costs were capitalized as part of property, plant and equipment for the years ended December 31, 2019 and 2018.

D. Details of property, plant and equipment transferred from investment property for the years ended December 31, 2019 and 2018 are provided in Note 6(9) B.

E. The Group did not have property, plant and equipment pledged to others as collaterals.

F. Property, plant and equipment were not classified as operating leases assets.

(8) Leasing arrangements - lessee

Effective 2019

A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used for leasing, subleasing, selling or any action affecting the ownership of the lessor.

B. Short-term leases with a lease term of 12 months or less comprise certain machinery and equipment, business vehicles and accommodations.

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

	December 31, 2019	
Land	$	110,890
Buildings		32,067
Transportation equipment (Business vehicles)		82
	$	143,039

	For the year ended December 31, 2019	
Land	$	3,192
Buildings		22,440
Transportation equipment (Business vehicles)		491
	$	26,123

D. For the year ended December 31, 2019, the additions to right-of-use assets was $15,555.

E. Information on profit or loss in relation to lease contracts is as follows:

Items affecting profit or loss	For the year ended December 31, 2019	
Interest expense on lease liabilities	$	467
Expense on short-term lease contracts		34,724

F. For the year ended December 31, 2019, the Group's total cash outflow for leases was $58,322.

(9) Investment property

	2019		
	Land	Buildings	Total
At January 1			
Cost	$ 129,026	$ 29,998	$ 159,024
Accumulated depreciation and impairment	-	(23,332)	(23,332)
	$ 129,026	$ 6,666	$ 135,692
Opening net book amount as at January 1	$ 129,026	$ 6,666	$ 135,692
Reclassifications	(129,026)	(2,499)	(131,525)
Depreciation	-	(4,167)	(4,167)
Closing net book amount as at December 31	$ -	$ -	$ -
At December 31			
Cost	$ -	$ -	$ -
Accumulated depreciation and impairment	-	-	-
	$ -	$ -	$ -

	2018		
	Land	Buildings	Total
At January 1			
Cost	$ 270,000	$ 36,190	$ 306,190
Accumulated depreciation and impairment	-	(16,084)	(16,084)
	$ 270,000	$ 20,106	$ 290,106
Opening net book amount as at January 1	$ 270,000	$ 20,106	$ 290,106
Reclassifications	(140,974)	(2,064)	(143,038)
Depreciation	-	(11,376)	(11,376)
Closing net book amount as at December 31	$ 129,026	$ 6,666	$ 135,692
At December 31			
Cost	$ 129,026	$ 29,998	$ 159,024
Accumulated depreciation and impairment	-	(23,332)	(23,332)
	$ 129,026	$ 6,666	$ 135,692

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

	For the years ended December 31,	
	2019	2018
Rental income from investment property	$ 3,399	$ 10,699
Direct operating expenses arising from the investment property that generated rental income during the period	$ 4,446	$ 12,046

B. Investment property reclassified to property, plant and equipment amounted to $131,525 and $143,038, respectively, due to the use of investment property was changed to self-use in 2019 and 2018.

C. The fair value of investment property held by the Group as at December 31, 2018 was $232,126, which was estimated using the quoted value of the same location with the same nature from the website of trading prices of real estate from the Ministry of Interior. The fair value measurements are being categorized within Level 3.

(10) Intangible assets-computer software cost

A. Changes in computer software cost are as follows:

	2019	2018
At January 1	$ 85,717	$ 37,325
Additions-acquired separately	13,450	78,215
Amortization	(52,881)	(29,663)
Effects of exchange rate changes	(136)	(160)
At December 31	$ 46,150	$ 85,717

B. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2019	2018
Operating costs	$ 37	$ 119
Administrative expenses	11,951	19,238
Research and development expenses	40,893	10,306
	$ 52,881	$ 29,663

(11) Other non-current assets-other

Items	December 31, 2019	December 31, 2018
Prepayment for land purchases	$ 582,435	$ 250,494
Prepayments for equipment	2,925	31,611
Refundable deposits	259,848	178,756
Long-term prepaid rent	-	118,251
	$ 845,208	$ 579,112

A. Information about the refundable deposits that were pledged to others as collaterals is provided in Note 8.

B. The Group recognized rental expenses of $3,187 for the year ended December 31, 2018.

(12) Other payables

	December 31, 2019		December 31, 2018	
Processing fees payable	$	765,658	$	984,632
Wages and salaries payable		370,667		404,689
Payables on employees' compensation and remuneration to directors and supervisors		172,763		194,000
Payables on machinery and equipment		1,044,282		197,812
Other payables		1,575,161		1,207,012
	$	3,928,531	$	2,988,145

(13) Bonds payable

	December 31, 2019		December 31, 2018	
Third overseas unsecured convertible bonds	$	2,241,923	$	-
Less: Discount on bonds payable	(	148,402)		-
		2,093,521		-
Less: current portion (Shown as Long-term liabilities, current portion)		-		-
	$	2,093,521	$	-

A.The terms of the Fourth domestic unsecured convertible bonds issued by the Company are as follows:

(a) On April 12, 2016, the Company issued 0% coupon, 2-year and 8-month domestic unsecured convertible bonds in the amount of $1,600,000. The bonds along with interest payable refund (which is 1.3389% of the face value of the bond at maturity) are repayable in full by cash at face value at maturity. The bonds were traded in the Taipei Exchange since April 12, 2016.

(b) The bondholders have the right to ask for conversion of the bonds into common stock during the period from the date after one month of issuance of bonds to the maturity date, except during the mandatory stop transfer period as required by law. The converted shares have same rights and obligations as common shares. As of December 12, 2018, the bonds with face value in the amount of $1,600,000 had been converted into 22,514 thousand shares of common stocks.

(c) The conversion price is set up according to the terms of the bonds and is subject to adjustments when the anti-dilution provisions occur. The conversion price was set at NT$83.7 (in dollars) per share on issuance. If the conversion price reset according to the terms is higher than the original conversion price of current year, then the conversion price will not be adjusted. As of December 12, 2018, the conversion price was adjusted to NT$65.8 (in dollars) per share.

(d) Under the terms of the bonds, all bonds redeemed (including those repurchased from Taipei Exchange), matured and converted will be retired and not to be reissued. The rights and obligations of the bonds will also cease.

(e)The fair value of equity conversion options in the amount of $35,723 was separated from bonds payable and was recognized in "Capital reserve from stock options" in accordance with IAS 32. As of December 12, 2018, the balance of "Capital reserve from stock options" after adjusting the amount converted into common stock is $0. The annual effective interest rate of the bonds payable after separation is 1.47%.

B. The terms of the Third overseas unsecured convertible bonds issued by the Company are as follows:

(a) On January 22, 2019, the Company issued 0% coupon, 3-year unsecured convertible bonds in the amount of US$100 million. Except for the Company's bonds that were redeemed, repurchased and retired or had their conversion rights exercised by the bondholders (the "bondholders"), the bonds are repayable in full by cash at face value at maturity. Redemption price at maturity would be translated into NTD at the fixed exchange rate of 30.838, then translate the NTD into USD using the currency rate on that day for repayment. The bonds were traded in the Singapore Exchange Limited since January 22, 2019.

(b) Except for the bond redeemed early, repurchased and retired, bonds that were converted by their bondholders and the mandatory stop transfer period regulated by law and agreed in the bond indenture separately, the bondholders have the right to ask for conversion of the bonds into common shares of the Company in accordance with the relevant regulation and the bond indenture during the period from the date after 90 days of the bonds issue to 10 days before the maturity date, or on the day that the bondholders exercise the put option, or the fifth business day before the issue company exercise the early redemption.

As at December 31, 2019, the bonds with face value in the amount of US$ 23 million had been converted into 8,975 thousand shares of common stocks (shown as 'Share capital - common stock' of $89,747 and 'capital surplus, additional paid-in capital arising from bond conversion' of $627,875). And the registration was completed. In addition, the bonds with face value in the amount of US$ 4,300 thousand had been converted into 1,678 thousand shares of common stocks (shown as 'certificates of bond-to-stock conversion' of $16,779 and 'capital surplus, additional paid-in capital arising from bond conversion' of $117,673), however, the registration is not yet completed.

(c) The conversion price is set up according to the terms of the bonds and is subject to adjustments when the anti-dilution provisions occur. The conversion price was set at NT$83.95 (in dollars) per share on issuance. If the conversion price reset according to the terms is higher than the original conversion price of current year, then the conversion price will not be adjusted. At the time of conversion, the principal of the bond is multiplied by the fixed exchange rate of 30.838 agreed on the pricing date as the numerator, and the conversion price at the time of conversion is used as the denominator to calculate the number of shares convertible into common stocks. As at December 31, 2019, the conversion price was adjusted to NT$79.03 (in dollars) per share.

(d) The rules of put options are as follows:

i. The bondholders have no right to ask for whole or partial redemption of the bonds, except the following:

(i) Except for the bond redeemed early, repurchased and retired, bonds that were converted by their bondholders, the bondholders have right to ask for whole or partial redemption of the bonds with an added interest rate of 0.425% per annum (compounded semi-annually) on the face value as the premium which is equivalent to 100.8527% of the face value (the “early redemption price for the bondholders”), after two years from the issue date.

(ii) If the Company’s common shares are unlisted from the Taiwan Stock Exchange or ceased trading over 30 consecutive business days, the bondholders have right to ask for only whole redemption of the bonds with an added interest rate of 0.425% per annum on the face value as the premium (the “early redemption amount”).

(iii) If any changes occurs to the Company’s controlling power as defined in the bond indenture (the “bond indenture”), the bondholders have right to ask for only whole redemption of the bonds.

ii. The exercise of the aforementioned put options by the bondholders and the acceptance of the bondholders’ requests by the Company shall in accordance with the procedures of the bond indenture. The early redemption price for the bondholders and the early redemption amount of bonds shall be paid on the payment date defined in the bond indenture by cash.

iii. The early redemption price for the bondholders and the early redemption amount of bonds shall be translated into NTD at the fixed exchange rate of 30.838, then translate the NTD into USD using the currency rate on that day for repayment.

(e) The rules of redemption are as follows:

i. For the period starting 2 years from the issue date until the maturity date, if the closing price (If the ex-right or the ex-dividend incurred, the adoption of the closing price shall be imputed to the price before ex-right and ex-dividend during the transaction date of the ex-right or the ex-dividend to the effective date of the ex-rights) of the issuing company’s common shares converted to USD using the currency exchange rate of the day on the Taiwan Stock Exchange reaches 130% of the total amount of the early redemption price multiply conversion price on that day (using the fixed currency exchange rate on the price settlement date to convert to USD) divided by the face value for 30 consecutive business days, the issuing company has the right to redeem all or part of bonds at the early redemption price.

ii. If over 90% of the outstanding bonds’ is redeemed, converted repurchased or retired, the Company can redeem all the bonds that are still outstanding at the early redemption price.

iii. If changes to the R.O.C.’s tax regulations occur after the issue date and cause the Company to bear more tax or to pay extra interest expenses or increase in costs for the bonds, the Company can redeem all the bonds at the early redemption price in accordance with the bond indenture. And the bondholders have no right to ask the issuing company covers the extra tax and expense for their nonparticipation of the redemption.

iv. The early redemption amount of bonds shall all be translated into NTD at the fixed exchange rate of 30.838, then translate the NTD into USD using the currency rate on that day for repayment.

(f) Under the terms of the bonds, all bonds redeemed (including from secondary market), matured and converted will be retired and not to be reissued.

(g) Regarding the issuance of convertible bonds, the equity conversion options amounting to $246,517 were separated from the liability component and were recognised in ‘capital surplus - share options’ in accordance with IAS 32. As of December 31, 2019, the balance of “Capital reserve from stock options” after adjusting the amount converted into common stock is $179,218. The non-equity redeem options, put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IAS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The annual effective interest rate of the bonds payable after separation is 3.335%.

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from May 20, 2019 to May 20, 2026; interest is payable monthly; principal is repayable in instalments.	0.05%~1.30%	None	$ 413,518
Unsecured borrowings	Borrowing period is from May 20, 2019 to May 20, 2029; interest is payable monthly; principal is repayable in instalments.	0.05%~1.30%	None	379,552
Unsecured borrowings	Borrowing period is from July 15, 2019 to July 15, 2026; interest is payable monthly; principal is repayable in instalments.	0.05%~1.30%	None	556,892
				1,349,962
Less: Current portion				-
				$ 1,349,962

A. As of December 31, 2018, had Company had no long-term borrowings.

B. Details of interest expense of bank borrowings recognised in profit or loss are provided in Note 6(24).

(15) Pensions

A. Defined benefit plans

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

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 62,733	$ 61,344
Fair value of plan assets	(41,300)	(38,091)
Net defined benefit liability (shown as 'Other non-current liabilities')	$ 21,433	$ 23,253

(c) Changes in present value of defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2019			
Balance at January 1	($ 61,344)	$ 38,091	($ 23,253)
Interest (expense) income	(950)	603	(347)
	($ 62,294)	$ 38,694	($ 23,600)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	959	959
Experience adjustments	(439)	-	(439)
	(439)	959	520
Pension fund contribution	-	1,647	1,647
Balance at December 31	($ 62,733)	$ 41,300	($ 21,433)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2018			
Balance at January 1	($ 55,740)	$ 35,033	($ 20,707)
Interest (expense) income	(1,003)	645	(358)
	($ 56,743)	$ 35,678	($ 21,065)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	758	758
Experience adjustments	(4,601)	-	(4,601)
	(4,601)	758	(3,843)
Pension fund contribution	-	1,655	1,655
Balance at December 31	($ 61,344)	$ 38,091	($ 23,253)

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

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

	December 31, 2019	December 31, 2018
Discount rate	1.30%	1.55%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 2,602)	$ 2,738	$ 11,639	($ 9,687)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 2,664)	$ 2,809	$ 11,996	($ 9,913)

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

The method and assumptions used for the preparation of sensitivity analysis during 2019 and 2018 are the same.

(f)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to $1,647.

(g)As of December 31, 2019, the weighted average duration of that retirement plan is 18.8 years.

B. Defined contribution plan

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

(b) The Company's mainland China subsidiaries, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31 2019 and 2018 were $164,549 and $150,866, respectively.

(16) Share-based payment

A. Options granted after January 1, 2008

(a) The exercise price under stock-based employee compensation plan in 2010 was determined at the closing price ($46.95 in dollars per share) of the Company's common stock upon issuance of the stock option. If there is a change in common stock or the Company distributes cash dividend, the exercise price would be adjusted according to specific formulas. As of December 31, 2019, the exercise price of employee share options was adjusted to NT$ 21.90 (in dollars). The expected vesting period is 10 years. After 2 years from the date of grant, an employee may exercise the options in accordance with certain schedules as prescribed by the employee option plan.

(b) Details of the share-based payment arrangements are as follows:

	2019		2018	
Stock options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	429	$ 23.20	687	$ 24.40
Options exercised	(311)	23.20	(258)	23.20
Options outstanding at December 31	118	21.90	429	23.20
Options exercisable at December 31	118	21.90	429	23.20

(c) The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2019 and 2018 was $96.70 and $77.97, respectively.

(d) The information on outstanding employee stock compensation plans is set forth below:

	December 31, 2019				
	Stock options outstanding			Stock options exercisable	
Exercise price (in dollars)	Number of options (in thousands)	Weighted-average expected remaining period	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
$ 21.90	118	2 months	$ 21.90	118	$ 21.90

	December 31, 2018				
	Stock options outstanding			Stock options exercisable	
Exercise price (in dollars)	Number of options (in thousands)	Weighted-average expected remaining period	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
$ 23.20	429	1 years and 2 months	$ 23.20	429	$ 23.20

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

	March 18, 2010
Dividend yield rate	0%
Expected price volatility	40%
Risk-free interest rate	2%
Expected terms	10 years
Weighted-average fair value per share (in dollars)	11.10~16.91

(e) Expenses incurred on equity-settled share-based payment transactions for the years ended December 31, 2019 and 2018 were both $0.

B. On July 1, 2019, the Board of Directors of the Company has resolved to issue employee restricted shares:

(a) Details of the share-based payment arrangements are as follows:

Type of arrangement	Grant date	Number of shares granted (in thousands)	Contract period	Vesting conditions
Restricted stock transferred to employees (Note 1)	2019.07.01	5,500	3 years	Service period and performance condition (Note 2)

Note 1: The restricted shares issued by the Company cannot be transferred during the vesting period before meeting the vesting conditions. The right of attendance, proposal, presentation, voting and election at the shareholders' meeting are the same as the Company's issued ordinary shares, except appropriation of earnings (including but not limited to dividend, bonus and the distribution rights of capital surplus) and share options of cash capital increase. The Company has rights to take back the unvested shares at no consideration and retire the shares if employees resign during the vesting period.

Note 2: For the employees who are currently working in the Company, whose services have reached 1 year, 2 years and 3 years since the allocation of restricted shares and who achieved the target performance and have made contributions, the ceiling of accumulated vested share ratio is 30%, 30% and 40%, respectively.

(b) Details of the share-based payment arrangements are as follows: (Shares in thousands)

	2019
Employee restricted shares at January 1	-
Option issued for the year	5,500
Option retired for the year	(80)
Employee restricted shares at December 31	5,420

(c) Expenses incurred on share-based payment transactions amounted to $89,249 for the year ended December 31, 2019.

C. On July 12, 2018, the Board of Directors adopted a resolution to transfer treasury stocks purchased from the ninth purchase to employees.

(a) Information on the stock options is as follows:

Type of arrangement	Grant date	Number of shares (in thousands)	Vesting conditions
Treasury stock transferred to employees	2018.7.12	$ 2,506	Vested immediately

(b) Details of the share-based payment arrangements are as follows:

	2019		2018	
Stock options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,506	$ 93.37	-	$ -
Options granted	-	-	2,506	93.37
Options exercised	(2,506)	91.60	-	-
Options outstanding at December 31	-	-	2,506	93.37
Options exercisable at December 31	-	-	2,506	93.37

(c) The fair value of stock options on the grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Weighted-average stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (in years)	Risk-free interest rate	Fair value per share (in dollars)
Treasury stock transferred to employees	2018.7.12	$ 97.90	$ 93.37	39.74%	0.05	0.11%	$ 6.19

(d) The compensation cost recognised at the grant date was $15,512.

(17) Share capital

A. As of December 31, 2019, the Company's authorized capital was $4,600,000 (including 20,000 thousand shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was $3,329,549, consisting of 332,955 thousand shares of rdinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2019	2018
At January 1	313,222	307,615
Employee stock options exercised	346	223
Employee restricted shares	5,420	-
Conversion of convertible bonds	8,975	7,890
Buyback of treasury stock	-	(2,506)
Treasury share transferred to employees	2,506	-
At December 31	330,469	313,222

B. For the year ended December 31, 2019, the additions to employee restricted shares was $3,460, and the registration was completed.

C. The Company issued common stocks in the amount of $2,230 for the exercise of employee stock options for the year ended December 31, 2018, and the registration had been completed. As of December 31, 2018, the registration of advance receipts for share capital of $812 has not been completed.

D. The Board of Directors during its meeting on July 1, 2019 adopted a resolution to issue employee restricted ordinary shares (see Note 6(16)) with the effective date set on September 5, 2019. The subscription price is $0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. After meeting their vesting conditions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

E. The information on conversion requests on convertible bonds for the year ended December 31, 2019 is provided in Note 6(13).

F. Treasury shares

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

		December 31, 2019	
Name of company holding the shares	Reason for reacquisition	Number of shares in thousands	Carrying amount
The Company	For conversion of equity	2,486	290,790

Name of company holding the shares	Reason for reacquisition	December 31, 2018 Number of shares in thousands	Carrying amount	
The Company	For conversion of equity	2,486	$	290,790
	To be reissued to employees	2,506		233,992
		4,992	$	524,782

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

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

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

(e)On December 24, 2015, the Board of Directors resolved to repurchase 20 million shares of the Company and transferred the shares to employees, all the procedures were in line with related regulations. In addition, on February 16, 2016, the Board of Directors resolved to change its motivation of repurchasing treasury shares so that the Company distributed treasury shares for equity transfer. The ordinary shares transferred from convertible bonds in 2018 were 5,376 thousand shares. As of December 31, 2019, the Company repurchased 20 million shares, including 20 million shares were distributed for equity transfer.

(f)To maintain the Company's credit and the stockholders' equity, the Board of Directors during their meeting resolved to repurchase the Company's shares in the amount of 5 million shares that in accordance with related regulations on November 1, 2017. In addition, the Board of Directors resolved to change the purpose of repurchased shares for equity transfer on December 21, 2017. The ordinary shares transferred from convertible bonds in 2018 were 2,514 thousand shares. As of December 31, 2019, the Company has repurchased its own shares in the amount of 5 million shares, including 2,514 thousand shares were distributed from equity transfer.

(g)The shares which were repurchased by the Company and transferred to employees amounted to 5 million shares in accordance with related regulations, and as resolved by the Board of Directors on June 11, 2018. The shares transferred to the employees in 2019 were 2,506 thousand shares. As of December 31, 2019, the Company has repurchased its own shares in the amount of 2,506 thousand shares and all 2,506 thousand shares were transferred to employees.

(h)Information on treasury shares reissued to employees is provided in Note 6(16).

(18) Capital surplus

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

	2019						
	Share premium	Treasury share transactions	Employee stock options	Stock options	Donated assets	Employee restricted shares	Total
At January 1, 2019	$3,651,766	$ 187,037	$ 20,763	$ -	$ -	$ -	$3,859,566
Employee stock options exercised	8,047	-	(3,480)	-	-	-	4,567
Treasury stock transferred to employees	-	11,069	(15,512)	-	-	-	(4,443)
Employee restricted shares	-	-	-	-	-	283,402	283,402
Due to donated assets received	-	-	-	-	1,245	-	1,245
Cash dividends from capital surplus	(783,142)	-	-	-	-	-	(783,142)
Conversion option of convertible bonds	745,548	-	-	179,218	-	-	924,766
At December 31, 2019	$3,622,219	$ 198,106	$ 1,771	$ 179,218	$ 1,245	$ 283,402	$4,285,961

	2018				
	Share premium	Treasury share transactions	Employee stock options	Stock options	Total
At January 1, 2018	$ 3,781,674	$ 188,623	$ 8,137	$ 11,809	$ 3,990,243
Employee stock options exercised	5,830	-	(2,886)	-	2,944
Share-based payment transactions	-	-	15,512	-	15,512
Conversion option of convertible bonds	(135,738)	(1,586)	-	(11,809)	(149,133)
At December 31, 2018	$ 3,651,766	$ 187,037	$ 20,763	$ -	$ 3,859,566

B. On June 18, 2019, the shareholders during their meeting resolved to distribute cash dividends from capital surplus in the amount of $783,142, at NT$2.5 per share.

C. For details of capital reserve from stock options, please refer to Note 6(13).

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and setting aside or reversal for special reserve in accordance with related laws or Competent Authority's rule, if any, the Board of Directors should present the distribution of the remaining earnings along with undistributed earnings at beginning of periods for the approval of the shareholders based on the capital condition and economic development.

B. The Company's dividend policy is in line with the development plan and capital requirement for expanding production line in the near future as the Company is currently in the growth phase. Therefore, the Board of Directors proposed the appropriation of unappropriated retained earnings at the shareholders' meeting for approval. Cash dividend shall be more than 5% of total dividends, but will not be distributed if it is lower than $0.1 per share, which will instead be distributed in the form of stocks.

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

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

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

E. The Company resolved that total dividends for the distribution of earnings for 2018 was $1,544,493 ($5 (in dollars) per share). On June 18, 2019, the shareholders resolved that total dividends for the distribution of earnings for 2018 was $783,142 ($2.5 (in dollars) per share).

(20) Other equity items

	2019		
	Currency translation	Unearned compensation	Total
At January 1	($ 303,446)	$ -	($ 303,446)
Currency translation differences:			
–Group	(219,865)	-	(219,865)
Issuance of employee restricted shares	-	(248,352)	(248,352)
At December 31	($ 523,311)	($ 248,352)	($ 771,663)

	2018		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	$ 16,500	($ 228,754)	($ 212,254)
Revaluation transferred to retained earnings	(16,500)	-	(16,500)
Currency translation differences:			
–Group	-	(74,692)	(74,692)
At December 31	$ -	($ 303,446)	($ 303,446)

(21) Operating revenue

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

	For the years ended December 31,	
	2019	2018
	Revenue	Revenue
Taiwan	$ 1,530,903	$ 1,780,077
China	9,344,453	7,537,695
Asia (excluding Taiwan and China)	1,093,057	1,471,070
Europe and America	14,064,817	15,981,649
	$ 26,033,230	$ 26,770,491

(22) Other income

	For the years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 116,068	$ 54,842
Other interest income	31,560	56,157
Total interest income	147,628	110,999
Rent income	3,682	10,815
Other income-other	142,246	148,445
	$ 293,556	$ 270,259

(23) Other gains and losses

	For the years ended December 31,	
	2019	2018
Loss on disposal of property, plant and equipment	($ 14,056)	($ 16,070)
Foreign exchange (losses) gains	(18,050)	96,643
Net gain on financial assets/ liabilities at fair value through profit or loss	43,356	173
Others	(11,981)	(17,993)
	($ 731)	$ 62,753

(24) Finance costs

	For the years ended December 31,	
	2019	2018
Interest expense:		
Bank borrowings	$ 189	$ 5,225
Convertible bonds	87,409	-
Imputed interest on deposits	104	58
Interest on lease liabilities	467	-
	$ 88,169	$ 5,283

(25) Expenses by nature

	For the years ended December 31,	
	2019	2018
Employee benefit expense	$ 3,631,407	$ 3,366,514
Depreciation charge on property, plant and equipment	1,218,006	1,228,608
Depreciation expenses on right-of-use assets	26,123	-
Depreciation charge on investment property	4,167	11,376
Amortisation on intangible assets	52,881	29,663

(26) Employee benefit expense

	For the years ended December 31,	
	2019	2018
Wages and salaries	$ 3,086,045	$ 2,909,510
Employee restricted stock	89,249	-
Employee stock options	-	15,512
Labor and health insurance fees	147,015	140,090
Pension costs	164,896	151,224
Other personnel expenses	144,202	150,178
	$ 3,631,407	$ 3,366,514

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, if any, shall not be less than 1% for employees' compensation, and shall be less than 2% for directors' and supervisors' remuneration. However, if the Company has accumulated deficit, the earnings shall first be reserved to offset the deficit.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$100,000 and \$86,000, respectively; directors' and supervisors' remuneration were accrued at \$20,000 and \$15,000 respectively, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

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

(27) Income tax

A. Income tax expense

Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax：		
Current tax on profits for the year	\$ 745,470	\$ 614,881
Tax on undistributed earnings	75,928	114,275
Over estimation of prior year's income tax	(29,658)	(55,892)
Total current tax	791,740	673,264
Deferred tax:		
Origination and reversal of temporary differences	56,826	65,891
Impact of change in tax rate	-	96,836
Total deferred tax	56,826	162,727
Income tax expense	\$ 848,566	\$ 835,991

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 880,993	$ 812,827
Effect from items adjusted in accordance with tax regulation	(78,697)	(35,219)
Tax on undistributed earnings	75,928	114,275
Over estimation of prior year's income tax	(29,658)	(55,892)
Income tax expense	$ 848,566	$ 835,991

Note: The basis for computing the applicable tax rate are 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 are as follows:

	For the year ended December 31, 2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effects of excharge rate changes	December 31
Temporary differences:					
—Deferred tax assets:					
Allowance for sales returns and discounts	$ 31,312	($ 31,312)	$ -	$ -	$ -
Allowance for obsolescence and decline in market value of inventories	4,910	81,351	-	(3,072)	83,189
Unrealised gross profit	13,969	(2,967)	-	-	11,002
Unrealised compensated absences	3,272	1,414	-	-	4,686
Cost of bond issuance	-	1,846	-	-	1,846
Unrealised exchange loss	-	5,493	-	-	5,493
Refund liability	-	3,591	-	-	3,591
Unrealised estimated expense	1,748	653	-	-	2,401
Impairment of assets	-	988	-	(37)	951
Others	254	(35)	-	-	219
Subtotal	$ 55,465	$ 61,022	$ -	($ 3,109)	$ 113,378
—Deferred tax liabilities:					
Gain on foreign investment accounted for under equity method	(760,493)	(122,418)	-	-	(882,911)
Pension expense	(1,582)	(260)	-	-	(1,842)
Unrealised exchange gain	(4,854)	4,854	-	-	-
Others	-	(24)	-	1	(23)
Subtotal	($ 766,929)	($ 117,848)	$ -	$ 1	(884,776)
Total	($ 711,464)	($ 56,826)	$ -	($ 3,108)	($ 771,398)

	For the year ended December 31, 2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effects of exchange rate changes	December 31
Temporary differences:					
－Deferred tax assets:					
Allowance for sales returns and discounts	$ 3,580	$ 27,732	$ -	$ -	$ 31,312
Allowance for obsolescence and decline in market value of inventories	20,738	(15,828)	-	-	4,910
Unrealised gross profit	19,131	(5,162)	-	-	13,969
Unrealised compensated absences	2,581	691	-	-	3,272
Cost of bond issuance	306	(306)	-	-	-
Unrealised estimated expense	2,532	(784)	-	-	1,748
Others	22	232	-	-	254
Subtotal	$ 48,890	$ 6,575	$ -	$ -	$ 55,465
－Deferred tax liabilities:					
Gain on foreign investment accounted for under equity method	(596,043)	(164,450)	-	-	(760,493)
Pension expense	(1,124)	(458)	-	-	(1,582)
Unrealised exchange gain	(460)	(4,394)	-	-	(4,854)
Subtotal	(597,627)	(169,302)	-	-	(766,929)
Total	($ 548,737)	($ 162,727)	$ -	$ -	($ 711,464)

D. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

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

(28) Earnings per share

	For the year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,153,203	314,636	$ 10.02
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,153,203	314,636	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	154	
Employees' compensation	-	1,046	
Convertible bonds	44,248	35,592	
Employee restricted stock	-	853	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,197,451	352,281	$ 9.08

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,644,712	309,272	$ 8.55
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,644,712	309,272	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	498	
Employees' compensation	-	1,326	
Convertible bonds	4,180	4,987	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,648,892	316,083	$ 8.38

(29) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2019	2018
Purchase of property, plant and equipment (including prepayments for business facilities)	$ 3,191,769	$ 891,357
Add: opening balance of payable on equipment	197,812	1,000,496
Less: ending balance of payable on equipment	(1,044,282)	(197,812)
Cash paid during the period	$ 2,345,299	$ 1,694,041

B. Financing activities with no cash flow effects:

	For the years ended December 31,	
	2019	2018
Convertible bonds being converted to capital stocks and capital surplus	$ 784,775	$ 532,079

(30) Changes in liabilities from financing activities

	2019			
	Lease liability	Bonds payable	Long-term borrowings	Liabilities from financing activities-gross
At January 1	$ 40,439	$ -	$ -	$ 40,439
Changes in cash flow from financing activities	(23,131)	3,069,952	1,349,962	4,396,783
Increase in lease liabilities	15,555	-	-	15,555
Amortisation of discounts on bonds payable	-	87,409	-	87,409
Conversion rights of convertible bonds	-	(246,517)	-	(246,517)
Put options of convertible bonds	-	(32,548)	-	(32,548)
Convertible bonds converted to capital stocks and capital surplus	-	(784,775)	-	(784,775)
Impact of changes in foreign exchange rate	(904)	-	-	(904)
December 31	$ 31,959	$ 2,093,521	$ 1,349,962	$ 3,475,442

No such transaction in 2018.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	For the years ended December 31,	
	2019	2018
Short-term employee benefits	$ 81,174	$ 66,364
Post-employment benefits	187	186
Share-based payments	20,929	5,447
	$ 102,290	$ 71,997

8. PLEDGED ASSETS

	Book value		
Pledged asset	December 31, 2019	December 31, 2018	Purpose
Refundable deposits (recorded in "Other non-current assets, others")	$ 244,439	$ 166,996	Guarantee for land bid

9. COMMITMENTS AND CONTINGENT LIABILITIES

(1) As of December 31, 2019 and 2018, the Group issued promissory notes amounting to $2,111,387 and $1,064,844 for loans, sales on credit and forward exchange contracts, respectively.

(2) As of December 31, 2019 and 2018, the Group entered into several contracts for construction and acquisition of machinery with total values of $5,419,602 and $2,433,616, respectively, and the unpaid balance on these contracts amounted to $4,278,881 and $1,802,407, respectively.

10. SIGNIFICANT CATASTROPHE

None.

11. SUBSEQUENT EVENTS

None.

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. Total debt is calculated as 'current and non-current liabilities' as shown in the consolidated balance sheet.

During 2019, the Group's strategy, which was unchanged from 2018, was to maintain the balance of the capital structure. The gearing ratio at December 31, 2019 and 2018 were as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 12,525,885	$ 8,423,025
Total assets	$ 34,453,687	$ 27,624,702
Gearing ratio	36	30

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,275,354	$ 420,398
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 30,550	$ -
Financial assets at amortised cost		
Cash and cash equivalents	$ 6,925,525	$ 7,392,184
Financial assets at amortised cost	8,037,220	2,613,320
Accounts receivable	7,067,598	6,818,722
Other receivables	69,684	39,486
Refundable deposits	259,848	178,756
	$ 22,359,875	$ 17,042,468

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	$ 448	$ -
Financial liabilities at amortised cost		
Accounts payable	$ 3,594,528	$ 4,077,918
Other payables	3,928,531	2,988,145
Bonds payable (including current portion)	2,093,521	-
Long-term borrowings (including current	1,349,962	-
Guarantee deposits received	26,165	11,385
	$ 10,992,707	$ 7,077,448
Lease liabilities	$ 31,959	$ -

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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

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

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

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

	December 31, 2019							
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis				
				Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)								
Financial assets								
Monetary items								
USD:NTD	$ 349,054	30.1060	$ 10,508,620	1%	$	105,086	$	-
USD:RMB	206,267	6.9762	6,209,874	1%		62,099		-
Non-monetary items								
USD:NTD	1,000	30.1060	30,550	1%		-		306
Financial liabilities								
Monetary items								
USD:NTD	233,573	30.1060	7,031,949	1%	(	70,319)		-
USD:RMB	135,962	6.9762	4,093,272	1%	(	40,933)		-

	December 31, 2018							
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis				
				Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)								
Financial assets								
Monetary items								
USD:NTD	$ 331,454	30.7330	$ 10,186,576	1%	$	101,866	$	-
USD:RMB	228,320	6.8632	7,016,959	1%		70,170		-
Financial liabilities								
Monetary items								
USD:NTD	218,399	30.7330	6,712,056	1%	(	67,121)		-
USD:RMB	128,034	6.8632	3,934,869	1%	(	39,349)		-

v.The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to ($18,050) and $96,643, respectively.

Price risk

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

ii. The Group's investments in equity securities comprise shares issued by the domestic and companies. The prices of equity securities would change due to the change of the future oversea value of investee companies. However, the Group has settled a stop loss limit, no significant price risk is expected.

Cash flow and fair value interest rate risk

i. The Group's issued zero coupon liability financial instruments with embedded conversion options and call options. The fair value of the financial instrument is exposed under the risk of market fluctuation. There was no cash flow risk arising from significant changes in interest rate after assessment.

ii. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. As of December 31, 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.

(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.

ii. The Group manages their credit risk taking into consideration the entire group's concern. 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.If the contract payments were past due over certain days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv.The default occurs when the contract payments are expected unrecoverable and are transferred to overdue receivables

v. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2019 and 2018, the provision matrix classified by customers are as follows:

	Group A	Group B	Group C	Group D	Group E	Total
December 31, 2019						
Total book value	$ 4,141,352	$ 23,550	$ 2,370,307	$ 453,904	$ 79,750	$ 7,068,863
Allowance for sales returns and discounts	(159)	-	-	-	-	(159)
Book value	$ 4,141,193	$ 23,550	$ 2,370,307	$ 453,904	$ 79,750	$ 7,068,704
Expected loss rate	0.01%	0.01%	0.02%	0.03%	0.00%	
Loss allowance	$ 411	$ 3	$ 572	$ 117	$ 3	$ 1,106

	Group A	Group B	Group C	Group D	Group E	Total
December 31, 2018						
Total book value	$ 4,578,593	$ 333,808	$ 1,657,437	$ 38,625	$ 261,690	$ 6,870,153
Allowance for sales returns and discounts	(50,230)	-	-	-	-	(50,230)
Book value	$ 4,528,363	$ 333,808	$ 1,657,437	$ 38,625	$ 261,690	$ 6,819,923
Expected loss rate	0.01%	0.02%	0.03%	0.01%	0.02%	
Loss allowance	$ 584	$ 65	$ 492	$ 5	$ 55	$ 1,201

Accounts receivable is grouped based on stock liquidity, paid-in capital, current ratio and debt ratio of counterparties.

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

	2019
	Accounts receivable
At January 1	$ 1,201
Reversal of impairment loss	(93)
Effects of exchange rate changes	(2)
At December 31	$ 1,106

	2018
	Accounts receivable
At January 1_IAS 39	$ -
Adjustments under new standards	-
At January 1_IFRS 9	-
Provision for impairment	1,211
Effect of exchange rate changes	(10)
At December 31	$ 1,201

For provisioned loss for the years ended December 31, 2019 and 2018, the reversal of impairment loss and impairment loss arising from customers' contracts is ($93) and $1,211, respectively.

(c)Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts, time deposits, Bonds with repurchase agreements, structured certificates of deposit and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2019 and 2018, the Group held money market position of $16,228,778 and $10,424,914, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

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

Non-derivative financial liabilities:			
December 31, 2019	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Accounts payable	$ 3,594,528	$ -	$ -
Other payables	3,928,531	-	-
Lease liabilities	16,086	8,834	7,925
Bonds payable	-	2,241,923	-
Long-term borrowings	675	675	1,351,939
Derivative financial liabilities:			
Put options of convertible bonds	448	-	-
December 31, 2018	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Accounts payable	$ 4,077,918	$ -	$ -
Other payables	2,988,145	-	-

(3) Fair value information

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

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks with quoted market prices is included in Level 1.

Level 2:Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in certain derivative instruments is included in Level 2.

Level 3:Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, financial assets at amortised cost accounts receivable, other receivables, guarantee deposits paid (recorded in "Other non-current assets-others"), accounts payable, other payables, lease liabilities, bonds payable, long-term borrowings and guarantee deposits received (recorded in "Other non-current assets-others"), are approximate to their fair values.

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

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 15,547	$ -	$ -	$ 15,547
Forward foreign exchange contracts	-	8,303	-	8,303
Structured certificates of deposit	-	1,251,504	-	1,251,504
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	30,550	30,550
	$ 15,547	$ 1,259,807	$ 30,550	$ 1,305,904
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Put options of convertible bonds	$ -	$ -	$ 448	$ 448

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 17,383	$ -	$ -	$ 17,383
Structured certificates of deposit	-	403,015	-	403,015
	$ 17,383	$ 403,015	$ -	$ 420,398

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

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

	Listed shares
Market quoted price	Closing price

ii. The assessment of structured certificates of deposit is calculated based on the product revenue that is provided by counterparties.

iii. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date .

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

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the year ended December 31, 2019:

	2019	
	Derivative instruments	Non-derivative equity instrument
At January 1	$ -	$ -
Issued in the period	(32,848)	-
Gains recognised in profit or loss (Note)	32,100	-
Investments in the year	-	30,550
Conversion in the year	300	-
December 31	($ 448)	$ 30,550
Movement of unrealised gain in profit or loss of assets and liabilities held as of December 31, 2019 (Note)	$ 32,100	$ -

Note: Recorded as non-operating income and expense.

G. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments using the actuarial reports issued by external experts. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2019		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:						
Convertible bonds	$	448	Binary tree Convertible bond valuation model	Stock price volatility	34.32%~37.56%	The higher the stock price volatility, the lower the fair value
Non-derivative equity instrument:						
Unlisted shares	$	30,550	Discounted cash flow	Long-term revenue growth rate and long-term pre-tax operating margin	N/A	The higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value;

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	$ 30,550	±1%	$ -	$ -	$ 306	($ 306)
Financial liabilities						
Hybrid instrument	Stock price volatility	±5%	$ 309	$ -	$ -	$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer table 3.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

14. SEGMENT INFORMATION

(1) General information

The Group operates business in manufacturing and sale of flexible PCBs. The Company allocates resources and assesses performance of the Group as a whole, and has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group evaluates the performances of the operating segments based on their net income (loss).

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

The segment information is provided to the Chief Operating Decision-Maker for the reportable segments. Please refer to the balance sheet and statement of comprehensive income.

(4) Reconciliation for segment income (loss)

The revenue from customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the Chief Operating Decision-Maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Revenue from external customers is mainly from sales of flexible printed circuit boards and related raw materials and supplies.

(6) Revenue information by geographic areas

Revenue information by geographic areas of the Group for 2019 and 2018 is shown below:

	For the years ended December 31,			
	2019		2018	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Taiwan	$ 1,530,903	$ 4,565,836	$ 1,780,077	$ 3,326,594
China	9,344,453	3,791,854	7,537,695	3,104,436
Asia (excluding Taiwan and China)	1,093,057	-	1,471,070	-
Europe and America	14,064,817	60	15,981,649	62
	$ 26,033,230	$ 8,357,750	$ 26,770,491	$ 6,431,092

Revenue recognition is based on clients' geographic locations and non-current assets are classified based on their locations.

(7) Information on major customers

Information on major customers of the Group for 2019 and 2018 is shown below:

	For the year ended December 31, 2019		For the year ended December 31, 2018
Customer	Revenue	Customer	Revenue
A	$ 13,931,732	A	$ 15,803,579

Flexium Interconnect Inc.

Loans to others

For the year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account （Note 2）	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 9)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 8)	Footnote
													Item	Value			
0	FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Other receivables - related parties	Yes	$ 1,096,390	$ 1,096,390	$ -	1.1	Note 4	$ -	Company operation	$ -	-	$ -	$ 2,192,780	$ 8,771,121	-
0	FLEXIUM INTERCONNECT INC.	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Other receivables - related parties	Yes	1,096,390	1,096,390	-	1.1	Note 4	-	Company operation	-	-	-	2,192,780	8,771,121	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: Fill in the name of account in which the loans are recognised, such as receivables associates, receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2019.

Note 4: Fill in purpose of loan when nature of loan is for short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing and is 20% of the Company's net asset based on the latest audited or reviewed consolidated financial statements; limit on loans to a single party with short-term financing is 10% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 8: In accordance with the Company's "Procedures for Provision of Loans", ceiling on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 9: Ending balance of loans at the balance sheet date is the limit approved by the Board of Directors.

Note 10: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to a company of which the Company directly or indirectly holds 100% of its voting shares is 80% of the Company's net assets.

Flexium Interconnect Inc.

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

For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2019				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
FLEXIUM INTERCONNECT INC.	Etherdyne Technologies, Inc	None.	Financial assets at fair value through other comprehensive income - non-current	803,774	$ 30,550	8.11%	$ 30,550	-
FLEXIUM INTERCONNECT INVESTMENT CO., LTD.	MYCENAX BIOTECH INC. (Stock)	None.	Financial assets at fair value through profit or loss - current	374,000	8,714	Note 5	8,714	-
FLEXIUM INTERCONNECT INVESTMENT CO., LTD.	MEDEON BIODESIGN, INC. (Stock)	None.	Financial assets at fair value through profit or loss - current	108,124	6,833	Note 5	6,833	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: Not applicable since the percentage of ownership is less than 5%.

Flexium Interconnect Inc.

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

For the year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2019		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2019	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
FLEXIUM INTERCONNECT INC.	Stock	Investments accounted for using equity method	BOOM BUSINESS LIMITED	Subsidiary	20,000,000	$ 606,024	15,000,000	$ 458,436	-	$ -	$ -	$ -	35,000,000	$ 1,064,460
BOOM BUSINESS LIMITED	Stock	Investments accounted for using equity method	CLEAR SUCCESS GLOBAL LIMITED	Subsidiary	20,000,000	606,024	15,000,000	458,436	-	-	-	-	35,000,000	1,064,460

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

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

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Flexium Interconnect Inc.

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

For the year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
FLEXIUM INTERCONNECT INC.	Land	September 12, 2018	$ 1,671,593	$ 250,494	Kaohsiung City government	Non-related party	-	-	-	$ -	Subscription based on the notice released by the Kaohsiung city government	Building plants	The land shall be constructed within 3 years starting from the next day of the land handed over
FLEXIUM INTERCONNECT INC.	Buildings and structures	March 11, 2019	777,000	279,720	Li Jin engineering Co., Ltd.	Non-related party	-	-	-	-	Price comparison and negotiation	Building plants	None
FLEXIUM INTERCONNECT INC.	Buildings and structures	July 30, 2019	458,000	-	Lee Ming construction Co., Ltd.	Non-related party	-	-	-	-	Price comparison and negotiation	Building plants	None
FLEXIUM INTERCONNECT INC.	Land	October 19, 2019	774,432	116,165	Kaohsiung City government	Non-related party	-	-	-	-	Subscription based on the notice released by the Kaohsiung city government	Building plants	The land shall be constructed within 3 years starting from the next day of the land handed over
FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Land	December 12, 2019	598,603	215,776	Taiflex (Kunshan) incorporation	Non-related party	-	-	-	-	Price appraisal and negotiation (Note 4)	Building plants	None

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

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

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

Note 4: The real estate acquired was appraised pursuant to the regulations amounting to $604,170, and the numbers in this table are expressed in New Taiwan Dollars. Translated at exchanges rate of NT$4.32 : RMB1.00.

Flexium Interconnect 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, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		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
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Sales	($ 3,015,676)	12	180 days	Note 1	Note 1	$ 1,857,527	21	Note 7
GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	The Company	Purchases	3,015,676	13	180 days	Note 1	Note 1	(1,857,527)	23	Note 7
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Subsidiary	Sales	(3,015,676)	13	180 days	Note 3	Note 3	1,857,527	23	Note 7
CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Purchases	3,015,676	13	180 days	Note 3	Note 3	(1,857,527)	23	Note 7
CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Sales	(3,015,676)	13	180 days	Note 4	Note 4	1,857,527	23	Note 7
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	Subsidiary	Purchases	3,015,676	21	180 days	Note 4	Note 4	(1,857,527)	39	Note 7
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	Subsidiary	Sales	(20,451,489)	98	90 days	Note 5	Note 5	6,105,225	98	Note 7
CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Purchases	20,451,489	87	90 days	Note 5	Note 5	(6,105,225)	77	Note 7
CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Sales	(20,451,489)	87	90 days	Note 6	Note 6	6,105,225	77	Note 7
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Subsidiary	Purchases	20,451,489	87	90 days	Note 6	Note 6	(6,105,225)	77	Note 7
GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	The Company	Sales	(20,451,489)	87	90 days	Note 2	Note 2	6,105,225	77	Note 7
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Purchases	20,451,489	90	90 days	Note 2	Note 2	(6,105,225)	90	Note 7

Flexium Interconnect 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, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		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
FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Sales	($ 473,940)	100	90 days	Note 8	Note 8	$ 391,292	100	

Note 1: In the sales to related parties, the price of work in progress is based on mutual agreement. The price cannot be compared with regular sales due to a lack of similar counterparties. The price of materials and supplies is determined by adding the margin to the cost. The collection period to third parties is approximately 180 days after the end of each month while those to related parties are 45~120 days after the end of each month.

Note 2: The transaction prices to related parties are similar with those to third parties. The collection periods to third parties are 60 to 90 days after the end of each month while those to related parties are 90 days after the end of each month.

Note 3: The transaction is sales from GRANDPLUS ENTERPRISES LTD. to CHAMPION BEYOND LIMITED, and the collection period is approximately 180 days after the end of each month.

Note 4: The transaction is sales from CHAMPION BEYOND LIMITED to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the collection period is approximately 180 days after the end of each month.

Note 5: The transaction is sales from FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION to CHAMPION BEYOND LIMITED, and the collection period is approximately 90 days after the end of each month.

Note 6: The transaction is sales from CHAMPION BEYOND LIMITED to GRANDPLUS ENTERPRISES LTD., and the collection period is approximately 90 days after the end of each month.

Note 7: The purchase (sales) amount is contained the eliminates to sales revenue and operating costs (merchandise purchase) arising from raw material processing, which are provided by the Company through the offshore company that is in the third place to the subsidiary, FLEXIUM INTERCONNECT(KUNSHAN). The eliminated amount was $3,015,676 for the year ended December 31, 2019.

Note 8: The transaction is sales from FLEXIUM TECHNOLOGY(SUZHOU) INCORPORATION to FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION, and the collection period is approximately 90 days after the end of each month.

Flexium Interconnect Inc.

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

For the year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Accounts receivable $1,857,527	1.95	$ -	-	$ 326,223	$ -
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Subsidiary	Accounts receivable $1,857,527	1.95	-	-	326,223	-
CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Accounts receivable $1,857,527	1.95	-	-	326,223	-
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	Subsidiary	Accounts receivable $6,105,225	3.29	-	-	1,841,770	-
CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Accounts receivable $6,105,225	3.29	-	-	1,841,770	-
GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	The Company	Accounts receivable $6,105,225	3.29	-	-	1,841,770	
FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Accounts receivable $ 391,292	1.60	-	-	74,255	-
FLEXIUM INTERCONNECT INC	FOREVER MASTER LIMITED	Subsidiary	Other receivables $ 148,574	-	-	-	-	-
FOREVER MASTER LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Other receivables $ 148,574	-	-	-	-	-

Flexium Interconnect Inc.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2019

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Details of significant inter-company transactions reaching NT$100 million or 20% of paid-in capital or more are as follows:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	1	Sales	$ 3,015,676	Note 4	12
0	FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	1	Accounts receivable	1,857,527	Note 4	5
0	FLEXIUM INTERCONNECT INC	FOREVER MASTER LIMITED	1	Other receivables	148,574	Note 10	-
1	GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	3	Sales	3,015,676	Note 6	12
1	GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	3	Accounts receivable	1,857,527	Note 6	5
1	GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	2	Sales	20,451,489	Note 5	79
1	GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	2	Accounts receivable	6,105,225	Note 5	18
2	CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Sales	3,015,676	Note 7	12
2	CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Accounts receivable	1,857,527	Note 7	5
2	CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	3	Sales	20,451,489	Note 8	79
2	CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	3	Accounts receivable	6,105,225	Note 8	18
3	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	3	Sales	20,451,489	Note 9	79
3	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	3	Accounts receivable	6,105,225	Note 9	18
4	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Sales	473,940	Note 12	2
4	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Accounts receivable	391,292	Note 12	1
4	FOREVER MASTER LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Other receivables	148,574	Note 11	-

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".

Table 7 Expressed in thousands of NTD

(Except as otherwise indicated)

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: In the sales to related parties, the price of work in progress is based on mutual agreement. The price cannot be compared with regular sales due to a lack of similar counterparties. The price of materials and supplies is determined by adding the margin to the cost. The collection period to third parties is approximately 180 days after the end of each month while those to related parties are 45~120 days after the end of each month.

Note 5: The processing prices were determined in accordance with mutual agreements. The collection period to third parties is 60 to 90 days after the end of each month while those to related parties is 90 days after the end of each month.

Note 6: The transaction is sales from GRANDPLUS ENTERPRISES LTD. to CHAMPION BEYOND LIMITED, and the collection period is approximately 180 days after the end of each month.

Note 7: The transaction is sales from CHAMPION BEYOND LIMITED to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the collection period is approximately 180 days after the end of each month.

Note 8: The transaction is sales from CHAMPION BEYOND LIMITED to GRANDPLUS ENTERPRISES LTD., and the collection period is approximately 90 days after the end of each month.

Note 9: The transaction is sales from FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION to CHAMPION BEYOND LIMITED and the collection period is approximately 90 days after the end of each month.

Note 10: The transaction is sales from the Company to FOREVER MASTER LIMITED, and the credit term is approximately 180 days after the delivery.

Note 11: The transaction is sales from FOREVER MASTER LIMITED to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the credit term is approximately 180 days after the delivery.

Note 12: The transaction is sales from FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the credit term is approximately 90 days after the end of each month.

Flexium Interconnect Inc.
Information on investees
For the year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2019 (Note 2(3))	Footnote
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INC.	British Virgin Islands	General investments	$ 835,252	$ 975,567	50,000	100	$ 4,004,918	$ 368,474	$ 439,695	
FLEXIUM INTERCONNECT INC.	UFLEX TECHNOLOGY CO., LTD.	British Virgin Islands	General investments	39,711	468,199	50,000	100	1,369,736	128,085	152,966	
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INVESTMENT CO., LTD.	Taiwan	General investments	50,000	50,000	5,000,000	100	30,117	(3,244)	(3,244)	
FLEXIUM INTERCONNECT INC.	BOOM BUSINESS LIMITED	Samoa	General investments	1,064,460	606,024	35,000,000	100	1,085,264	18,211	18,211	
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT AMERICA LLC.	U.S.A	Marketing, customer support and supporting technical services	8,067	-	-	100	8,873	246	1,216	
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Samoa	General investments	62,001	62,001	1,880,578	100	351	(77)	(77)	
FLEXIUM INTERCONNECT INC.	SUCCESS GLORY INVESTMENTS LTD.	Samoa	General investments	859,357	859,357	28,010,000	100	4,109,010	371,983	371,983	
UFLEX TECHNOLOGY CO., LTD.	FLEXIUM INTERCONNECT AMERICA LLC.	U.S.A	Marketing, customer support and supporting technical services	-	7,282	-	100	-	246	(970)	
GRANDPLUS ENTERPRISES LTD.	CHOSEN GLORY LIMITED	Samoa	General investments	-	-	-	100	-	-	-	
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Samoa	General investments	-	-	-	100	35	(12)	(12)	
GRANDPLUS ENTERPRISES LTD.	FOREVER MASTER LIMITED	Samoa	General investments	-	-	-	100	22	5	5	
BOOM BUSINESS LIMITED	CLEAR SUCCESS GLOBAL LIMITED	Samoa	General investments	1,064,460	606,024	35,000,000	100	1,085,264	18,211	18,211	

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

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

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

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

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

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2019 included elimination of unrealised gain (loss).

Flexium Interconnect Inc.

Information on investments in Mainland China

For the year ended December 31, 2019

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Research, development, manufacture and sale of new-type electronic components and devices such as flexible printed circuit boards.	$ 954,688	2	$ 1,320,118	$ -	$ (541,908)	$ 778,210	$ 497,097	100	$ 497,097	$ 5,505,740	$ -	Note 2、4
FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Research, development, manufacture and sale of new-type electronic components and devices such as flexible printed circuit boards.	1,053,710	2	1,053,710	-	-	1,053,710	18,211	100	18,211	1,085,264	-	Note 2、5

Note 1: Investment methods are classified into following three categories:

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

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

(3) Others.

Note 2: The financial statements are audited and attested by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars. Translated at exchanges rate of NT$30.11 US$1.00.

Note 4: The Group invested in the company through FLEXIUM INTERCONNECT INC., SUCCESS GLORY INVESTMENTS LTD., and UFLEX TECHNOLOGY CO., LTD.

Note 5: The Group invested in the compnay through BOOM BUSINESS LIMITED and CLEAR SUCCESS GLOBAL LIMITED.

Flexium Interconnect Inc.

Information on investments in Mainland China

For the year ended December 31, 2019

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
FLEXIUM INTERCONNECT INC.	$ 1,831,920	$ 2,547,305	$ -

Note: In accordance with 'Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China' amended by Ministry of Economic Affairs effective on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Flexium Interconnect Inc.

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

For the year ended December 31, 2019

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	Others	
FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	($ 20,451,489)	90	$ -	-	($ 6,105,225)	90	$ -	-	$ -	$ -	-	$ -	Other expenses	$ 106,349
	3,015,676	12			1,857,527	21							Other receivables	148,574
													Other payables	36,926

Note: The Company has reversed the sales revenue and operating cost (merchandise purchase) arising from raw material processing which are provided by the Company through the offshore company that is in the third place to the subsidiary, FLEXIUM INTERCONNECT(KUNSHAN), when preparing the financial statements. The eliminated amount for the year ended December 31, 2019 was $3,015,676.