Stock Code: 6259

BULL WILL Co., Ltd. and subsidiaries

Consolidated financial report and independent accountant's report

2019 and 2018

Company address: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City

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Declaration

For 2019 (from January 1, 2019 to December 31, 2019) according to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, enterprises to be included in the Company's consolidated financial reports for affiliated enterprises are also the enterprises to be included into the consolidated financial reports of parent and subsidiary companies in accordance with IFRS 10 as endorsed by the Financial Supervisory Commission (ROC). Moreover, because information disclosed in the consolidated financial reports of affiliated enterprises has already been disclosed in the previous consolidated financial reports of parent and subsidiary, the Company does not need to prepare the consolidated financial reports for the affiliated enterprises separately.

It is hereby declared

Company name: BULL WILL Co., Ltd.

Chairperson: CHANG CHIEH MIN

Date: March 25, 2020

Independent Accountant's Report

BULL WILL Co., Ltd. and subsidiaries:

Opinion

We have audited the following financial statements of Bull Will CO., Ltd. and its subsidiaries: consolidated balance sheet at December 31, 2019, the consolidated comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial report, including a summary of material accounting policies from January 1 to December 31 of 2019.

In our opinion, based on this Independent Accountant's Report (please refer to the other paragraphs), the accompanying consolidated financial report presents fairly, in all material respects, the financial position of Bull Will Co., Ltd. and its subsidiaries as at December 31, 2019 and the consolidated financial performance and cash flows for the period from January 1 to December 31 of 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation bulletins endorsed by the Financial Supervisory Commission (ROC).

Basis for opinion

We conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under said rules will be further explained in the Responsibilities paragraphs of this Independent Account's Report. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of Bull Will Co., Ltd, and its subsidiaries and fulfilled other responsibilities in accordance with the code. Based upon this Independent Account's Report, we believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

Key audit matters

Key audit matters refer to professional judgments made by us, and are the most important matters on the audit of the 2019 consolidated financial report of BULL WILL Co., Ltd. and its subsidiaries. These matters have been responded when auditing the general financial report and during the process when audit opinions are formed. We do not express opinions towards said matters independently. We have determined the following key audit matters to be addressed in the audit report:

<u>Revenue recognition</u>

Primary businesses of Bull Will Co., Ltd. and its subsidiaries are businesses such as sales of electronic components and related products. Product sales may have a material impact on the financial statements because product sales is a major risk associated with ownerships and is related to conditions such as renumeration transferred to the buyers, the sales amount can be reliably assessed, and the future economic benefits when received by the company are very likely to be recognized as income. Therefore, revenue recognition of Bull Will Co., Ltd. and its subsidiaries is chosen to be one of the key risks in our audit of the Company's financial report.

Main audit procedures we have conducted on the above-mentioned key audit matters include understanding and testing revenue and relevant internal control of the collection operation circulation, and efficiency of the execution of which; conducting analysis on trends of income of top ten sales customers, comparing relevant changes or differences, to assess if there are any major abnormalities; collecting samples to assess if the management team has acquired external certification to show that said risks and renumeration have been transferred to the buyer party, and collecting samples to test sales transactions near (before and after) end of the year, to assess accuracy of the period of revenue recognition.

For accounting policies related to revenue recognition and disclosure of relevant information, please refer to Note 4 and 6 of the financial report.

Matters of emphasis

As stated in Note 12(2) of the consolidated financial statements, accumulated deficits to be covered of BULL WILL Co., Ltd. and its subsidiaries. By December 31, 2019 is $958,292 thousand, which has exceeded half of the Company's paid-in capital. However, we have not modified our audit opinions according to uncertainty of said matters or conditions. For strategies Bull Will management has adopted to improve financial condition and reduce deficits, please refer to explanations in Note 12(2) of the consolidated financial report.

Other matters

The Company has prepared the 2018 financial statements, and we issued an audit report with unmodified opinion on highlighted paragraphs or paragraphs on other matters on March 28, 2019. That report is available for reference.

The Group has prepared the 2019 consolidated financial statements, and we have issued an audit report with unmodified opinion on highlighted paragraphs or paragraphs on other matters. That report is available for reference.

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

The responsibilities of management of BULL WILL Co., Ltd. and its subsidiaries are to prepare appropriately stated consolidated financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial reports to ensure that the consolidated financial reports are free from material misstatement by fraud or error.

Management when preparing consolidated financial report is also responsible for evaluating the Group's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate the Group to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance (including the supervisors) of the Group are responsible for supervising BULL WILL Co., Ltd.'s financial reporting procedure.

Account's responsibilities for auditing consolidated financial report

Our purpose to audit the consolidated financial report is to obtain reasonable assurance about whether the overall consolidated financial report is free of material misstatement leading to frauds or mistakes, and issue a corresponding audit report. Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the consolidated financial report. A misstated dollar amount, individually or in accumulation, that could be reasonable predicted to influence the economic decision of the user of the consolidated financial report can be viewed as material.

In accordance with the generally accepted auditing standards, we exercised professional judgment and maintained professional skepticism throughout the audit. We also perform the following tasks:

1. We identified and assessed the risks of material misstatement of the consolidated financial report, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BULL WILL Co., Ltd. and its subsidiaries' internal control.
3. We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. According to audit evidences collected, we thereby came up with the conclusion on appropriateness of the management's adoption of accounting basis of a going concern, as well as possible events of major concern regarding BULL WILL Co., Ltd and its subsidiaries' ability to continue as a going concern, or whether said conditions possess major uncertainties. If we believe said events or conditions

possess major uncertainties, we must notify users of the consolidated financial report to be aware of relevant disclosures in said report in the audit report, or rectify our audit opinion if said disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause BULL WILL Co., Ltd., and its subsidiaries to cease to continue as a going concern.

5. We evaluated the overall presentation, structure and content of the consolidated financial report, including the attached notes, and whether the consolidated financial report represents the underlying transactions and events in a fair manner.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the BULL WILL Co., Ltd. to express an opinion on the consolidated financial report. We are responsible for the direction, supervision, and performance of the audit of the parent company and are responsible for our audit opinion on the consolidated financial report.

We have communicated with those charged with governance regarding the planned scope and the timing of the audit as well as material audit findings (including material internal control shortcomings identified in the audit).

We have also provided those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

After communicating with those charged with governance, we have decided upon key audit matters for the audit of BULL WILL Co., Ltd. and its subsidiaries' 2019 consolidated financial report. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare circumstances that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

Moore Stephens DaHua (Taiwan)

Guo Siqi

CPA:

Yang Chifen

Securities authority

Approval certification document: Jin-Guan-Zheng-Shen-Zi-1040019693

March 25, 2020

BULL WILL Co., Ltd. and subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2018

Unit: NT$1,000

Code	Assets	108.12.31 Amount	%	107.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 28,894	11	39,011	18
1110	Financial assets carried at fair value through	9,033	3	-	-
	- current (Note 6(2))				
1150	Net notes receivable (Note 6(3))	905	-	244	-
1170	Net accounts receivable (Notes 6(3) and 12)	78,883	30	76,108	35
1180	Accounts receivable - net related parties (Notes 6(3	-	-	75	-
1200	Other receivables (Notes 6(4) and 12)	13	-	2,186	1
1210	Other receivables - related parties (Notes 6(4) and 7	69,472	26	-	-
1310	Inventories (Note 6(5))	11,314	4	25,572	12
1410	Advance payments	2,535	1	735	-
1460	Groups available-for-sale (Note 6(6))	176	-	320	-
1476	Other financial assets - current (Note 8)	30,230	11	5,548	3
		231,455	86	149,799	69
	Non-current assets:				
1550	Investments accounted for using equity m	4,318	2	4,279	2
1600	Property, plants, and equipment (Note 6(9)	4,826	2	7,000	3
1755	Right-of-use assets (Note 6(10))	4,187	2	-	-
1760	Investment property (Note 6(11))	21,019	8	21,157	10
1840	Deferred income tax assets (Note 6(17))	-	-	32,966	16
1920	Guarantee deposits paid	542	-	903	-
		34,892	14	66,305	31
	Total assets	$ **266,347**	**100**	**216,104**	**100**

Code	Liabilities and equity	108.12.31 Amount	%	107.12.31 Amount	%
	Current liabilities:				
2130	Contractual liabilities - current	$ 9	-	23	-
2170	Accounts payable	33,606	12	36,169	17
2180	Accounts payable - related parties (Note 7)	-	-	4	-
2200	Other payables (Notes 6(3) and 12)	14,953	5	48,216	22
2220	Other payables - related parties (Note 7)	-	-	188	-
2250	Liability reserve - current (Note 6(12))	1,345	1	1,151	1
2260	Liabilities directly related to asset gr	151	-	211	-
2280	Lease liabilities - current (Note 6(13))	1,547	1	-	-
2320	Long-term liabilities (current portion)	-	-	11,947	6
2300	Other current liabilities	2,975	1	1,271	-
		54,586	20	99,180	46
	Non-current liabilities:				
2570	Deferred income tax liabilities (Note 6(17))	2,128	1	-	-
2580	Lease liabilities - non-current (Note 6(13))	2,655	1	-	-
		4,783	2	-	-
	Total liabilities	59,369	22	99,180	46
	Equity (Note 6(18)):				
3100	Capital stock	1,113,364	418	1,113,364	515
3200	Capital surplus	43,702	17	43,306	20
3300	Retained earnings:				
3350	Accumulated deficits to be covered	(958,292)	(360)	(1,030,829)	(477)
3400	Other equity	8,204	3	6,704	3
	Net equity of owner of the Company	206,978	78	132,545	61
36xx	Non-controlling interests	-	-	(15,621)	(7)
	Total equity	206,978	78	116,924	54
	Total liabilities and equity	$ **266,347**	**100**	**216,104**	**100**

(Please refer to notes of the consolidated financial statements attached)

Chairperson　　　Manager:　　　Accounting supervisor:

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2019 and 2018

Unit: NT$1,000

		2019			2018	
			Amount	%	Amount	%
4000	Operating income (Notes 6(11) and 7)	$	195,657	100	245,875	100
5000	Operating cost (Notes 6(5) and 7)		(152,742)	(78)	(198,751)	(81)
5900	Operating gross profit		42,915	22	47,124	19
6000	Operating expenses (Notes 6(3), (16), (19) and 7):					
6100	Selling expenses		(12,321)	(6)	(18,178)	(7)
6200	Management expenses		(60,143)	(31)	(51,420)	(21)
6300	Research and development expenses		(3,185)	(2)	(4,119)	(2)
6450	Expected gains (losses) from price recovery of credit impairment		(16,339)	(8)	2,492	1
	Total operating expenses		(91,988)	(47)	(71,225)	(29)
6900	Net operating loss		(49,073)	(25)	(24,101)	(10)
	Non-operating income and expenses (Notes 6(23), 7 and 12)					
7010	Other revenue		146,336	75	2,668	1
7020	Other gains and losses		10,444	5	2,311	1
7050	Financial cost		(146)	-	(1,426)	-
7060	Share of income (loss) of associates accounted for using equity method (Note 6(6))		63	-	1,937	1
	Total non-operating revenue and expenses		156,697	80	5,490	3
	Pre-tax net profit (loss) from continuing operations		107,624	55	(18,611)	(7)
7950	Minus: Income tax expenses (Note 6(17))		34,865	18	1,897	1
8000	Net profit (loss) from continuing operations of the year		72,759	37	(20,508)	(8)
8100	Loss from discontinued operations		(263)	-	(92)	-
8200	Current net profit (loss)		72,496	37	(20,600)	(8)
8300	Other comprehensive income (loss) (Notes 6(6) and (18)):					
8360	Items may be subsequently reclassified to profit or loss:					
8361	Exchange differences on translation of foreign financial stateme		1,997	1	(1,165)	-
8365	Equity directly related to asset groups available-		1	-	(4)	-
8399	Income tax related to items that may be subsequent		(381)	-	82	-
	Total of items that may be subsequently re		1,617	1	(1,087)	-
8300	Current other comprehensive income (after-tax net amount)		1,617	1	(1,087)	-
	Current total comprehensive profit and loss	**$**	**74,113**	**38**	**(21,687)**	**(8)**
	Net profit attributable to:					
8610	Owner(s) of parent company	$	72,537	37	(21,026)	(8)
8620	Non-controlling interests		(41)	-	426	-
		$	**72,496**	**37**	**(20,600)**	**(8)**
	Comprehensive income (loss) attributable to:					
8710	Owner(s) of parent company	$	74,037	38	(21,173)	(8)
8720	Non-controlling interests		76	-	(514)	-
		$	**74,113**	**38**	**(21,687)**	**(8)**
	Earnings (losses) per share (Unit: NTD) (Note 6(20))					
9710	Net profit (loss) from continuing operations	**$**	**0.65**		**(0.19)**	
9720	Net loss from discontinued operations	**$**	**0.00**		**0.00**	
9750	Basic earnings per share	**$**	**0.65**		**(0.19)**	
9810	Net income from continuing operations	**$**	**0.64**			
9820	Net loss from discontinued operations	**$**	**0.00**			
9850	Diluted earnings per share	**$**	**0.64**			

(Please refer to notes of the consolidated financial statements attached)

Chairperson Manager: Accounting supervisor:

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2019 and 2018

Unit: NT$1,000

	Equity attributable to owner(s) of parent company								
				Other equity					
	Share capital	Capital surplus	Retained earnings Undistributed surplus	Exchange differences on translation of financial statements of foreign operations	Unrealized profit (loss) of financial assets measured at fair value through other comprehensive profit (loss)	Equity directly related to groups available-for-sale	Total equity attributable to owner(s) of parent company	Non-controlling interests	Total equity
Balance, January 1, 2018	$ 1,113,364	43,306	(1,010,109)	5,147	-	2,010	153,718	(15,107)	138,611
Adjustments of new standards are applied retrospectively	-	-	306	-	(306)	-	-	-	
Balance upon reconstruction, January 1, 2018	1,113,364	43,306	(1,009,803)	5,147	(306)	2,010	153,718	(15,107)	138,611
Current Net Profit	-	-	(21,026)	-	-	-	(21,026)	426	(20,600)
Current other comprehensive income (loss)	-	-	-	(143)	-	(4)	(147)	(940)	(1,087)
Current total comprehensive profit (loss)	-	-	(21,026)	(143)	-	(4)	(21,173)	(514)	(21,687)
Balance, December 31, 2018	$ 1,113,364	43,306	(1,030,829)	5,004	(306)	2,006	132,545	(15,621)	116,924
Balance, January 1, 2019	$ 1,113,364	43,306	(1,030,829)	5,004	(306)	2,006	132,545	(15,621)	116,924
Current Net Profit	-	-	72,537	-	-	-	72,537	(41)	72,496
Current other comprehensive income (loss)	-	-	-	1,499	-	1	1,500	117	1,617
Current total comprehensive profit (loss)	-	-	72,537	1,499	-	1	74,037	76	74,113
Disposal of subsidiary	-	-	-	-	-	-	-	15,545	15,545
Share-based payment	-	396	-	-	-	-	396	-	396
Balance, December 31, 2019	$ 1,113,364	43,702	(958,292)	6,503	(306)	2,007	206,978	-	206,978

(Please refer to notes of the consolidated financial statements attached)

Chairperson　　　Manager:　　　Accounting supervi

Consolidated Statements of Cash Flows
January 1 to December 31, 2019 and 2018

Unit: NT$1,000

	2019	2018
Cash flows from operating activities:		
Net profit (loss) before tax	$ 107,624	(18,611)
Net loss from suspended operations before tax	(263)	(92)
Current net profit (loss) before tax	107,361	(18,703)
Profit/loss not affecting cash flows		
Depreciation expenses	4,079	3,209
Expected credit impairment losses (gains from price recovery)	16,339	(2,492)
Financial asset profits measured at fair value through income (loss)	(262)	-
Interest expense	146	1,426
Interest income	(2,173)	(153)
Dividend revenue	(87)	-
Share-based payment cost	396	-
Share of profit of associates accounted for using equity method	(63)	(1,937)
Losses from disposal and write-off of property, plants, and equipment	252	-
Disposal of investment property gain	-	(108)
Disposal of subsidiary interests	(20,045)	-
Disposal of investment interests accounted for using equity method	-	323
Total of income charge (credit) items	(1,418)	268
Net changes in operating assets and liabilities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	(661)	210
Decrease (increase) in accounts receivable (including related parties)	(19,039)	16,885
Decrease (increase) in other receivables (including related parties)	(67,300)	700
Decrease in inventories	14,258	12,619
Decrease (increase) in advance payments	(1,800)	8,088
Decrease (increase) in other financial assets	(24,682)	4,042
Decrease in other current assets	-	316
Total net changes in assets related to operating activities	(99,224)	42,860
Net changes in liabilities related to operating activities		
Increase (decrease) in contractual liabilities	(14)	23
Increase (decrease) in accounts payable (including related parties)	31,936	(9,008)
Decrease in other payables (including related parties)	(33,454)	(517)
Increase (decrease) in liability reserve - current	194	(60)
Increase (decrease) in other current liabilities	1,711	(479)
Total net changes in liabilities related to operating activities	373	(10,041)
Total net changes in liabilities related to operating activities	(98,851)	32,819
Total adjustments	(100,269)	33,087
Operating cash	7,092	14,384
Interests received	2,173	153
Income taxes paid	(157)	(127)
Net cash inflows from operating activities	9,108	14,410
Cash flows from investment activities:		
Proceeds for acquisition of financial asset measured at fair value through income (loss)	(22,405)	-
Proceeds for disposal of financial asset measured at fair value through income (loss)	13,634	-
Acquisition of investments accounted for using the equity method	-	(1,564)
Net cash inflows from disposal of subsidiary	93	-
Proceeds for purchase of property, plants, and equipment	(504)	(142)
Proceeds from disposal of investment property	-	1,290
Decrease in guarantee deposits paid	361	671
Receipt of other dividend	87	-
Net cash inflows (outflows) from investment activities	(8,734)	255
Cash flows from financing activities:		
Payments of long-term borrowings	(11,947)	(20,227)
Lease principal repayment	(1,553)	-
Interests paid	(151)	(819)
Net cash inflows (outflows) from financing activities	(13,651)	(21,046)
Effect of exchange rate changes on cash and cash equivalents	3,016	(2,385)
Net decrease in cash and cash equivalents	(10,261)	(8,766)
Cash and cash equivalents at beginning of this year	39,331	48,097
Cash and cash equivalents at end of this year	**$ 29,070**	**39,331**
Cash and cash equivalents balance recorded in balance sheet	**$ 28,894**	**39,011**
Cash and cash equivalents balance classified to group available-for-sale	**$ 176**	**320**

(Please refer to notes of the consolidated financial statements attached)

Chairperson: Manager: Accounting supervisor:

BULL WILL Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Report
December 31, 2019 and 2018
(Unless otherwise noted, all amounts are expressed in thousands of New Taiwanese Dollars.)

1. Company milestones

BULL WILL Co., Ltd. (hereinafter referred to as ‘the Company’) was authorized for establishment by the Ministry of Economic Affairs on December 20, 1993, with the registered address is 3F., No. 199, Ruihu St., Neihu Dist., Taipei City. The Company's consolidated financial statements of December 31, 2019 is composed of the equity of the Company, of the Company's subsidiaries,（ the Group）, and of associates and jointly controlled entities of the Group. The Company is the direct parent company of the Group.

The primary business items are the production, processing, import/export and trading of electronic materials and components.

In July 2001, the Company was approved by Securities and Futures Commission, Ministry of Finance to go public and begin selling stock. In June 2003, Securities and Futures Commission, Ministry of Finance approved the Company's shares to be listed on the Over-the-Counter Markets. On September 17, 2003, the Company became listed on the Taiwan OTC Exchange.

2. Date and procedures of approval of financial report

This consolidated financial report has been approved by the Board of Directors on March 25, 2020 and announced.

3. Applicability of newly issued and revised standards and interpretations

(1) Impacts from adopting the latest and amended standards, and related interpretations approved by the Financial Supervisory Commission (ROC)

The Group has fully adopted the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission (ROC) that are in effect in 2019 to prepare its consolidated financial report since 2019.The newly issued, revised and amended standards and interpretations are as follows:

Applicability of newly issued / revised /amended standards and interpretations	Effective date announced by the International Accounting Standards Board
IFRS 16 — Leases	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term Interests in	January 1, 2019

Applicability of newly issued / revised /amended standards and interpretations	Effective date announced by the International Accounting Standards Board
Associates and Joint Ventures”	
IFRS Annual Improvements to 2015 - 2017 Cycle	January 1, 2019

Apart from the following items, adoption of the above mentioned IFRS has not caused major changes to the consolidated financial report. Explanation of the nature and influences of those that have caused major changes are as follows:

1. IFRS 16 — Leases

International Financial Reporting Standards 16 “Leases” (hereinafter referred to as IFRS 16) replaces International Financial Reporting Standards 17 (hereinafter referred to as IFRS 17), Interpretation to International Financial Reporting Interpretations 4 “Determining whether an Arrangement contains a Lease” (hereinafter referred to as IFRIC 4), SIC Interpretation 15 “Operating Leases-Incentives” and SIC Interpretation 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The Group adopted the official retroactive method to transit to IFRS 16. Retained earnings of January 1, 2019 is adjusted by the initially applicable accumulated affected number. Explanations of the nature and impact of relevant accounting policy changes are as follows:

(1) Definition of lease

The Group previously determined if an agreement belongs to or includes leases on the starting date of contract, in accordance with IFRS 4. After changes to accounting policies, the Company evaluates if a contract belongs to or includes leases according to ‘Definition of lease’ in IFRS 16. For details of accounting policies, please refer to Note 4(13).

When transiting to IFRS 16, the Group chose to adopt an expedient approach to exempt evaluation of transactions made before date of initial application are of leases or not. In other words, contracts previously identified as leases are directly applicable to regulations of IFRS 16. Contracts previously identified to be non-leases according to IAS 17 and SIC 4 are not re-evaluated to be leases or not. Hence, definition of lease specified in IFRS 16 is only applicable to contracts signed or changed on and after the date of initial application.

(2) Lessee

Transactions with the Group as lessee were previously evaluated and categorized according to if almost all risks and remuneration of ownership of assets attached to said lease agreements have been transferred. Under IFRS 16, said transactions are evaluated and categorized according to right-of-use asset and lease liabilities of lease agreements recognized on balance sheets.

None of the Group’s lease agreements have chosen to exempt from recognition applicable to short-term leases.

- When previously categorized as transition from operating lease agreements under IAS

  17, lease liabilities are measured by present value of remaining lease payment, and applicable to discount by incremental borrowing rate of interest of the Group on the date of initial application. Right-of-use assets are measured by one of the following amounts:

  (a) Book value of said right-of-use asset, which is also applicable to IFRS 16, and discount by incremental borrowing rate of interest of the lessee on the date of initial application. The Group shall apply such method to its large-scale real estate leases; or

  (b) Amount of lease liabilities, upon adjustments to all prepayment or lease payment to be paid related to said lease. The Group shall apply such method to all other leases except for the aforementioned leases.

  Also, the Group adopts the following expedient approach to transit to IFRS 16:

  (a) Lease combinations with similar characteristics adopt singular discount rate.

  (b) Evaluation results of onerous contracts on the date of initial application in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" are used as alternative of impairment evaluation of right-of-use asset.

  (c) Leases that end within 12 months after date of initial application during term of lease applicable to exemption and are not recognized as right-of-use asset and lease liabilities.

  (d) Original direct cost is not counted towards right-of-use asset measurements on date of initial application.

  (e) If a lease contract includes lease extension or option to terminate, hindsight is adopted when deciding term of lease.

- Contracts previously categorized as financing leases

  For contracts previously categorized as financing leases under IAS 17, book value of right-of-use assets and lease liabilities on the date of initial application is the amount of lease asset and lease liability measured on the date according to IAS 17.

(3) Lessor

Except of subleases, the Group does not need to make any adjustments for transition of transactions with which as the lessor to IFRS 16. The Company only needs to make adjustments to lease transactions application to IFRS 16 since the date of initial application.

Under IFRS 16, categorization of subleases shall be based upon evaluation of right-of-use assets but not target asset. During transitions, the Group shall re-evaluate categorization of subleases categorized as operating leases previously applicable to categorization of IAS 17, then determine if said subleases should be categorized as financing leases or not under IFRS 16.

(4) Impact on financial reports

When transiting to IFRS 16, recognized right-of-use assets and lease liabilities on the date of initial application of the Group are both $5,756 thousand. Lease liabilities are discounted in lease payment according to incremental borrowing rate of interest on the date of initial application of the Group. Weighted average of used interest rate is 2.74%.

Amount of operating lease commitments disclosed in the previous year before date of initial application and adjustments to amount of recognized lease liabilities on the date of initial application are as follows:

	January 1, 2019
December 31, 2018 Promised value of operating leases disclosed by consolidated financial report	$ 6,127
Recognized exemption - Short-term leases	(4,783)
	$ 1,344
Amount after discount by incremental borrowing rate of interest	$ 1,281
Liabilities of recognized financing leases	-
Liabilities of recognized leases on January 1, 2019	$ 1,281

(2) Impacts from not yet adopting the International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC)

According to Jin-Guan-Zheng Zi Order No. 1080323028 on July 29, 2019, open issuance of the above-mentioned companies shall fully adopt International Financial Reporting Standards effective in 2020 recognized by the Financial Supervisory Commission (ROC) since 2020. Relevant standards and interpretations newly issued, revised and amended are as follows:

Applicability of newly issued / revised /amended standards and interpretations	Effective date announced by the International Accounting Standards Board
Amendments to IFRS 3 "Definition of a Business"	Wednesday, January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	Wednesday, January 1, 2020

The Group evaluates adoption of the above mentioned IFRS, which does not cause major changes to the consolidated financial report.

(3) Applicability of newly issued and revised standards and interpretations not yet recognized by the Financial Supervisory Commission (ROC)

The following table presents standards and interpretations issued and revised by the International Accounting Standards Board (hereinafter referred to 'the Board') but not yet approved by the Financial Supervisory Commission:

Applicability of newly issued / revised /amended standards and interpretations	Effective date announced by the Board
Amendments to IFRS 3 "Definition of a Business"	Wednesday, January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the Board
IFRS 17 "Insurance Contracts"	Friday, January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	Wednesday, January 1, 2020

Newly issued and revised standards and interpretations not yet recognized by the Financial Supervisory Commission listed in the above table are not relevant to the Group.

4. Summary of material accounting policies

The major accounting policies adopted for preparing these consolidated financial statements are described below:

(1) Statement of compliance

This consolidated financial report is prepared in accordance with IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins.

(2) Basis of preparation

1. Aside from financial assets (liabilities), which are measured at fair value through profit or loss, financial assets available for sale, which are financial instruments measured at fair value, and the defined benefit liabilities, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this consolidated financial statement is prepared based on the historical cost.
2. The following critical accounting policies are consistently applicable to the entire period that this consolidated financial statement covers.
3. Some material accounting estimation are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Group's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation in the consolidated financial statements. Please refer to Note 5 attached.

(3) Basis of consolidation

1. Principles for consolidated financial statements preparation

(1) The Group includes all subsidiaries into the entity to prepare consolidated financial statements. Subsidiaries refer to entities controlled by the Group (including structure entities). When the Group is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the Group has the power and ability to affect said rewards of that entity), the Group controls said entity. Since the day the Group acquires control of said entities, subsidiaries are included into consolidated financial statements. Consolidation is terminated since the day the Group losses control over the subsidiary.

(2) The transactions, balance, and unrealized profit or loss generated between the subsidiaries of the Group had been eliminated. Necessary adjustment of accounting policies of the subsidiary has been made so it is consistent with policies of the Group.

(3) Profit or loss and other comprehensive income components are attributable to owners of the parent company and non-controlling interests. Comprehensive income is also attributable to owners of the parent company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(4) If changes in the shareholding of a subsidiary do not lead to losing the control (transactions with non-controlling interests), they will be treated as equity transactions, i.e., transactions between shareholders. The difference between adjustment of non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity.

(5) When the Group losses control over a subsidiary, the remaining investment to a former subsidiary is re-measured by fair value, and recognized as current profit or loss as fair value of originally recognized financial asset, originally recognized investment in associates, cost for joint venture, or differences between fair value and carrying value. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company losses the control over the subsidiary, such profit or loss shall be reclassified into income from equity. When disposing related assets, the profit or loss are directly transferred into retained earnings.

2. Subsidiaries included in the consolidated financial report

Name of investment company	Name of subsidiary	Business nature	% shareholding December 31, 2019	% shareholding December 31, 2018	Description
The Company	Hong Kong Bull Will Holdings	Co., Ltd.	100.00%	100.00%	
Hong Kong Bull Will	Hong Kong Serial	Holding company	100.00%	100.00%	

Name of investment company	Name of subsidiary	Business nature	% shareholding December 31, 2019	December 31, 2018	Description
Holdings	Investment Co., Ltd.				
Hong Kong Serial Investment Co., Ltd.	BULL WILL Electronics Co., Ltd.	Electronic components trading	100.00%	100.00%	
Hong Kong Serial Investment Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	Electronic components production and sales	100.00%	100.00%	
Hong Kong Serial Investment Co., Ltd.	Dongguan Zhao Kang Electronic Co., Ltd.	Electronic components trading	100.00%	100.00%	
Hong Kong Serial Investment Co., Ltd.	Huizhou Bullwill Electronic Co., Ltd.	Electronic components production and sales	100.00%	100.00%	
Hong Kong Serial Investment Co., Ltd.	Huizhou Bai Qin Electronics Co., Ltd.	Electronic components production and sales	100.00%	100.00%	
Hong Kong Serial Investment Co., Ltd.	Visco International Co., Ltd.	Holding company	-	55.00%	Note 1
Visco International Co., Ltd.	SIGCUS USA INC.	TV sets trading	-	100.00%	Note 1

Note 1: The Group signed an agreement to dispose of the 55% stock options held of Visco International Co., Ltd. on December 20, 2019. Transfer registration of which was completed on December 23 of the same year, resulting in the loss of control of said company.

3. Subsidiaries included in the consolidated financial statements: None

(4) Foreign currency translation

Accounts listed in the financial statements of the Group are based on the money (i.e., functional currency) of the primary economic environment where the entity operates. The Company uses the money (i.e., functional currency) of the primary economic environment of its operation for the measurement. This parent company only financial report is presented in New Taiwanese Dollars (NT$), which is the Company's functional and presentation currency.

1. Foreign currency transaction and balance

(1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment to other comprehensive income, the resulting exchange differences are recognized in profit or loss.

(2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in current profit or loss.

(3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment were recognized as profit or loss. For those measured at fair value through comprehensive

income, exchange differences generated from adjustments are recognized in other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

(5) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed.
   (2) Those held primarily for transaction purposes;
   (3) Those expected to be realized in 12 months after the balance sheet date;
   (4) Cash and cash equivalents, excluding assets to be exchanged or used to pay off liabilities in at least twelve months after the balance sheet date.

   The Company classifies all assets not meeting the above criteria as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities expected to be paid off in the normal operating cycle;
   (2) Those held primarily for transaction purposes;
   (3) Liabilities that are to be paid off within 12 months after the balance sheet date.
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Classification of liabilities for which, at the option of the counterparty, repayment is required for the issue of equity instruments is not affected.

   The Group classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash and cash equivalents

1. On the Group's consolidated cash flow statement, cash and cash equivalents include cash on hand, cash in bank, other short-term, highly liquid investments that are due in three months starting from the acquisition date, and overdrafts from banks that can be readily repaid and is part of the overall cash management. Overdrafts from banks are listed under short-term current liabilities in the balance sheet.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:
   (1) Those can be readily converted to fixed cash;
   (2) Those whose value is minimally affected by interest rate fluctuation.

(7) Financial assets measured at fair value through other comprehensive income

1. It refers to the option of irrevocability at the original recognition that the fair value changes in equity instrument investments not held for transactions or liability instrument investments satisfying the following conditions:
   (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales;

(2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.

2. The Group adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Group at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.
   (1) Changes in the fair value of equity instruments are recognized in other comprehensive income, and before the de-recognition, the accumulated interest or lost previously recognized in other comprehensive income should not be reclassified to income but to be transferred to retained earnings. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the number of dividends can be reliably measured, the Group shall recognize the amount under profit or loss as dividend income.

   (2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment losses, interest income, and gains or losses on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated gain or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(8) Financial assets measured at fair value through income (loss)

Financial assets not measured by amortized cost or by fair value through other comprehensive income (loss) are measured by fair value through income (loss). In order to eliminate or materially reduce accounting mismatches, the Group can irrevocably assign financial assets that qualifies to be measured by amortized cost or by fair value of other comprehensive income (loss) as financial assets measured by fair value through income (loss) during original recognition.

Such assets are measured by fair value subsequently. Net income or loss of which (including any dividend and interest income) is recognized as income (loss).

(9) Accounts and notes receivable

1. This term refers to accounts and notes granting an unconditional right to receive consideration in exchange for transferred goods or rendered services in accordance with the contract.
2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of immaterial effect of discounting.

(10) Financial asset impairments

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a material financial component, the Group on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without material increase in credit risk after the original recognition. For those with a material increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the life time. For accounts receivable that does not contain a material financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(11) De-recognition of financial assets

If the Group will de-recognize a financial asset if one of the following conditions is met:

1. The contractual rights for cash flows from the financial asset expire.
2. The contractual rights to receive cash flows from the financial asset are transferred, and almost all risks and rewards of the ownership of the financial asset have been transferred.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets is not kept.

(12) Inventories

The Group's inventory carry-over is evaluated by the weighted average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant cost and sale expenses required until the completion of the work. When comparing inventory cost and net realizable value, comparisons are made item by item. Inventory amount from cost write-down to net realizable value is recognized as current cost of sales.

(13) Group for disposal

When the carrying amount of the group for disposal is mainly recovered through sale transactions instead of continuous use and is highly likely to be classified as the group for disposal upon sale and measured at either the carrying amount net of the cost to sell or fair value net of the cost to sell whichever is lower.

(14) Investments accounted for using the equity method/associates

1. Associates refer to entities the Group has material effects but without control. In general, the term refers to entities which the Group holds directly or indirectly more than 20% of voting shares. The Group's investment on associates is measured at the equity method, recognized by cost at the acquisition, including goodwill recognized at the acquisition, less the accumulated impairment losses generated from subsequent evaluation.
2. The Group recognizes the share of profit or loss after acquiring an associate in current profit or loss. Shares of other comprehensive income or loss is recognized in other

comprehensive income or loss. If the Group's share of loss of any associate becomes equal to or greater than the its equity of that associate (including other unsecured accounts receivable), the Group will not recognize any further loss, unless a legal obligation or constructive obligation arise for the Group or if the Group has made payment for the associate.

3. When an associate issues new shares, if there is any change in the investment ratio because Group does not subscribe or acquire the shares proportionally and the effect is material, then the increase/decrease of the net value of said equity shall be reflected by adjusting the "additional paid-in capital" and "investment measured at the equity method." If said change lowers down the investment ratio, then aside from the aforementioned adjustment, any gain or loss previously recognized in the "other comprehensive income" related to the reduction of said ownership equity that should be reclassified to losses when the related assets or liabilities are disposed, said gain and loss should be reclassified to profit and loss according to the reduced proportion.
4. The unrealized gain and losses arise from transaction between the Group and the associates have been discharged according to the percent equity of associates Unless evidence shows that the assets transferred by said transaction have been impaired, unrealized losses will be discharged, too. The necessary adjustments have been made to accounting policies of associates to keep in consistency with policies of the Group.

(5) When the Group losses significant influence over an associate, the remaining investment to a former associate is re-measured by fair value. Differences between fair value and carrying value are recognized as current profit or loss. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, the amount previously recognized in other comprehensive income or loss should be changed over by ratio according to the aforementioned method when it is recategorized as profit or loss upon disposal of relevant assets or liabilities, if the Group continues to impose significant influence over the associate.

(15) Leases (applicable since January 1, 2019)

1. Determination of leases

The Group assesses if a contract belongs to or includes leases on the date of signature of said contract. If the contract transfers control of use of recognized asset(s) for a period of time in exchange for consideration, then the contract belongs to or includes leases. To determine if a contract belongs to leases or not, the Group assesses the following items:

(1)The contract involves the use of a recognized asset, and the recognized asset has been specifically assigned or assigned by implication at the time available for use. Entity of which can be distinguished or can represent substantially all capacity. If the supplier has the substantial right to replace said asset, the asset is not a recognized asset; if

(2)the right to almost all economic efficiency from the use of a recognized asset has been acquired for the entire term of use; and

(3)if any one of the following conditions are fulfilled, the right of use to guide a recognized asset has been acquired:

- The customer has the right to guide the method and purpose of use of a recognized asset during the entire term of use.
- Decisions related to the method and purpose of use of said asset are decided upon in advance, and:
  - The customer has the right to operate said asset during the entire term of use, and the supplier does not have the right to change said operating instructions; or
  - The customer's method of design for said asset has pre-determined the method and purpose of use of which in the entire term of use.

On the date of lease establishment or when re-evaluating if the contract includes leases, the Group divides consideration stated in the contract to individual lease components based on relative prices. However, when leasing lands or buildings, the Group chooses not to distinguish between non-lease components, and to process lease components and non-lease components as single lease components.

2. Lessee

The Group recognizes right-of-use assets and lease liabilities on the starting date of leases. Right-of-use assets are originally measured by cost, which includes originally measured amount of lease liabilities, any lease payments paid on or before the starting date of lease adjustments, plus incurred originally direct cost and estimated cost to disassemble, remove target asset and recover its location or target asset, while also in reduction of any lease incentives received.

Right-of-use assets are subsequently listed for depreciation by the straight-line method on the starting date of leases to the end of durability of the right-of-use asset, or upon the end of the lease duration (whichever date is earlier). Furthermore, the Group regularly assesses if a right-of-use asset is impaired and process any incurred impairment losses. The Company also make adjustments to the right-of-use asset accordingly upon re-measurement of lease liabilities.

Lease liabilities are originally measured by present value of lease payment to be paid on the starting date of lease. If it is easy to determine implied interest rate of a lease, discount rate should be said interest rate. If not, incremental borrowing rate of interest of the Group should be used. Generally, the Group adopts its incremental borrowing rate of interest as discount rate.

Lease payments measured accounted for as lease liabilities include:

(1)Fixed payment, including substantial fixed payments;

(2)Lease payment dependent upon changes to certain indexes or rates, which is originally measured by indexes or rates on the starting date of lease;
(3)Guarantee amount of salvage value expected to be paid; and
(4)Exercise price upon reasonable decision to exercise purchase option or the option to terminate a lease or penalty to be paid.

Interests of lease liabilities are subsequently accrued by the effective interest method. The amount of which is re-measured under the following conditions:

(1)Changes to indexes or rates used to determine lease payments have led to changes to future lease payments;
(2)Changes to guarantee amount of salvage value expected to be paid;
(3)Changes to evaluation of purchase option of target asset;
(4)Changes to estimation to whether or not to exercise option for extension or termination, which in turn changes evaluation to lease duration;
(5)Changes to lease target, range or other conditions.

Due to aforementioned changes to indexes or rates used to determine lease payments, changes also occur to guarantee amount of salvage value of lease liabilities. When re-measuring due to changes to evaluation of purchase, extension or termination options, book value of right-of-use assets are adjusted accordingly. When book value of right-of-use assets are reduced to zero, the remaining amount of re-measurement is recognized as income (loss).

For lease changes to reduce range of lease, book value of right-of-use asset is reduced to reflect partial or total termination of leases. Difference between which and re-measurement amount of lease liability is recognized in income (loss).

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property respectively as individual items in balance sheets.

For short-term leases and asset leases of low value targets, the Group chooses not to recognize right-of-use assets and lease liabilities, but to recognize relevant lease payments as expenses during term of lease according to straight line basis.

3. Lessor

For transactions with the Group as the lessor, lease contracts are categorized according to if almost all risks and remuneration attached to target asset ownership are transferred on the date of establishment of leases. When evaluating, the Group considers specific indicators related such as if term of lease covers main components of economic life of target asset.

If an agreement includes lease and non-lease components, the Group uses regulations of IFRS 15 to allocate contractual consideration.

Assets held under financing leases are presented as financing leases receivable by amount of net lease investment. Original direct costs generated by negotiation and arrangements of operating leases are included in net lease investment. Net lease investment is allocated and recognized in interest income during term of lease by a type that can reflect fixed remuneration rate within every period of time. For operating leases, the Group adopts straight line basis to recognize received lease payments as rental receipt during term of lease.

(16) Leases (applicable before January 1, 2019)

1. According to the conditions of lease contracts, when the Group bears almost all risks and returns of the lease ownership, the lease will be classified as finance lease.
   (1) When the lease begins, it is recognized as assets and liabilities according to the fair value of the leased asset or the present value of the minimum lease payment, whichever is lower.
   (2) Subsequent minimum lease payments are allocated to the financial cost and used for reducing unpaid debts. The financial cost is amortized over the periods during the lease period to have a fixed interest rate over the period calculated using the debt balance.
   (3) Property, plants and equipment acquired under financing leases are listed for depreciation by durability of said asset. If whether the Group will acquire the ownership at the end of the lease period cannot be reasonably confirmed, the asset shall be depreciated according to the useful life of the asset or the lease period, whichever is shorter.
2. The payments of operating lease less any incentives received from the lessor are recognized in profit or loss on a straight-line basis over the term of the lease.

(17) Property, plants and equipment

1. Property assets, plants, and equipment are carried at acquisition cost, and the related interests during the construction period are capitalized.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Group, and the cost of this item can be reliably measured. Book value of reset portions are de-recognized. All other expenses for maintenance are recognized as current income (loss) when incurred.
3. Subsequent measurement of property, plants and equipment adopts the cost mode. Apart from lands that are not listed for depreciation, others are listed for depreciation by the straight-line method according to its estimated useful lives. If components of property, plants and equipment are material, they are listed for depreciation separately. The Group reviews each asset’s residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment.

The useful lives of assets are listed below:

Machines and equipment	Three to five years
Transportation equipment	Five years
Office equipment	Three to ten years
Leasehold improvements	Five years
Other facilities	Two to six years

(18) Investment property

Investment properties are recognized by the acquisition cost and subsequently measured by the cost model. Except lands, depreciation is appropriated using the straight-line method according to the estimated useful years, and the maximum useful years are 50 years.

(19) Financial asset impairments

Recoverable amount of assets suffering from impairment on balance sheet date of the Group is estimated. If recoverable amount is lower than its book value, it is recognized as impairment loss. Recoverable amount refers to fair value of an asset minus cost for disposal or its use value (whichever is higher). Aside from goodwill, when an asset impairment loss recognized the year before disappears or decreases, reverse the impairment loss, but the increase to the carrying amount of the asset due to the reversal does not exceed the amount (less amortization or depreciation) that has no impairment loss recognized for the assets in previous years.

(20) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and subsequently, any difference between the proceeds (net of transaction costs) and the redemption value is measured at amortized cost using the effective interests method.

2. For setting up the expenses paid for the amount of loans, if there is a good possibility of drawing part or all of the amount, then the expenses are recognized as the transaction cost of loans and is deferred to the occurrence of the use of the loans to be recognized as adjustment of effective interest rates. If it is unlikely to draw part or all of the amount, it should be recognized as prepayments of the expenses and be amortized during the period related to the amount.

(21) Accounts and notes payable

Accounts and notes payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and notes payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of immaterial effect of discounting, they are subsequently measured at the original invoice amount.

(22) Liability reserve

Liability reserve is current legal or constructive obligation held for past events. It is highly possible that the outflow of economical resources is needed to liquidate said obligations, the amount of which is recognized when it can be reliably estimated. The measurement of liability reserve uses the best estimated current value of the expense for paying the liability on the balance sheet date, and for the discount rate, the Company uses the pre-tax discount rate of current market assessments of the time value of money and liability specific risks, and amortized discounts are recognized in interest expenses. Future operating losses cannot be recognized in liability reserve.

(23) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of prospective payment and are recognized as expenses when related services are rendered.

2. Retirement allowance

Defined contribution plans (DCP)

For defined contribution plans, the contribution amounts for pension are recognized in the current pension expense when they are due on the accrual basis. Prepaid contributions are recognized as assets to the extent of refundable cash or reduction in future payment.

3. Resignation pay

Resignation pay is fringe benefit for terminating the hiring of an employee before the normal retirement date or when an employee decides to accept the company's offering of benefit in exchange for terminating the employment. The Group recognizes said expenses when the offer for resignation benefits can no longer by revoked or when relevant restructuring costs are recognized (whichever is earlier). Benefits not expected to be fully liquidated within twelve months after balance sheet date are discounted.

4. Employee bonuses and director and supervisor remuneration

Employees' bonuses and directors' and directors and supervisors' remuneration are legal or constructive obligations and are recognized in expenses and liabilities when the amount can be reasonably estimated. If actual amount allocated upon resolution of the shareholders' meeting later on is different from the estimated and listed amount, said differences would be processed as changes to accounting estimates.

(24) Employee share-based payment

Share-based payment agreement of equity settlement is offered on the grant date for acquired employees' labor measured at fair value of the equity merchandise and is recognized in compensatory cost over the vesting period with a corresponding adjustment to equity. Fair value of equity merchandise reflects the effects of the vested condition and non-vested condition of market price. Recognized remuneration costs are adjusted according to number of remunerations that meets service conditions and vested condition of non-market price, until final recognized amount that is recognized according to vested number on vested date.

(25) Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.
2. The Group calculates the current income tax using tax rates enacted or

   substantively enacted by the balance sheet date of the country generating the taxable income from operations. Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulation and if applicable shall make tax payment to the tax authorities based on the estimated income tax liabilities. Undistributed surplus is taxed income tax according to income tax laws. After approval of surplus distribution case by the shareholders' meeting in the next year of the year surplus is generated, it is recognized in undistributed surplus income tax expenses according to actual distribution of surplus.
3. Deferred income tax adopts the balance sheet method, and is recognized in temporary differences generated by taxing basis of asset and liability, and its book value in the parent company only balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and associates, the Group may control time point of reversal of the temporary differences. Temporary differences that are highly likely not to be reversed in the foreseeable future are not recognized.
   Deferred tax is determined using tax rates (and tax laws) enacted or substantively enacted by the balance sheet day and are expected to be used for realizing deferred income tax assets or repaying deferred tax liabilities.
4. Deferred income tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet day.
5. Recognized current income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the intent is to settle on a net basis or to realize the asset and settle the liability simultaneously and the net amount has to be stated in the balance sheet. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to

income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intend to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

6. Tax credit accounting treatment is adopted for tax preferences from purchasing equipment or technology, research and development expenditure, and equity investment.
7. Income Basic Tax Act was enacted on January 1, 2006 and the calculation is based on the taxable income amount regulated by the Income Tax Act plus the tax deduction the Company is entitled according to the Income Tax Act and other laws, and the basic tax amount is calculated using the tax rate stipulated by the Executive Yuan. The basic tax amount is compared with the tax amount calculated according to the Income Tax Act to choose whichever higher for paying the income tax of the year. The Group has taken the above into consideration for the current income tax.

(26) Revenue from contracts with customers

Income is measured at the consideration of expected ownership from transfer of goods, and the Group recognizes it in income when the control of goods is transferred to customers and performance obligation is satisfied.

1. Product sales

The Group recognizes income when control of goods is transferred to customer. Transfer of control of produces refers to delivery of goods to customers, leaving no unfulfilled obligations affecting the customer’s acceptance of said products. Delivery refers to customers accepting products according to the transaction conditions and obsolescence and risk of loss have been transferred to the customer. Moreover, the Group has objective evidence to consider that the time point of all inspection conditions have been satisfied.

The Group recognizes the accounts receivable when delivering the products because the Group at the time point has the right to the consideration.

2. Financial components

The Group’s expected time point for transferring products to customers is not separated from the customer’s time point of payment for products for more than one year. Therefore, the Group does not adjust the time value of money of the transaction price.

3. Customer contract acquisition cost

The Group’s incremental cost incurred from acquiring customer contracts is expected to be recoverable, but because the related contract period is shorter than one year, the cost is recognized as expenses when the cost incurs.

(27) Company merges

1. The Group conducts business merges using the acquisition method. Consideration of merges are calculated by fair value of the asset to be transferred, generated or assumed liability and issued equity instrument. Transferred consideration includes fair value of

any assets and liabilities generated by contingent consideration promises. Costs related to the acquisition are recognized as expenses when occurred. Identifiable assets acquired and liabilities assumed during business merges are measured by fair value on the day of acquisition. The Group chooses to measure non-controlling interests of the acquired party by fair value or the ratio non-controlling interests in identifiable assets of the acquired party with individual acquisition transactions as benchmarks.

2. If transfer consideration, any non-controlling interests of the acquired party, and total fair value of any interests of the acquired party previously held on the day of acquisition, exceeds the share of fair value of identifiable net assets acquired by the Group, said amount is recognized as goodwill; If the amount is less than the share of fair value of identifiable net assets acquired by the Group, such differences are directly recognized as current profit or loss.

(28) Operations department

Information of operations department of the Group is reported in a way consistent with the internal management reports provided for main operation decision-makers. Main operation decision-makers are responsible for allocating resources to operations departments and evaluate the performance of which. Upon identification, main operation decision-maker of the Group is the Board of Directors.

(29) Earnings per share

The Group lists out the basic and the diluted earnings per share (EPS) of the Group's common share equity holders. The Group's basic earning per shares are calculated by having the equity of the equity holders of the Group's common shares divided by the weighted average of the number of outstanding common shares. For diluted earnings per shares, the equity of the equity holders of the Group's common shares and the weighted average of the number of outstanding common shares are respectively adjusted by all effects of the potential diluted common shares before the calculation. The Group's potential dilutive common shares are stock option certificates granted to employees.

5. Critical accounting judgments and key sources of assumption and estimates uncertainty

When preparing this parent company only financial statements, the Group's management has applied its judgment on determining the accounting policies used and made accounting estimates and assumptions based on reasonable expectation of future events according to the conditions at the balance sheet date. material accounting estimates and assumptions made may be different from the actual results. Past experiences and other factors are continuously evaluated and adjusted accordingly. Please refer to the following explanations to uncertainties to material accounting judgments, estimates and assumptions:

(1) Critical judgments adopted by accounting policies: None.

(2) Critical accounting estimates and assumptions

The Group's accounting estimates are based the reasonable expectation of a future event with the consideration of the condition of the specific day. Nevertheless, the actual results may be different from the estimates, resulting in estimation and assumption of the risk of material adjustments of the carrying amount for the assets and liabilities of the following financial year. Please refer to Note 6(5) "Inventory impairment evaluation".

6. Contents of material accounting items

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Petty cash	$ 672	1,111
Bank deposit	28,398	38,220
Cash and cash equivalents	$ 29,070	39,331
Cash and cash equivalents recorded in balance sheet reclassified to group for disposal	(176)	(320)
Total	**$ 28,894**	**39,011**

For disclosure of interest rate risks and sensitivity of the Group's financial assets and liabilities, please refer to Note 6(24).

(2) Financial products

Financial assets

	December 31, 2019	December 31, 2018
Financial assets measured at fair value through income (loss)	**$ 9,033**	**-**
Current	**$ 9,033**	**-**

For disclosure of interest rate risks and sensitivity of the Group's financial assets and liabilities, please refer to Note 6(24).

(3) Accounts and notes receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 905	244
Account receivables	81,104	139,583
Accounts receivable - related parties	-	75
Less: Allowance for doubtful accounts	(2,221)	(63,475)
	$ 79,788	**76,427**

(1) The Group adopts the simplification method to estate expected credit losses of all account and notes receivable. In other words, it measures by expected credit loss during allowance of continuity. For such measuring purposes, said accounts and notes

receivable are categorized according to characteristics of common credit risks of the ability to pay all due amounts according to contractual conditions on behalf of the customer, and is also included into forward-looking information. Analysis of expected credit losses of accounts and notes receivable of the Group is as follows:

December 31, 2019

		Book value of accounts and notes receivable	Weighted average expected credit loss rate	Expected credit loss during allowance of continuity
Not past due	$	81,664	2%	1,876
Less than 31 days		304	100%	304
1 to 3 months		23	100%	23
3 to 6 months		18	100%	18
More than 6 months		-	100%	-
	$	82,009		2,221

December 31, 2018

		Book value of accounts and notes receivable	Weighted average expected credit loss rate	Expected credit loss during allowance of continuity
Not past due	$	95,940	20%	19,513
Less than 31 days		1,193	100%	1,193
1 to 3 months		289	100%	289
3 to 6 months		1,343	100%	1,343
More than 6 months		41,137	100%	41,137
	$	139,902		63,475

(2) Table of changes to allowance for bad debts of accounts and notes receivable of the Group in 2019 and 2018:

		2019	2018
Beginning balance	$	63,475	94,233
Recognized impairment loss (gain from price recovery)		16,339	(2,492)
Amount written off due to not recovered of the year		(73,449)	(28,431)
Sale of subsidiary		(4,141)	-
Amount written off due to not recovered of the year		(3)	165

Closing balance	**$ 2,221**	**63,475**

(3) Guarantee

By December 31, 2019 and 2018, none of the Group's accounts and notes receivable are provided as guarantee for long-term borrowings and financing quota.

(4) Factoring of accounts receivable

The Group has signed the non-resource accounts receivable purchase agreement with Bank SinoPac and receive an advance pay of 80% of the net amount of the accounts receivable from the Bank in accordance with the contract. Related information is presented below:

December 31, 2015

Factoring target	**Amount of accounts receivable transferred**	**Quota**	**Amount of advance payment**	**Amount of advance payment made (listed under other payables)**	**Interest rate**	**Guarantee item**
Bank SinoPac	47,691	38,000	38,000	36,216	1.55%	None

For factoring agreements of accounts receivable without recourse the Group has signed with Bank SinoPac, NT$ 45,691 thousand of accounts receivable of Yang Hwa Corporation factored is unrecoverable. Amongst which, the Group has paid an advance payment of NT$ 36,216 thousand to Bank SinoPac, which is listed under other payables on December 31, 2018. Later on, as Bank SinoPac has received liquidation for said amount, and signed a Loss Discharge Declaration to the Group, the Group has fully revolved other payables of NT$ 36,216 thousand and listed which as other income.

(5) Due to credibility problems of Yang Hwa Technology Corporation (short as 'Yang Hwa Corporation'), the Group has applied for settlement of claim for trade credit insurance at Tokio Marine Newa Insurance Co., Ltd. ('insurance company') on January 30, 2016. Overdue accounts of the Group and Yang Hwa Corporation are accounts receivable of NT$ 23,246 thousand and other receivables of NT$ 205,848 thousand respectively, all of which fully provided for allowance.

The Group acquired Certificate of the Obligatory Claim of Yang Hwa Corporation on January 23, 2019, and fully charged off relevant accounts receivable and other receivables. Also, the Group reached a settlement with the insurance company on June 10, 2019. The insurance company paid a claim of NT$ 103,736 thousand to the Group on June 18, 2019, which is listed as other income.

(6) Regarding litigation case for liquidation of debts between the Group and OTI GLOBAL INTERNATIONAL CORP., the Court has made a judgment on July 16, 2019, ordering OTI GLOBAL INTERNATIONAL CORP. to pay the Group back NT$

13,650 thousand. The Group acquired Certificate of the Obligatory Claim of OTI Corp on October 18, 2019, and listed NT$ 13,650 thousand as accounts receivable fully listed as allowance for bad debts in previous years and fully charged off in the current period.

(4) Other accounts receivable

	December 31, 2019	December 31, 2018
Other accounts receivable	$ 13	208,034
Other accounts receivable - related parties	69,472	-
Less: Allowance for doubtful accounts	-	(205,848)
	$ 69,485	2,186

(5) Inventories

	December 31, 2019	December 31, 2018
Raw Materials	$ 1,147	13,980
Work in progress	5,858	6,627
Finished products	4,309	4,965
	$ 11,314	25,572

Amounts recognized as inventory falling price loss (gain from price recovery of inventory) recognized due to inventory write-down to net realizable value in 2019 and 2018 are NT$ (3,137) thousand and NT$ (33,010) thousand respectively. Said amounts have been listed as costs of goods sold.

By December 31, 2019 and 2018, none of the Group's inventories are provided as pledge guarantee.

(6) Group for disposal

The Board of Directors of the Group has approved liquidation of Huizhou Bull Will Company on July 28, 2016, and has started processing the relevant affairs. Assets and liabilities related to Huizhou Bull Will has been transferred to be listed under group for disposal, and discontinued operations are presented in accordance with definition of discontinued operations. By December 31, 2019, said liquidation is yet to be completed. Details of assets and liabilities in the group for disposal on December 31, 2018 are as follows:

Item	December 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	$ 176	320

Item	December 31, 2019	December 31, 2018
Liability		
Other payables	$ 151	211
Accumulated profits (expenses) related to the group for disposal and recognized in other comprehensive income		
Exchange differences on translation of foreign financial statements	$ 2,007	2,006

(7) Acquisition of investments accounted for using the equity method

1. Associate

Name of investee	Primary business	Establishment and Operating location	Carrying amount		% shareholding	
			December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
BULL WILL TRADING(S) PTE LTD.	Precious metal trading	Singapore	**$ 4,318**	**4,279**	48.95%	48.95%

(1)The Group invested BULL WILL TRADING(S) PTE LTD. as resolved by the board of directs on April 27, 2018 and acquired 70% of the equity by investing NT$1,564 thousand on June 15, 2018. BULL WILL TRADING(S) PTE LTD. Implemented capital increase by cash on September 7, 2018, and because the Group did not subscribe the shares in accordance with the original shareholding, the shareholding dropped from 70% to 48.95%. Consequently, the Group does not have control over BULL WILL TRADING(S) PTE LTD. but have material influence. Therefore, the investment is accounted for using the equity method. Due to changes to shareholding ratio, the Group losses control, resulting in a recognized loss of disposal investment of NT$ 323 thousand in 2018, which is recognized as other interests and losses.

(2)Summary of financial information of associates the Group deems immaterial using the equity method as follows. Amount of said financial information included in the Group's parent company only financial report is:

	2019	**2018**
Summarized carrying amount by end of term of equity of immaterial associates	$ 8,820	8,742
Share attributable to the Group:	$ 4,318	4,279
Current net profit (net loss)	$ 63	3,018
Other comprehensive income	(24)	21
Total comprehensive profit and loss	$ 39	3,039

3. Guarantee

By December 31, 2019 and 2018, none of the Group's investments using the equity method are provided as pledge guarantee.

(8) Loss of control to subsidiaries

Note 1: The Group signed an agreement to dispose of the 55% stock options held of Visco International Co., Ltd. (hereinafter referred to as ‘Visco Company’) on December 20, 2019. Transfer registration of which was completed on December 23 of the same year, resulting in the loss of control of said company. Price for disposal is NT$ 100 thousand, said disposal interest is NT$ 20,045 thousand (including currency exchange differences of financial statements of foreign operations of NT$ 946 thousand and non-controlling interest of NT$ (15,545) thousand), which is recognized under other gain or loss in the statements of comprehensive income.

Details of carrying amount of identifiable assets and liabilities of Visco Company on the day of sale are as follows:

Item	December 20, 2019
Assets	
Cash and cash equivalents	$ 7
Other accounts receivable	6
Property, plants and equipment	5
	18
Liability	
Accounts payable	34,503
Other payables	52
Other current liabilities	7
	34,562
Carrying amount of net assets of subsidiary	$ (34,544)

(9) Property assets, plants and equipment

Details of costs, depreciation and impairment loss changes of the Group’s property, plants and equipment are as follows:

	Machines and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
Cost or deemed cost:						
Balance on January 1, 2019	$ 19,978	1,063	32,901	10,966	26,992	91,900
Addition	-	-	358	117	29	504
Disposal	(3,594)	(23)	(12,659)	(740)	(669)	(17,685)
Disposal of subsidiary	-	-	(59)	-	-	(59)
Affected number of exchange rate changes	(466)	(18)	(81)	(357)	(115)	(1,037)
Balance on December 31, 2019	$ 15,918	1,022	20,460	9,986	26,237	73,623
Balance on January 1, 2018	$ 20,331	1,075	32,837	11,213	27,048	92,504
Addition	-	-	114	-	28	142

	Machines and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
Affected number of exchange rate changes	(353)	(12)	(50)	(247)	(84)	(746)
Balance on December 31, 2018	$ 19,978	1,063	32,901	10,966	26,992	91,900
Depreciation and impairment loss						
Balance on January 1, 2019	$ 18,924	834	28,651	10,143	26,348	84,900
Depreciation of this year	518	100	1,129	238	366	2,351
Disposal	(3,460)	(23)	(12,578)	(740)	(632)	(17,433)
Disposal of subsidiary	-	-	(54)	-	-	(54)
Affected number of exchange rate changes	(442)	(12)	(76)	(333)	(104)	(967)
Balance on December 31, 2019	$ 15,540	899	17,072	9,308	25,978	68,797
Balance on January 1, 2018	$ 18,424	736	27,468	10,055	25,818	82,501
Depreciation of this year	820	103	1,234	314	599	3,070
Affected number of exchange rate changes	(320)	(5)	(51)	(226)	(69)	(671)
Balance on December 31, 2018	$ 18,924	834	28,651	10,143	26,348	84,900
Book value:						
December 31, 2019	$ 378	123	3,388	678	259	4,826
December 31, 2018	$ 1,054	229	4,250	823	644	7,000

By December 31, 2019 and 2018, none of the Group's property, plants and equipment are provided as guarantee for long-term borrowings and financing quota.

(10) Right-of-use assets

Details of changes to costs, depreciation and impairment loss of the Group's leased buildings, structures and more are as follows:

	Buildings and structures	Total
Cost of right-of-use asset:		
Balance on January 1, 2019	$ -	-
Affected number of retrospective applications of IFRS 16	1,281	1,281
Addition	4,475	4,475
Affected number of exchange rate changes	21	21
Balance on December 31, 2019	$ 5,777	5,777
Depreciation and impairment loss		

	Buildings and structures	Total
of right-of-use asset:		
Balance on January 1, 2019	$ -	-
Depreciation	1,590	1,590
Balance on December 31, 2019	**$ 1,590**	**1,590**
Listed value:		
January 1, 2019	**$ -**	**-**
December 31, 2019	**$ 4,187**	**4,187**

For leased offices as operating leases of the Group in 2018, please refer to Note 6(13).

(11) Investment property

Details of changes to the Group's investment property are as follows:

	Land	Buildings and structures	Total
Cost or deemed cost:			
Balance on January 1, 2019	$ 16,203	7,062	23,265
Balance on December 31, 2019	**$ 16,203**	**7,062**	**23,265**
Balance on January 1, 2018	$ 17,103	7,454	24,557
Disposal	(900)	(392)	(1,292)
Balance on December 31, 2018	**$ 16,203**	**7,062**	**23,265**
Accumulated depreciation and impairment:			
Balance on January 1, 2019	$ -	2,108	2,108
Depreciation	-	138	138
Balance on December 31, 2019	**$ -**	**2,246**	**2,246**
Balance on January 1, 2018	$ -	2,079	2,079
Depreciation	-	139	139
Disposal	-	(110)	(110)
Balance on December 31, 2018	**$ -**	**2,108**	**2,108**
book value			
Balance on December 31, 2019	**$ 16,203**	**4,816**	**21,019**
Balance on December 31, 2018	**$ 16,203**	**4,954**	**21,157**

Rent income from investment property and direct operating expenses

	2019	2018
Rent income from investment property	**$ 782**	**718**
Direct operating expenses generated by investment property for receipt of lease income of the	**$ 292**	**292**

period

Fair values of the Group's investment property on December 31, 2019 and 2018 are both NT$ 25,380 thousand. Said fair values refer to market evidence of prices of similar property transactions.

By December 31, 2019 and 2018, none of the Group's investment properties are provided as pledge.

(12) Liability reserve

	Provision for contingent service cost
Balance on January 1, 2019	$ 1,151
Liability reserve of current addition (reversal)	194
Balance on December 31, 2019	**$ 1,345**
Balance on January 1, 2018	$ 1,211
Liability reserve of current addition (reversal)	(60)
Balance on December 31, 2018	**$ 1,151**

(13) Lease liability

Carrying values of the Group's lease liabilities are as follows:

	December 31, 2019
Current	$ 1,547
Non-current	2,655
	$ 4,202

For due analysis, please refer to Note 6(24) "Financing instrument".

Amounts of leases recognized in profit and loss are as follows:

	2019
Interest expense of lease liability	$ 48
Expense of short-term lease	$ 2,151
Expense of low-value lease asset (does not include low-value leases of short-term leases)	$ 437

Amounts of leases recognized in cash flow table are as follows:

	2019
Total cash outflow of lease	$ 1,553

(14) Operating lease

Lease as lessee

Conditions of lease payment payable of operating leases irrevocable are as follows:

	December 31, 2018
Within a year	$ 2,773
1 to 5 years	2,661
	$ 5,434

Offices leased by the Group as operating leases have a lease term of one to five years.

(15) Long-term borrowings

Details, terms and conditions of the Group's long-term borrowings are as follows:

	December 31, 2018			
	Currency	Range of interest rate	Year due	Amount
Guarantee for bank loan	NTD	2.74%	108.7	$ 11,947
Less: Current portion of loans payable				(11,947)
Total				$ -
Quote yet for use				$ -

For conditions of guarantee made by the Group with asset collateral for bank borrowing, please refer to Note 8.

(16) Employee benefits

Defined contribution plans (DCP)

The Group's defined contribution plans (DCP) are in accordance with regulations of the Labor Pension Act. According to contributing rate of 6% of a laborer' monthly salary, said amount is contributed to the laborer's individual labor pension account of the Bureau of Labor Insurance. Under said plans, after contributing a fixed amount to the Bureau of Labor Insurance, the Group has no more legal or constructive obligation to pay additional amounts. Pension expenses of the Group under DCP in 2019 and 2018 are NT$ 1,034 thousand and NT$ 1,117 thousand respectively, which are both contributed to the Bureau of Labor Insurance.

(17) Income tax

1. Income tax expenses

Details of income tax expenses of the Group in 2019 and 2018 are as follows:

	2019	2018
Income tax expense	$ 152	467
Deferred income tax expense (interest)		

Occurrence and reversal of temporary differences	11,569	5,942
Original occurrence and reversal of tax losses	23,144	(4,512)
Income tax expense	$ 34,865	1,897

Details of income tax (expenses) interest of the Group recognized as other comprehensive income (loss) in 2019 and 2018 are as follows:

	2019	2018
Items may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign financial statements	$ 381	(82)

2. Adjustments to the relationship between income tax expenses (interest) and pre-tax net profit of the Group in 2019 and 2018 are as follows:

	2019	2018
Net Profit Before Tax	$ 107,624	(18,611)
Income tax calculated according to domestic tax rate of the location of the Group	$ 21,634	(3,722)
Affected number of income tax rate differences	(109)	270
Permanent differences	(52)	3,040
Changes in tax losses of unrecognized deferred income tax assets	(9,829)	3,968
Changes in unrecognized temporary differences	23,221	(1,659)
	$ 34,865	1,897

3. Deferred income tax assets and liabilities

(1) Deferred income tax assets Unrecognized deferred income tax assets

Items not recognized as deferred income tax assets by the Group are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	$ 105,092	129,099
Tax losses	$ 49,515	18,809

Tax losses are based upon income tax approved after deducting losses of the previous ten years approved by revenue service agencies from net profit of the year, in according with regulations of the Income Tax Act. The item is not recognized as deferred income tax asset as the Company may very likely to offer the adequate tax income to make up for said temporary differences in the future.

By December 31, 2019, deduction periods of tax losses not yet recognized as deferred income tax asset by the Company are as follows:

Year of loss	Loss yet to be deducted	Final year for deduction
Approval number in 2011	$ 33,394	2021
Approval number in 2016	13,407	2025
Approval number in 2017	27,403	2026

Application number in 2018	57,654	2027
Estimated number in 2019	115,719	2028
Total	$ 247,577	

(2) Recognized deferred income tax assets (and liabilities)

Changes of deferred income tax assets (liabilities) of the Company in 2019 and 2018 are as follows:

2019

	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive income (loss)	Closing balance
Temporary differences				
Less: Transfinite number of allowances for doubtful accounts	$ 23,246	(23,246)	-	-
Allowance for inventory valuation and obsolescence losses	11,387	(11,387)	-	-
Unrealized exchange gain or loss	20	(20)	-	-
Financial assets measured at fair value through other comprehensive income	60	(60)	-	-
Exchange differences on translation of foreign financial statements	(1,747)	-	(381)	(2,128)
Deferred income tax expense		$ (34,713)	(381)	
Net deferred income tax	$ 32,966			(2,128)
Information presented in balance sheets is as follows:				
Deferred income tax assets	$ 34,713			-
Deferred income tax liabilities	$ (1,747)			(2,128)

2018:

	Beginning balance	Recognized in profit and loss	Affected number of interest rate changes	Recognized in other comprehensive income (loss)	Closing balance
Temporary differences					
Less: Transfinite number of	$ 17,669	2,459	3,118	-	23,246

	Beginning balance	Recognized in profit and loss	Affected number of interest rate changes	Recognized in other comprehensive income (loss)	Closing balance
allowances for doubtful accounts					
Allowance for inventory valuation and obsolescence losses	16,853	(8,440)	2,974	-	11,387
Unrealized exchange gain or loss	1,268	(1,472)	224	-	20
Financial assets measured at fair value through other comprehensive income	52	-	8	-	60
Exchange differences on translation of foreign financial statements	(1,528)	-	(301)	82	(1,747)
Deferred income tax expense		$ (7,453)	6,023	82	
Net deferred income tax	$ 34,314				32,966
Information presented in balance sheets is as follows:					
Deferred income tax assets	$ 35,842				34,713
Deferred income tax liabilities	$ (1,528)				(1,747)

4. Approval conditions of income tax

Income tax returns of the Group's profit-seeking enterprise have been authorized by the audit authorities to 2017.

5. Amendments to the Income Tax Act has been passed by the Legislative Yuan for third reading on January 18, 2018, and promulgated by the Office of the President on February 7, 2018. Since 2018, income tax rate of profit-seeking enterprises is increased from the current 17% to 20%. Establishment, recording, calculation and allocation of Imputation Credit Account are canceled.

(18) Capital and other equities

1. Share capital

On December 31, 2019 and 2018, the Company's total authorized capital stocks are both NT$ 2,050,000 thousand, with NT$ par value per share and a total of 205,000 thousand shares. Issued shares are both 111,336 thousand common shares. Amount for all issued shares have been received.

2. Capital surplus

Content of the Company's capital surplus balance is as follows:

	December 31,	December 31,

	2019	2018
Additional paid-in capital in excess of par common stock	$ 35,341	35,341
Compensatory cost recognized for employee stock option	8,361	7,965
Total	**$ 43,702**	**43,306**

According to regulations of the Company Act, capital surplus should be used to first make up for losses, before the issuance of new shares or cash by realized capital surplus according to original shareholding ratio of shareholders. The aforementioned realized capital surplus includes premium in excess of the par value of the shares issued and donated surplus. According to regulations of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital surplus of capital may be distributed. Total amount distributed per year should not exceed 10 % of paid-in capital.

3. Retained earnings

According to company regulations, if there is net income in the Company’s final account at the end of year, accumulated deficits (including the amount of the adjusted unappropriated retained earnings) should be covered first and 10% of the reminder should be appropriated as the legal reserve unless the accumulated legal reserve has reached the total paid-in capital of the Company. Then, it is contributed or reversed as special surplus capital according to legal regulations or regulations of competent authorities; Proposal for the distribution of the remaining surplus, together with undistributed surplus at the beginning of the period (including adjusting of the non-distributed amount of surplus), are prepared by the Board of Directors, then submitted to the shareholders’ meeting to have the resolution of dividends and bonuses to be distributed to shareholders.

The Company's dividend policy is drawn based on the current and future development plans, the investment environment, fund requirements, overseas competition, and shareholders’ interest. Each year, no lower than 30% of the allocable earnings is used for shareholder dividend distribution, except when the accumulated allocable earning is not lower than 10% of the paid-up share capital. Shareholder dividends are distributed by cash or, Stock Amount and cash dividend should be no lower than 50% of the stock dividend.

4. Earning distribution

(1) The Company has approved the 2018 and 2017 Appropriation of Profit or Loss on June 27, 2019 and June 28, 2018 respectively. Owners were not distributed dividends.

(2) Information related to surplus distribution of the Company in different years is posted on the Market Observation Post System.

5. Other equities (after-tax net amount)

	Unrealized gains (losses) of financial assets carried at fair	Exchange differences on translation of	Total

	value through other comprehensive income	foreign financial statements	
January 1, 2018 (IAS 39)	$ -	7,157	7,157
Adjustments of retrospective application of new guidelines	(306)	-	(306)
January 1, 2018 (IFRS 9)	(306)	7,157	6,851
Exchange differences on translation of foreign financial statements	-	(147)	(147)
Balance on December 31, 2018	**$ (306)**	**7,010**	**6,704**
Exchange differences on translation of foreign financial statements	-	1,500	1,500
Balance on December 31, 2019	**$ (306)**	**8,510**	**8,204**

6. Non-Controlling Interest

	2019	**2018**
Beginning balance	$ (15,621)	(15,107)
Disposal of subsidiary	15,545	-
Share attributable to non-controlling interests		
Net profit of non-controlling interest	(41)	426
Exchange differences on translation of foreign financial statements	117	(940)
Closing balance	**$ -**	**(15,621)**

(19) Plan of share-based payment

Employees of the Company may receive share-based payment as a part of bonus plan; Employees provide labor as consideration to acquire equity instruments. Said transaction equity-settled share-based payment.

Plan of employee share-based payment

The Company issued employee share warrants of 6,900 thousand units and 9,000 thousand units upon approval by competent agencies on May 19, 2011 and May 27, 2019 respectively. Every unit may subscribe 1 share of the Company's common share. The aforementioned employee subscription right has been fully given by May 24, 2011 and June 10, 2019 respectively. Targets of receipt were limited to official and regular employees of the Company, as well as full-time employees of investee with over 50% of share directly or indirectly held by the Company that the Company has the right to vote over. Duration of subscription rights is seven years. Warrant holders may exercise his or her subscription rights for the specific given ratio since the day after two years after issuance.

Subscription rights are evaluated according to fair value Black-Scholes-Merton

Pricing Model for Option on the day of which it is granted. Settings of said parameters and assumptions refer to contractual terms and conditions.

Contractual term the plan has granted subscription right over is seven years, without offering cash-settled options. For subscription rights granted for said plans, the Company does not have the usual practice for cash settlements in the past.

Details of the aforementioned plan of share-based payment are as follows:

Share warrant Issuance date	Issuance unit Total	Total outstanding units by end of period	Number of shares for subscription	Employee for stock option Date to start exercising subscription right	Subscription price (NTD)	Method of contractual fulfillment
May 24, 2011	6,900 thousand units	0 unit	0	May 24, 2013	$7.10	Issue new shares
June 10, 2019	9,000 thousand units	8,800 thousand units	8,800,000	June 10, 2021	$2.10	Issue new shares

For share-based payment plans granted, pricing mode and assumptions used are as follows:

	Share warrants issued on May 24, 2011	Share warrants issued on June 10, 2019
Expected interest rates	0.00%	0.00%
Expected pricing volatility	34.44%	35.08%
No-risk interest rates	1.13%	0.613%~0.635%
Expected lifetime of stock warrants	1.54 years	4.5 years, 5 years, 5.5 years

Expected lifetime of stock warrants refer to expected estimations of past and present information. Hence, it may not necessarily match conditions of actual execution. Expected volatility assumes previous volatility of similar periods of time similar to that of lifetimes of stock warrants represent future trends, which may also not necessarily match actual results in the future.

Details of the aforementioned subscription right plans are as follows:

	2019		**2018**	
	Outstanding number (unit)	**Weighted average execution price (NTD)**	**Outstanding number (unit)**	**Weighted average execution price (NTD)**
Outstanding stock warrant on January 1	-	$2.10	1,423	$7.10
Stock warrant granted in the current period	9,000	-	-	-

	2019		2018	
	Outstanding number (unit)	**Weighted average execution price (NTD)**	**Outstanding number (unit)**	**Weighted average execution price (NTD)**
Stock warrant lost in the current period	(200)	-	(1,423)	-
Stock warrant exercised in the current period	-	-	-	-
Outstanding stock warrant on December 31	8,800	$2.10	-	-
Exercisable stock warrant on December 31	-	-	-	-

Employee stock warrants issue on May 24, 2011 are due on May 23, 2018 and then became invalid. Outstanding information of remaining plans of share-based payment dated by December 31, 2019 are as follows:

	Outstanding stock warrant	
Issuance date	**Execution price**	**Weighted average expected remaining lifetime (year)**
June 10, 2019	$2.10	7

Fees of plan of employee share-based payment of the Company are as follows:

	2019	2018
Fees recognized due to transactions of share-based payment	$ 396	-

(Both belongs to equity-settled share-based payment)

(20) Earnings Per Share

	2019	2018
Basic earnings (losses) per share		
Net profit (loss) of continuing operations attributable to owners of the Company's common shares	**$ 72,800**	**(20,934)**
Loss from discontinued operations	**(263)**	**(92)**
Net profit (loss) attributable to owners of the Company's common shares	**$ 72,537**	**(21,026)**
Weighted average number of shares of outstanding common shares (basic) (thousand shares)	**111,336**	**111,336**
Basic earnings (losses) per share (NTD)		

Net gain (loss) from continuing operations	$	**0.65**	**(0.19)**
Loss from discontinued operations		**0.00**	**0.00**
Total basic earnings (losses) per share (NTD)	$	**0.65**	**(0.19)**

Diluted earnings per share		
Net profit (loss) of continuing units attributable to owners of the Company's common shares	$	**72,800**
Loss from discontinued operations		**(263)**
Net profit (loss) attributable to owners of the Company's common shares	$	**72,537**
Weighted average number of shares of outstanding common shares (basic) (thousand shares)		**111,336**
Affected number of employee stock option		**1,571**
Weighted average number of shares of outstanding common shares (diluted) (thousand shares)		**112,907**
Diluted earnings per share (NTD)		
Net gain (loss) from continuing operations	$	**0.64**
Loss from discontinued operations		**0.00**
Total diluted earnings per share (NTD)	$	**0.64**

For calculations of earnings per share of 2018, due to losses incurred in continuing operations, only basic earnings per share are disclosed.

(21) Revenue from contracts with customers

Income breakdown of contracts with customers of the Group in 2019 and 2018 are as follows:

	2019	**2018**
Electronic components revenue	**$ 195,657**	**245,875**

(22) Employee remuneration

According to the Company's company regulations, in cases of profits, the Company should contribute no less than 5% as employee remuneration and no more than 3% as director and supervisor remuneration. However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first. The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned director and supervisor can only be paid by cash.

The Company has accumulated deficit in 2019 and 2018, thus employee, director and supervisor remuneration has not been estimated and listed.

(23) Non-Operating Income and Expenditure

1. Other revenue

Details of other revenue of the Group in 2019 and 2018 are as follows:

	2019	2018
Interest income	$ 2,173	153
Rental income	1,339	1,261
Dividend income	87	-
Income from settlement of insurance claim	103,736	-
Income from factoring of accounts receivable	36,216	-
Others	2,816	1,268
	146,367	2,682
Minus: Belongs to other revenue of discontinued operations	(31)	(14)
	$ 146,336	2,668

2. Other gains and losses

Details of other interests and losses of the Group in 2019 and 2018 are as follows:

	2019	2018
Net gain (loss) on foreign currency exchange	$ (7,970)	2,678
Financial asset gain measured at fair value through income (loss)	262	-
Losses from disposition of property, plants and equipment	(252)	-
Disposal of investment property gain	-	108
Income (loss) from disposal of investment	20,045	(323)
Others	(1,844)	(152)
	10,241	2,311
Minus: Belongs to other losses of discontinued operations	203	-
	$ 10,444	2,311

3. Financial cost

Details of financial cost of the Group in 2019 and 2018 are as follows:

	2019	2018
Interest expense of long-term bank loan	$ 98	1,426
Interest expense of lease liability	48	-
	$ 146	1,426

(24) Financing instrument

1. Credit risk

(1) Exposure of credit risk

Carrying value of financial assets represent the maximum amount of credit exposure.

(2) Concentrated condition of credit risk

Receivables of the Company are mainly payment for goods to be collected from customers for sales of goods. All divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria. According to past experiences with customer collections, management of the Company assesses that there are no material credit risks.

2. Liquidity risk

The following table presents contractual due dates of financial liabilities, including estimated interests but not effects of net amount agreements.

	Carrying amount	Contractual cash Flow	Within 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2019						
Non-derivative financial liabilities:						
No liabilities with interests	$ 48,559	48,559	48,559	-	-	-
Lease liability	4,202	4,364	1,641	1,556	1,167	-
	$ 52,761	**52,923**	**50,200**	**1,556**	**1,167**	**-**
December 31, 2018						
Non-derivative financial liabilities						
No liabilities with interests	$ 84,577	84,577	84,577	-	-	-
Floating rate instruments	11,974	12,056	12,056	-	-	-
	$ 96,551	**96,633**	**96,633**	**-**	**-**	**-**

The Group does not expect time of occurrence of cash flow analyzed on due date will be materially moved forward, or actual amounts to be materially different.

3. Foreign exchange rate risk

(1) Exposure of foreign exchange rate risk

Financial assets and liabilities of the Group under the exposure of material foreign exchange rate risk are as follows:

(Unit: Foreign currency / NTD 1,000)

	December 31, 2019			December 31, 2018		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Currency item						
USD	$ 5,761	30.08	173,291	3,323	30.72	102,083
RMB	5,599	4.321	24,193	5,500	4.473	24,602
HKD	28	3.866	108	489	3.924	1,919
KRW	55	0.0262	1	55	0.0277	2
SGD	1	22.37	22	1	22.50	23
Financial liabilities						
Currency item						
USD	432	30.08	12,995	420	30.72	12,902
RMB	3,999	4.321	17,280	2,307	4.473	10,317
HKD	4	3.866	15	186	3.924	730

(2) Sensitivity analysis

Foreign exchange rate risks of the Group mainly come from foreign currency exchange gain or loss generated by currency exchanges of cash and cash equivalents, accounts receivable, accounts payable and more in foreign currency. In December 31, 2019 and 2018, when NTD has been devalued or appreciated by 5% compared to USD, RMB, HKD, KRW and SGD, all other factors remained the same, net profit of 2019 and 2018 increased or decreased NT$ 8,366 thousand and NT$ 5,234 thousand respectively. Analyses of both periods adopt the same basis for calculation.

As there are many types of functional currency at the Group, the integrated method is adopted to disclose information of exchange gain or loss of currency items. Foreign currency exchange gains (losses) of 2019 and 2018 (including realized and unrealized) are NT$ (7,970) thousand and NT$ 2,678 thousand respectively.

4. Interest rate analysis

The Group's financial assets and liability interest rates exposed to risk are described in the liquidity risk management of the attached note.

The following sensitivity analysis are determined by interest rate exposure of derivative and non-derivative instruments on reporting date. For floating interest rate liabilities, method for the analysis of which assumes amount of outstanding liabilities on reporting date remains outstanding for the entire year. Internally, the Group report changes to the interest rate that are increased or decreased by 1% to the major management. This means that management evaluates the range of reasonable possible changes of the interest rates.

If the interest rate is increased or decreased by 1% but all other variables remain the same, the Group’s net loss at December 31, 2019 and 2018 will decrease or increase by NT$ 0 and NT$ 119 thousand respectively, and these are mainly due to changes in the interest rates of the Group's loans.

5. Information of fair value

(1) Types of financial instruments and fair value

Carrying value and fair value of the Group’s financial assets and liabilities (including level information of fair value, but carrying value of financial instruments measured not at fair value that is of a value reasonably close to fair value, and equity instrument investment with no quotes on active market and the fair value of which cannot be reliably measured, information of fair value of which does not need to be disclosed according to set regulations) are listed as follows:

	December 31, 2019				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through income (loss)					
Domestic and foreign listed (OTC) stocks	$ 9,033	9,033	-	-	9,033

(2) Evaluating technique of fair value of financial instruments measured at fair value

(2.1) Non-derivative financial instruments

With open quotes at an active market, fair value of financial instruments is said open quotes at active markets. Market prices announced by main exchange institutions and exchange centers of the central government judged to be popular securities are the basis of fair value of debt instruments of listed (OTC) equity instruments with open quotes in active markets.

(3) Transfer between Level 1 and Level 2

The Group does not have transfer between Level 1 and Level 2 of material fair value measurement in 2019 and 2018.

(4) Details to changes in Level 3

Equity instrument with no open quotes measured at fair value	**through other comprehensive income (loss)**
January 1, 2018	$ -
Recognized in other comprehensive income (loss)	-
December 31, 2018	**$ -**
Recognized in other comprehensive income (loss)	-

December 31, 2019	**$ -**

(5) Information of material unobservable inputs of fair value Level 3

Equity instrument investments measured at fair value with no open quotes adopt the asset method, in order to evaluate overall value of the business based on target assets and liabilities for evaluation.

(25) Financial risk management

1. Overview

Due to usage of financial instruments, the Group is exposed to the following risks:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents exposure information to the aforementioned risks of the Group, as well as goals, policies and procedures of the Group in measuring and managing risks. For further quantitative disclosures, please refer to notes of the consolidated financial report.

2. Risk management structure

The Group's objective is to management operating activities related market risk, credit risk, and liquidity risk and to identify, measure, and manage above-mentioned risk according to policies and risk preferences. For the Group’s financial risk management, the Group has referred to related regulations and specifications to establish appropriate policies, procedures, and internal control and important financial activities have to be reviewed by the Board of Directors according to related regulations and specifications as well as the internal control system.

During the financial management activity implementation period, the Group should authentically follow the established financial risk management related regulations and rules.

To reduce and to manage related financial risks, the Group has worked on analyzing, identifying, evaluating adverse effects of financial risk related factors on the Group's finance and proposing related programs to avoid adverse factors generated from financial risks.

3. Market risk

The Group's market risk refers to market price changes induced risk to the fair value or cash flow volatility. Market risk includes primarily exchange rate risk, interest rate risk, and other price risk.

In practice, it is rare to see changes in only one risk variable, and changes in risk variables are often associated. Nonetheless, for the following risk sensitivity analysis, interactions among related risk variables are not taken into consideration.

A. Foreign exchange rate risk

The Group's foreign exchange rate risk is primarily associated with operating activities (when the currency of revenue or expenses is different from the Group's functional currency) and foreign operating entities’ net investment.

The Group's foreign currency accounts receivable and payable are of the same currency. Natural risk avoidance effect is generated from similar positions, but these natural risk avoidance methods do not satisfy hedge accounting regulations. Therefore, hedge accounting was not adopted. In addition, foreign operating entities’ net investment is strategic investment, and as a result, the Group did not manage the risk.

The Group's primary exchange rate risk comes from cash denominated in foreign currencies, accounts receivable, accounts receivable-net value of related parties, other accounts receivable, other accounts receivable - related parties, bank loans, accounts payable, and other accounts payable. They generate foreign currency exchange gain/loss at the exchange.

B. Interest rate risk

Interest rate risk refers to risk due to market interest rate changes induced volatility of fair value or future cash flow of financial instruments. The Group's interest rate risk is primarily linked to floating interest rate loans. The Group manages interest rate risks by maintaining a suitable floating interest rate combo. The Group regularly evaluates hedging activities to keep which in consistency with interest rate opinions and established risk preferences, so as to ensure the most cost-effective hedging strategies are adopted.

4. Credit risk

Credit risk refers to financial loss risk from a transaction counterparty’s failure in fulfilling obligations listed in the contract. The Group's credit risk is mainly caused by operating activities (primarily from notes and accounts receivable) and financial activities (primarily from bank deposits and various financial instruments).

All units of the Group follow the credit risk policies, procedures and controls to manage credit risks. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty’s financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Group’s internal evaluation criteria.

The Group's accounts receivable is mainly from payments for goods from selling goods to customers, and according to the experience of collecting payments from customers, the Group management’s evaluation showed no major credit risk.

The Group's finance department follows the Group’s policy for managing credit risk of bank deposits, fixed rate bonds, and other financial instruments. Determined by the internal controlled procedure, the Group's counterparties are banks with a good credit rating, financial institutions, companies, and government agencies of an investment grade, there is no material credit risk.

5. Liquidity risk

Liquidity risk refers to the risk of the Group's failure of paying cash, using other financial assets to repay financial liabilities, or fulfilling other obligation.

The Group uses management and maintaining sufficient cash and cash equivalents to support changes on the Group's operations and reduce cash flow volatility. The Group's management supervises the use condition of the bank financing amount and make sure that the terms and conditions of the loan contracts are observed.

Bank loans are an important source of liquidity of the Group. As of December 31, 2019, and 2018, the Group has not used the bank financing amount.

(26) Capital management

The goal of capital management of the Company is to ensure that the Company may continue its operations, and maintain the best capital structure to reduce capital costs, offering remuneration to shareholders. In order to maintain or adjust capital structure, the Company may adjust amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company manages the assets by routinely evaluating the debt to assets ratio. The Company's capital is stated as "total equity" in the balance sheet, and is also the total assets less the total liabilities.

By December 31, 2019, the Company's capital management method has not changed.

(27) Liabilities changes from fundraising activities

Adjustments to liabilities from fundraising activities of the Group are as follows:

	January 1, 2019	Cash Flow	Non-cash flow	December 31, 2019
Lease liability	$ -	(1,553)	5,755	4,202
Long-term borrowings	11,947	(11,947)	-	-
Liabilities from fundraising activities	**$ 11,947**	**(13,500)**	**5,755**	**4,202**

	107.1.1	Cash Flow	Non-cash flow	December 31, 2018
Long-term borrowings	**$ 32,174**	**(20,227)**	**-**	**11,947**

7. Transactions with related parties

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and subsidiaries of the Company.

(2) Name of the related parties and relations with which

Name of the related parties	and their relations with the Company
Hsin Yeh Technology Corporation (Hsin Yeh Technology)	Entities evaluating the Group by the equity method
BULL WILL TRADING PTE LTD (BWTS)	Associate
Hsin Yeh Technology Co., Ltd. (Hsin Yeh Technology)	Companies controlled by Hsin Yeh Technology Corporation
Hsin Yeh Investment Limited (Hsin Yeh Investment)	Companies controlled by Hsin Yeh Technology Corporation
Hong Kong Hsin Yeh Corporation (Hsin Yeh Electronics (Hong Kong))	Companies controlled by Hsin Yeh Technology Corporation
Singapore Hsin Yeh Corporation (Hsin Yeh Singapore)	Companies controlled by Hsin Yeh Technology Corporation
Hsin Yeh International Corporation (Hsin Yeh International)	Companies controlled by Hsin Yeh Technology Corporation
SCE ENTERPRISE PTE LTD (SCE)	Companies controlled by Hsin Yeh Technology Corporation

(3) material transactions between the Company and the subsidiaries

1. Operating revenue

Amounts of major sales of the Group to related parties are as follows:

Name of the related parties	2019	2018
Associate	$ 131	120

The Group's sales to the aforementioned related parties are of prices agreed by both parties upon negotiation; Credit conditions of which are the same as sales with non-related parties.

2. Purchase

Amounts of purchases of the Group to related parties are as follows:

Name of the related parties	2019	2018
Associate	$ 46	86

There is no significant difference between the purchase price the Group has over the aforementioned companies, and that of the Group over common vendors; Payment conditions of which are the same as that with non-related parties.

3. Number of receivables from related parties

Details of payables to related parties of the Group are as follows:

Accounting item	Name of the related parties	December 31, 2019	December 31, 2018
Account receivables	Associate	$ -	75
Other accounts receivable	Hsin Yeh Technology	60,160	-

Other accounts receivable	BWTS	9,312	-
		$ 69,472	75

4. Number of payables to related parties

Details of payables to related parties of the Group are as follows:

Accounting item	**Name of the related parties**	**December 31, 2019**	**December 31, 2018**
Accounts payable	Associate	$ -	4
Other payables	Associate	-	188
		$ -	**192**

5. Other transactions with related parties

Accounting item	**Name of the related parties**	**December 31, 2019**	**December 31, 2018**
Rent expenses	Hsin Yeh Investment	$ 2,151	2,151
Labor costs	SCE	-	900
Other revenue - Interest income	Hsin Yeh Technology	1,320	-
Other revenue - Interest income	Associate	348	-
Other revenue - Rental income	Hong Kong Hsin Yeh	556	542
Financial cost	Hsin Yeh International	-	245
Guarantee deposits paid	Hsin Yeh Investment	358	358

(4) Primary management transactions

Primary management renumeration includes:

	2019	**2018**
Short-term employee benefits	$ 10,464	7,356
Post-retirement benefits	186	217
Share-based payment	2017	-
	$ 10,756	**7,573**

8. Pledged assets

Details of book value of assets offered as pledge guarantee by the Group are as follows:

Name of assets	**Target pledge guarantee**	**December 31, 2019**	**December 31, 2018**
Other financial assets - current	Long-term bank loan, fuel fill on credit and imported goods	**$ 150**	**5,548**

post-release duty payment

9. Major contingent liabilities and unrecognized contractual commitments: None.

10. material casualty losses: None.

11. Major events after the reporting period: None.

12. Others

(1) Functions of employee benefit, depreciation, depletion and amortization costs are summarized as follows:

Function / **Nature**	**2019**			**2018**		
	Under operating costs	**Under operating expenses**	**Total**	**Under operating costs**	**Under operating expenses**	**Total**
Employee benefit expense						
Wages and salaries	16,039	37,227	53,266	21,897	37,183	59,080
Health and labor insurance expense	1,671	2,985	4,656	1,799	3,118	4,917
Pension expense	-	1,034	1,034	-	1,117	1,117
Remuneration of Directors	-	1,190	1,190	-	1,228	1,228
Other employee benefit expense	7	945	952	8	1,076	1,084
Depreciation	1,341	2,738	4,079	718	2,491	3,209
Amortization cost	-	-	-	-	-	-

(2) By 2019, the Group has an accumulated deficit to be made up for reaching NT$ 958,292 thousand, which has exceeded half of the Group’s paid-in capital. The Group's regular shareholders’ meeting has passed on June 27, 2019 to expand the operations scale in 2018 by introducing strategic partners for investments or merging new business development for the Group’s long-term operations. To add the Group's operations funds, repay loans, save interest expenses, and improve financial structure to reduce the Company's financial operation risk, measure factors such as current capital market conditions and time-efficiency of raised capital, the Group has planned to adopt Article 43.6 of the Securities and Exchange Act to raise funds by private fundraising. For the private fundraising through cash capital increase and new stock issuance, the face value of each share is NT$ 10 and the total number of shares issued does not exceed 57,700 thousand shares, and the issuance has been authorized toe the Board of Directors to issue the shares several times in a year. It is expected to be able to effectively improve the Group’s financial status.

(3) The Securities and Futures Investors Protection Center filed a request for a claim of NT$ 113,710 thousand to the Group and relevant personnel on February 17, 2017, regarding suspected violations to the Securities and Exchange Act and other matters by former person-in-charge of the Group, He Yiqin and relevant others, according to regulations of the Securities Investor and Futures Trader Protection Act. The Group has purchased a liability insurance of US$ 5,000 thousand previously, in accordance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Court letter sent on May 1, 2019 stated that both parties agreed to terminate the action on April 24, 2019. Due to necessity to continue said lawsuit, the Securities and Futures Investors Protection Center filed in a motion to continue the action.

13. Other additional disclosure

(1) Information related to material transactions

In 2019, relevant information of material transactions to be further disclosed by the Group according to Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Loans to others: Please refer to attached Table 1.
2. Endorsement provided to others: None.
3. Marketable securities held at end of reporting period (excluding investments in subsidiaries, associates, and joint ventures): Please refer to attached Table 2.
4. Marketable securities acquired and disposed of at costs or prices of at least NTD 300 million or 20% of the paid-in capital: None.
5. Properties acquired at costs or prices of at least NTD 300 million or 20% of the paid-in capital: None.
6. Properties acquired at costs or prices of at least NTD 300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None.
8. Receivable from related parties amounts to at least NTD 100 million or 20% of the paid-in capital: None.
9. Engagement in transactions of derivative products: None.
10. Conditions of business relationship and important transaction exchanges between the parent and subsidiary companies: Please refer to attached Table 5.

(2) Re-investment related information:

In 2019, information of the Group's re-investment (does not include investee in mainland China): Please refer to attached Table 3.

(3) Investment in mainland China: Please refer to attached Table 4.

14. Segment information

(1) General information

Primary operating activities of the Group in 2019 and 2018 are processing, import/export and trading of electronic materials and components, as well as sales of TV and more. Departments of the Group to be reported include a total of 7 departments to be reported, namely BULL WILL Co., Ltd. (Bull Will), BULL WILL Electronics Corporation (Bull Will Electronics), Huizhou Chunchao Electronics Corporation (Huizhou Chunchao), Huizhou BULL WILL Electronics Corporation (Huizhou Bull Will), SIGCUS USA INC. (SIGCUS, which was sold on December 20, 2019), discontinued operations and others.

(2) Information of profit or loss, assets, liabilities, basis and adjustments of which of departments to be reported

Information and adjustments to the Group's operating departments are as follows:

Unit: NTD 1,000

2019	Bull Will	Bull Will Electronics	Huizhou Chunchao	Huizhou Bull Will	SIGCUS	Discontinued operations	Other	Adjustments and eliminations	Total
Revenue									
From external revenue	$ 159,867	631	4,890	28,555	-	-	1,714	-	195,657
Interdepartmental revenue	42,226	-	91,963	415	-	-	16	(134,620)	-
Interest income	2,128	-	7	15	-	-	23	-	2,173
Total revenue	$ 204,221	631	96,860	28,985	-	-	1,753	(134,620)	197,830
Interest expense	$ (106)	-	(40)	-	-	-	(245)	-	(391)
Depreciation and amortization	(1,641)	-	(2,417)	(1)	(20)	-	-	-	(4,079)
Investment (loss) profit accounted for using the equity method	1,791	-	-	-	-	-	(15,864)	14,136	63
Significant profit/loss items:									
Profit or loss on disposal of investment	-	-	-	-	-	-	20,045	-	20,045
Exchange gain or loss	(5,539)	204	(610)	(74)	-	-	(132)	(1,819)	(7,970)
Department (loss) profit	$ (72,537)	(4,905)	(15,908)	2,220	(92)	(263)	4,721	14,268	(72,496)
Assets									
Investment accounted for using the equity method	$ 4,318	-	-	-	-	-	45,518	(45,518)	4,318
Capital	358	-	146	-	-	-	-	-	504

2019	Bull Will	Bull Will Electronics	Huizhou Chunchao	Huizhou Bull Will	SIGCUS	Discontinued operations	Other	Adjustments and eliminations	Total
expenditure of non-current assets									
Assets of departments to be reported	$ 332,379	962	17,214	22,462	-	176	102,089	(208,935)	266,347
Liability									
Investment loans accounted for using the equity method	$ (87,857)	-	-	-	-	-	(239,284)	327,141	-
Liability of departments to be reported	$ 125,401	38,159	131,505	14,899	-	331	239,723	(490,649)	59,369

2018	Bull Will	Bull Will Electronics	Huizhou Chunchao	Huizhou Bull Will	SIGCUS	Discontinued operations	Other	Adjustments and eliminations	Total
Revenue									
From external revenue	$ 199,123	4,177	3,819	23,463	-	-	15,293	-	245,875
Interdepartmental revenue	69,659	-	134,444	765	-	-	22	(204,890)	-
Interest income	83	1	10	9	-	-	50	-	153
Total revenue	$ 268,865	4,178	138,273	24,237	-	-	15,365	(204,890)	246,028
Interest expense	$ (1,181)	-	-	-	-	-	(245)	-	(1,426)
Depreciation and amortization	(1,457)	-	(1,655)	(1)	(96)	-	-	-	(3,209)
Investment (loss) profit accounted for using the equity method	(17,236)	-	-	-	-	-	(40,998)	60,171	1,937
Significant profit/loss items:									
Profit or loss on disposal of investment	(323)	-	-	-	-	-	-	-	(323)
Exchange gain or loss	7,957	(11)	(4,341)	(659)	-	-	1,589	1,857	2,678
Department (loss) profit	$ (21,026)	(6,471)	(15,828)	2,984	(55)	(92)	(41,880)	61,768	(20,600)
Assets									
Investment accounted for using the equity method	$ (88,110)	-	-	-	-	-	(201,495)	293,884	4,279

2018	Bull Will	Bull Will Electronics	Huizhou Chunchao	Huizhou Bull Will	SIGCUS	Discontinued operations	Other	Adjustments and eliminations	Total
Capital expenditure of non-current assets	114	-	6	-	-	-	-	-	120
Assets of departments to be reported	$ 302,918	3,352	24,596	23,210	108	320	59,466	(197,866)	216,104
Liability of departments to be reported	$ 170,373	36,166	126,698	17,640	53,938	211	238,771	(544,617)	99,180

(3) Product and labor information. For details, please refer to Note 6(21).

(4) Regional information

Regional information of the Group is as follows. Amongst which, information of income is categorized according to the geographical location of customers, and non-current assets are categorized according to the geographical location of said assets.

Region	**2019**	**2018**
Revenue from external customers:		
Taiwan	$ 45,173	31,466
Asia	149,190	211,938
Europe	1,294	2,471
	$ 195,657	245,875
Non-current assets:		
Taiwan	$ 24,442	25,301
Asia	5,590	2,759
Americas	-	97
	$ 30,032	28,157

(5) Main customer information

Details of customers with amount of sales over 10% per customer of net sales income of the Group in 2019 and 2018 are as follows:

	December 31, 2019	**December 31, 2018**
Company A	$ 32,157	30,401
Company B	22,273	-
Company C	3,191	45,330
Company D	313	17,702

Note of consolidated financial statement of BULL WILL Co., Ltd. And subsidiaries (Continued)

(Unless otherwise noted, all amounts are expressed in NTD thousands)

Table 1: Loans to others

Item	Loaner company of fu	Borrowers	Item for exch	Related p or not	Current highest	Closing balance (Credit approved by the Bo	Actual amount of	Range of %	Nature o loans	Business exchange Amount	Reasons that shor financing funding	Allowance Bad debts	Collateral Name	Collateral Value	Limitations to to individual	Loans to Total credit	Note
0	BULL WILL Co., Ltd.	BULL WILL TRADING(S) PTE LT	Other account	Yes	9024	9024	9024	0.06	2	0	Operating turnove	0	0	0	82791	82791	
0	BULL WILL Co., Ltd.	SERIAL SYSTEM LTD	Other account	Yes	60160	60160	60160	0.048	2	0	Operating turnove	0	0	0	82791	82791	

Note 1: Limitations to loans to an individual shall not exceed 40 per cent of the Company's total net value. Total limitation to loans is limited by 40 per cent of total net value of the Company.

Note 2: Nature of loans shall be: 1. For those with business exchanges, or; 2. For when short-term financing funding is necessary.

Note of consolidated financial statement of BULL WILL Co., Ltd. And subsidiaries (Continued)

(Unless otherwise noted, all amounts are expressed in NTD thousands)

Table 2: Marketable securities held period end

Unit: NT$

				End of term					
Companies held	Type and name of marketable sec	Relation to issuer of marketable secur	Account	Number of shar	Carrying amour	Shareholding	Fair value	Highest sharehc	Note
BULL WILL Co., Ltd.	Stock of								
	Tailyn Technologies, Inc.	-	Financial assets amounted for at	10	190	0	190	0	Note 1
	HIM International Music Inc.	-	Financial assets amounted for at	10	1235	0	1235	0	〃
	Orient Semiconductor Electronics, Li	-	Financial assets amounted for at	100	1485	0	1485	0	〃
	Unimicron Technology Corporation	-	Financial assets amounted for at	10	420	0	420	0	〃
	Elan Microelectronics Corp.	-	Financial assets amounted for at	10	912	0	912	0	〃
	Lien Hwa Industrial Holdings Corp.	-	Financial assets amounted for at	20	739	0	739	0	〃
	Formosan Rubber Group Inc.	-	Financial assets amounted for at	10	189	0	189	0	〃
	TXC Corporation	-	Financial assets amounted for at	10	473	0	473	0	〃
	Farglory Free Trade Zone Investment	-	Financial assets amounted for at	20	519	0	519	0	〃
	Chipbond Technology Corporation	-	Financial assets amounted for at	20	1344	0	1344	0	〃

Note 1: Market price is OTC trading or OTC listing closing price on December 31, 2019.

Note of consolidated financial statement of BULL WILL Co., Ltd. And subsidiaries (Continued)

(Unless otherwise noted, all amounts are expressed in NTD thousands)

Table 2: Marketable securities held period end

Unit: NT$

		Relation to issuer of		End of term					
Companies held	Type and name of marketable s	marketable secur	Account	Number of shar	Carrying amour	Shareholding ị	Fair value	Highest shareho	Note
BULL WILL Co., Ltd.	Stock of								
	Hsin Kuang Steel Co., Ltd.	-	Financial assets amounted for at fa	20	630	0	630	0	Note 1
	Taiwan Cement Ltd.	-	Financial assets amounted for at fa	10	437	0	437	0	〃
	Apex International Co., Ltd.	-	Financial assets amounted for at fa	10	460	0	460	0	〃
	Japan Bull Will Corporation	-	Financial assets amounted f	0	0	18	0	18	

Note 1: Market price is OTC trading or OTC listing closing price on December 31, 2019.

Note of consolidated financial statement of BULL WILL Co., Ltd. And subsidiaries (Continued)

(Unless otherwise noted, all amounts are expressed in NTD thousands)

Table 3: Name, location and other relevant information of investees (does not include investees in mainland China):

Unit: NT$1,0

Investment company	Investee	Location	Primary busine	Original investment amount: Ending of thi	Original investment amount: End of last y	Shares held at: end of term	Shares held at: Percentage	Carrying an	Investee of investee	Recognized investment profit	Highest shareh	Note
BULL WILL Co., Ltd.	Hong Kong Bull Will Holdings	Hong Kong	General investment	347735	347735	10374	100	-87857	1729	1729	100	Subsidiary
				(86165	(86165							Note 1
				355)	355)							
	BULL WILL TRADING(S)	Singapore	Precious metal tradi	1564	1564	70	48.95	4318	128	63	48.95	Equity method
	PTE LTD			(70)	(70)							equity method
Hong Kong Bull Will Holdings	Hong Kong Serial Investment Co.	Hong Kong	General investment	347727	347727	10374	100	-87796	1729	1729	100	Subsidiary
				(86165	(86165							Note 1
				355)	355)							
Hong Kong Serial Investment Co	BULL WILL Electronics Co., Ltd.	British Vi	Agent of the	69290	69290	2	100	-37197	-4905	-4905	100	Subsidiary
		Islands	Company's pro	(16950)	(16950)							Note 1
	Visco International Co., Ltd.	Belize	General investment	0	11564	0	0	0	-92	-51	0	Subsidiary
					(355)							Note 1 and 2
Visco International Co., Ltd.	SIGCUS USA INC.	USA	TV sets trading	0	610	0	0	0	-92	-92	0	Subsidiary
					(20)							Note 1 and 2

Note 1: The above-mentioned transaction has been written off when the consolidated financial statements are prepared.

Note 2: Merged company signed an agreement to dispose of held 55% of stock options of Visco International Co., Ltd. on December 20, 2019. Registration of said transaction was completed on December 23 of the same year, resulting in loss of control of the

Note of consolidated financial statement of BULL WILL Co., Ltd. And subsidiaries (Continued)

(Unless otherwise noted, all amounts are expressed in NTD thousands)

Table 4: Investment in mainland China

1. Name, primary business, paid-in capital, method of investment, fund remitted in and out, investment profit or loss, book value of period end investment, and conditions of investment profit or loss remitted back:

Unit: N

Name of investee Company name	Primary business	Paid-in capital	Investme investme	Accumulated inve accumulated inve remitted outward	Investment amount Investment amount Remitted (	Remitted ba	Period end accumulated investment amount remitted outward f	Investee of investee	Shareholding rati or indirect investment % shareholdin	Recognized (loss) of t	Period end i book value	Investment profit remmitted bac by end of this perioc	Note
Huizhou Jun Chao E Co., Ltd.	Agent of the Company's relevant manufactur	51403 (13000)	(2)	47151 (12050)	0	0	47151 (12050)	-15908	1	-15908	-114290	0	
Dongguan Zhao Kai Co., Ltd.	Agent of the Company's Product	35738 (9000)	(2)	35738 (9000)	0	0	35738 (9000)	1000	1	1000	37955	0	
Huizhou Bull Will E Co., Ltd.	Agent of the Company's relevant manufactur	19102 (5000)	(2)	19102 (5000)	0	0	19102 (5000)	2220	1	2220	7563	0	
Huizhou Bull Will E Co., Ltd.	Agent of the Company's relevant manufactur	78092 (20400)	(2)	78092 (20400)	0	0	78092 (20400)	-263	1	-263	-153	0	

Note 1: Basis for recognition of current investment profit or loss has been recognized by the financial reports audited by accountant.

Note 2: There are four types of investment methods, and it is required to specify the type.

(1) Invest in a mainland China company through remittance from a third place.

(2) Re-investment in a mainland China company through a company established by investment in a third place.

(3) Re-investment in a mainland China company through re-investment in an existing company in a third place.

(4) Other methods.

2. Investment quota to mainland China:

Period end accumulated investment amount r from Taiwan to mainland China	Investment amount approved by Investment Commission of the Ministry of Economic Affairs (MOEAIC)	It is in accordance with the quota stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAI
302926 (USD 700, HKD 72,910)	302926 (USD 700, HKD 72,910)	124186.8

Note of consolidated financial statement of BULL WILL Co., Ltd. And subsidiaries (Continued)

(Unless otherwise noted, all amounts are expressed in NTD thousands)

Table 5: Business relationship and important transaction exchanges between parent comp

Unit: NT$1,000

Item (Note 1)	Name of transacting party	Transaction exchange counter	Relationsh transactin (Note 2)	Conditions of transaction exchanges Account	Amount (Note 3)	Transaction conditions	Percentage in conso total revenue or to
	January 1 to December 31						
0	BULL WILL Co., Ltd.	Hong Kong Bull Will Holdings	1	Other accounts	44	Collection and payment, etc.	0.000165198
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	1	Operating reve	582	Transaction conditions and	0.002974593
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	1	Account receiv	24669	—	0.092619929
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	1	Other accounts	3637	Collection and payment, etc.	0.013655141
0	BULL WILL Co., Ltd.	Huizhou Bullwill Electronic Co., Ltc	1	Operating reve	134	Transaction conditions and	0.000684872
0	BULL WILL Co., Ltd.	Huizhou Bullwill Electronic Co., Ltc	1	Account receiv	184	—	0.000690829
0	BULL WILL Co., Ltd.	Huizhou Bullwill Electronic Co., Ltc	1	Other accounts	1409	Collection and payment, etc.	0.0052901
0	BULL WILL Co., Ltd.	Huizhou Chunchao Electronics Corp	1	Operating reve	42813	Transaction conditions and	0.218816577
0	BULL WILL Co., Ltd.	Huizhou Chunchao Electronics Corp	1	Account receiv	77709	—	0.291758973
0	BULL WILL Co., Ltd.	Huizhou Chunchao Electronics Corp	1	Other accounts	122	Collection and payment, etc.	0.00045805
0	BULL WILL Co., Ltd.	Huizhou Bai Qin Electronics Co., Lt	1	Other accounts	178	Collection and payment, etc.	0.000668302
0	BULL WILL Co., Ltd.	Dongguan Zhao Kang Electronic Co	1	Operating reve	43	Transaction conditions and	0.000219772
0	BULL WILL Co., Ltd.	Dongguan Zhao Kang Electronic Co	1	Sales return	-1345	Transaction conditions and	-0.006874274
1	Hong Kong Serial Investment Co., Ltd.	BULL WILL Co., Ltd.	2	Other accounts	100	Collection and payment, etc.	0.000375451
1	Hong Kong Serial Investment Co., Ltd.	BULL WILL Electronics Co., Ltd.	3	Other accounts	9854	Collection and payment, etc.	0.03699691
1	Hong Kong Serial Investment Co., Ltd.	Huizhou Bullwill Electronic Co., Ltc	3	Other accounts	6990	Collection and payment, etc.	0.026244003
1	Hong Kong Serial Investment Co., Ltd.	Huizhou Jun Chao Electronic Co., L	3	Other accounts	1336	Collection and payment, etc.	0.005016021
2	BULL WILL Electronics Co., Ltd.	Huizhou Bullwill Electronic Co., Ltc	3	Other accounts	800	Collection and payment, etc.	0.003003605
3	Huizhou Bullwill Electronic Co., Ltd.	BULL WILL Co., Ltd.	2	Operating reve	94	Transaction conditions and	0.000480433
3	Huizhou Bullwill Electronic Co., Ltd.	BULL WILL Co., Ltd.	2	Account receiv	1	—	3.75451E-06
3	Huizhou Bullwill Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Operating reve	326	Transaction conditions and	0.001666181
3	Huizhou Bullwill Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Sales return	-5	Transaction conditions and	-2.55549E-05
3	Huizhou Bullwill Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Account receiv	1	—	3.75451E-06
3	Huizhou Bullwill Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Other accounts	1728	Collection and payment, etc.	0.006487788
4	Huizhou Chunchao Electronics Corporatio	BULL WILL Co., Ltd.	2	Operating reve	91870	Transaction conditions and	0.46954614
4	Huizhou Chunchao Electronics Corporatio	BULL WILL Co., Ltd.	2	Sales return	-10	Transaction conditions and	-5.11098E-05
4	Huizhou Chunchao Electronics Corporatio	Huizhou Bullwill Electronic Co., Ltc	3	Operating reve	110	Transaction conditions and	0.000562208
4	Huizhou Chunchao Electronics Corporatio	Huizhou Bullwill Electronic Co., Ltc	3	Sales return	-18	Transaction conditions and	-9.19977E-05
4	Huizhou Chunchao Electronics Corporatio	Huizhou Bullwill Electronic Co., Ltc	3	Account receiv	41	—	0.000153935
4	Huizhou Chunchao Electronics Corporatio	Huizhou Bullwill Electronic Co., Ltc	3	Other accounts	168	Collection and payment, etc.	0.000630757
4	Huizhou Chunchao Electronics Corporatio	Dongguan Zhao Kang Electronic Co	3	Operating reve	12	Transaction conditions and	6.13318E-05
5	Dongguan Zhao Kang Electronic Co., Ltd.	BULL WILL Co., Ltd.	2	Other accounts	35	Collection and payment, etc.	0.000131408
5	Dongguan Zhao Kang Electronic Co., Ltd.	Huizhou Bullwill Electronic Co., Ltc	3	Other accounts	251	Collection and payment, etc.	0.000942381
5	Dongguan Zhao Kang Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Operating reve	16	Transaction conditions and	8.17758E-05
5	Dongguan Zhao Kang Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Account receiv	6	—	2.2527E-05
5	Dongguan Zhao Kang Electronic Co., Ltd.	Huizhou Chunchao Electronics Corp	3	Other accounts	34092	Collection and payment, etc.	0.127998648

Note 1: Information of business exchanges between parent company and subsidiaries shall be specified in item column respectively. Specification of items a

1. For parent company, fill in "0".
2. For subsidiaries, please list in order from Arabic number "1" according to type of company.

Note 2: The three types of relationship with transacting party are as follows, and the types of which shall be specified:

1. Parent company and subsidiary.
2. Subsidiary and parent company.
3. Subsidiary and parent company.

Note 3: This table only discloses one-way transaction information. These relevant transactions have been charged off in the consolidated financial statem