Stock Code: 6259

# BULL WILL Co., Ltd.

# Individual Financial Report and Independent Accountant's Report

**2019 and 2018**

**Company address: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City**
**Tel: (02) 87927788**

# Contents

## Independent Accountant's Report

BULL WILL Co., Ltd.

**Opinion**

We have audited the following financial statements of Bull Will CO., Ltd.: balance sheet at December 31, 2019, the comprehensive income statement, the statement of changes in equity, the statement of cash flows, and the notes to the individual 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 parent company only financial report presents fairly, in all material respects, the financial position of Bull Will Co., Ltd. as at December 31, 2019 and its 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.

**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 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 financial report of BULL WILL Co., Ltd. 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:

Revenue recognition

Primary businesses of Bull Will Co., Ltd. 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. 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 parent company only financial statements, accumulated deficits to be covered of BULL WILL Co., Ltd. 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 parent company only 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.

**Responsibilities of management and those charged with governance for the parent company only financial report**

The responsibilities of management of BULL WILL Co., Ltd. are to prepare appropriately stated parent company only financial report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial report to ensure that the parent company only financial report is free from material misstatement by fraud or error.

Management when preparing parent company only financial report is also responsible for evaluating BULL WILL's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate BULL WILL Co., LTD. 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 BULL WILL Co., Ltd. are responsible for supervising BULL WILL Co., Ltd.'s financial reporting procedure.

**Account's responsibilities for the audit of parent company only financial report**

The objectives of accountants for auditing the parent company only financial report are to obtain reasonable assurance about whether the parent company only financial report as a whole is free from any material misstatement due to fraud or errors and to issue an accountant's report accordingly.

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 parent company only 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 parent company only 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 parent company only 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.'s 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's 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 parent company only 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., to cease to continue as a going concern.
5. We evaluated the overall presentation, structure and contents of the parent company only

financial report, including the attached notes, and whether the parent company only financial report represent 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 parent company only 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 parent company only 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.'s 2019 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.**

**Balance sheets**

**December 31, 2019 and 2018**

**Unit: NT$1,000**

| | | December 31, 2019 | | December 31, 2018 | | | | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Amount** | **%** | **Amount** | **%** | | | **Amount** | **%** | **Amount** | **%** |
| | **Assets** | | | | | | **Liabilities and equity** | | | | |
| | **Current assets:** | | | | | | **Current liabilities:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | $ 17,679 | 5 | 30,010 | 10 | 2130 | Contractual liabilities - current | $ 9 | - | 23 | - |
| 1110 | Financial assets measured at fair value through income | 9,033 | 3 | - | - | 2170 | Accounts payable | 21,617 | 7 | 24,352 | 8 |
| | (loss) - current (Note 6(2)) | | | | | 2180 | Accounts payable - related parties (Note 7) | 1 | - | 4 | - |
| 1150 | Net notes receivable (Note 6(3)) | 905 | - | 244 | - | 2200 | Other payables (Notes 6(3) and 12) | 9,504 | 3 | 43,094 | 15 |
| 1170 | Net accounts receivable (Notes 6(3) and 12) | 66,442 | 20 | 79,299 | 26 | 2220 | Other payables - related parties (Note 7) | 100 | - | 924 | - |
| 1180 | Accounts receivable - net related parties (Notes 6(3) | 102,562 | 31 | 119,184 | 40 | 2250 | Liability reserve - current (Note 6(10)) | 1,094 | - | 923 | - |
| 1200 | Other receivables (Notes 6(4) and 12) | 11 | - | 250 | - | 2280 | Lease liabilities - current (Note 6(11)) | 86 | - | - | - |
| 1210 | Other receivables - related parties (Notes 6(4) and 7 | 74,862 | 23 | 3,228 | 1 | 2320 | Long-term liabilities (current portion) | - | - | 11,947 | 4 |
| 1310 | Inventories (Note 6(5)) | 1,322 | - | 2,663 | 1 | 2300 | Other current liabilities (Note 7) | 3,005 | 1 | 996 | - |
| 1410 | Prepayments (Note 7) | 163 | - | 3,465 | 1 | | | 35,416 | 11 | 82,263 | 27 |
| 1476 | Other financial assets - current (Note 8) | 30,230 | 9 | 5,548 | 2 | | | | | | |
| | | 303,209 | 91 | 243,891 | 81 | | **Non-current liabilities:** | | | | |
| | | | | | | 2570 | Deferred income tax liabilities (Note 6(15)) | 2,128 | 1 | - | - |
| | **Non-current assets:** | | | | | 2650 | Investment credit balance accounted for | 87,857 | 26 | 88,110 | 29 |
| 1550 | Investments accounted for using equity m | 4,318 | 1 | - | - | | | 89,985 | 27 | 88,110 | 29 |
| 1600 | Property, plants, and equipment (Note 6(7) | 3,339 | 1 | 4,144 | 1 | | **Total liabilities** | 125,401 | 38 | 170,373 | 56 |
| 1755 | Right-of-use assets (Note 6(8)) | 85 | - | - | - | | | | | | |
| 1760 | Investment property - net (Note 6(9)) | 21,019 | 7 | 21,157 | 7 | | **Equity (Note 6(16)):** | | | | |
| 1840 | Deferred income tax assets (Note 6(15)) | - | - | 32,966 | 11 | 3100 | Capital stock | 1,113,364 | 335 | 1,113,364 | 368 |
| 1920 | Guarantee deposits paid (Note 7) | 409 | - | 760 | - | 3200 | Capital surplus | 43,702 | 13 | 43,306 | 14 |
| | | 29,170 | 9 | 59,027 | 19 | 3300 | Retained earnings: | | | | |
| | | | | | | 3350 | Accumulated deficits to be covered | (958,292) | (288) | (1,030,829) | (340) |
| | | | | | | 3400 | Other equity | 8,204 | 2 | 6,704 | 2 |
| | | | | | | | **Total equity** | 206,978 | 62 | 132,545 | 44 |
| | **Total assets** | $ 332,379 | 100 | 302,918 | 100 | | **Total liabilities and equity** | $ 332,379 | 100 | 302,918 | 100 |

(Please refer to notes of the individual financial report attached)

**Chairperson:** **Manager:** **Accounting supervisor:**

BULL WILL Co., Ltd.

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(19) and 7) | $ | 202,093 | 100 | 268,781 | 100 |
| 5000 | Operating cost (Notes 6(5) and 7) | | (169,288) | (84) | (234,501) | (87) |
| 5900 | Operating gross profit | | 32,805 | 16 | 34,280 | 13 |
| 5910 | Unrealized loss from sales | | (3,078) | (2) | (12,292) | (4) |
| 5920 | Realized gain from sales | | 3,977 | 2 | 12,170 | 4 |
| | Operating gross profit | | 33,704 | 16 | 34,158 | 13 |
| 6000 | Operating expenses (Notes 6(3), (14), (17) and 7) | | | | | |
| 6100 | Selling expenses | | (10,946) | (5) | (12,372) | (5) |
| 6200 | Management expenses | | (37,175) | (18) | (27,987) | (10) |
| 6300 | Research and development expenses | | (3,185) | (2) | (4,115) | (2) |
| 6450 | Expected credit impairment losses | | (16,478) | (8) | - | - |
| | Total operating expenses | | (67,784) | (33) | (44,474) | (17) |
| 6900 | Net operating loss | | (34,080) | (17) | (10,316) | (4) |
| | Non-operating income and expenses (Notes 6(21), 7 and 12): | | | | | |
| 7010 | Other revenue | | 145,284 | 72 | 1,519 | - |
| 7020 | Other gains and losses | | (5,639) | (3) | 7,618 | 3 |
| 7050 | Financial cost | | (106) | - | (1,181) | - |
| 7060 | Share of income (loss) of subsidiaries and associates accounted for using equity method (Note 6(6)) | | 1,791 | 1 | (17,236) | (6) |
| | Total non-operating revenue and expenses | | 141,330 | 70 | (9,280) | (3) |
| | Pre-tax net profit (loss) from continuing operations | | 107,250 | 53 | (19,596) | (7) |
| 7950 | Minus: Income tax expenses (Note 6(15)) | | 34,713 | 17 | 1,430 | 1 |
| 8000 | Current net profit (loss) | | 72,537 | 36 | (21,026) | (8) |
| 8300 | Other comprehensive income (loss) (Notes 6(6) and (16)): | | | | | |
| 8360 | Items may be subsequently reclassified to profit or loss: | | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign operatio | | 1,881 | 1 | (229) | - |
| 8399 | Income tax related to items that may be subsequently reclassi | | (381) | 0 | 82 | - |
| | Total of items that may be subsequently reclassified | | 1,500 | 1 | (147) | - |
| 8300 | Current other comprehensive income (after-tax net amount) | | 1,500 | 1 | (147) | - |
| | Current total comprehensive profit and loss | $ | 74,037 | 37 | (21,173) | (8) |
| | Earnings per share (Unit: NTD) (Note 6(18)) | | | | | |
| 9750 | Basic earnings (losses) per share | $ | 0.65 | | (0.19) | |
| 9850 | Diluted earnings per share | $ | 0.64 | | | |

(Please refer to notes of the individual financial report attached)

Chairperson Manager: Accounting supervisor:

**BULL WILL Co., Ltd.**

**Statement of changes in equity**

**January 1 to December 31, 2019 and 2018**

**Unit: NT$1,000**

| | | | | Other equity | | |
|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings Accumulated deficits to be covered | Currency exchange differences of financial reports of foreign operating organizations | Unrealized profit (loss) of financial assets measured at fair value through other comprehensive income (loss) | Total equity |
| **Balance, January 1, 2018** | $ 1,113,364 | 43,306 | (1,010,109) | 7,157 | - | 153,718 |
| Adjustments of new standards are applied retroactively | - | - | 306 | - | (306) | - |
| **Balance upon reconstruction, January 1, 2018** | 1,113,364 | 43,306 | (1,009,803) | 7,157 | (306) | 153,718 |
| Current net losses | - | - | (21,026) | - | - | (21,026) |
| Current other comprehensive income (loss) | - | - | - | (147) | - | (147) |
| Current total comprehensive profit (loss) | - | - | (21,026) | (147) | - | (21,173) |
| **Balance, December 31, 2018** | $ 1,113,364 | 43,306 | (1,030,829) | 7,010 | (306) | 132,545 |
| | | | | | | |
| **Balance, January 1, 2019** | $ 1,113,364 | 43,306 | (1,030,829) | 7,010 | (306) | 132,545 |
| Current Net Profit | - | - | 72,537 | - | - | 72,537 |
| Current other comprehensive income (loss) | - | - | - | 1,500 | - | 1,500 |
| Current total comprehensive profit (loss) | - | - | 72,537 | 1,500 | - | 74,037 |
| Other changes in equity: | | | | | | |
| Share-based payment | - | 396 | - | - | - | 396 |
| **Balance, December 31, 2019** | $ 1,113,364 | 43,702 | (958,292) | 8,510 | (306) | 206,978 |

(Please refer to notes of the individual financial report attached)

Chairperson Manager: Accounting supervisor:

## 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 | $ | 107,250 | (19,596) |
| Profit/loss not affecting cash flows | | | |
| Depreciation expenses | | 1,641 | 1,457 |
| Expected credit impairment losses | | 16,478 | - |
| Financial asset profits measured at fair value through income (loss) | | (262) | - |
| Interest expense | | 106 | 1,181 |
| Interest income | | (2,128) | (83) |
| Dividend revenue | | (87) | - |
| Share-based payment cost | | 396 | - |
| Share of loss (profit) of subsidiaries and associates accounted for using equity method | | (1,791) | 17,236 |
| Loss on disposal of investment | | - | 323 |
| Disposal of investment property gain | | - | (108) |
| Unrealized gain from sales | | 3,078 | 12,292 |
| Realized gain from sales | | (3,977) | (12,170) |
| Net gain of foreign currency exchange | | - | (7,957) |
| Total of income charge (credit) items | | 13,454 | 12,171 |
| Net changes in operating assets and liabilities | | | |
| Net changes in assets related to operating activities | | | |
| Decrease (increase) in notes receivable | | (661) | 210 |
| Decrease in accounts receivable (including related parties) | | 13,001 | 21,742 |
| Increase in other receivables (including related parties) | | (71,390) | (2,245) |
| Decrease in inventories | | 1,341 | 3,188 |
| Decrease in advance payments | | 3,302 | 798 |
| 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 | | (79,089) | 28,051 |
| Net changes in liabilities related to operating activities | | | |
| Increase (decrease) in contractual liabilities | | (14) | 23 |
| Decrease in accounts payable (including related parties) | | (2,738) | (9,431) |
| Increase (decrease) in other payables (including related parties) | | (34,409) | 261 |
| Increase (decrease) in liability reserve - current | | 171 | (12) |
| Increase in other current liabilities | | 2,009 | 74 |
| Total net changes in liabilities related to operating activities | | (34,981) | (9,085) |
| Total net changes in liabilities related to operating activities | | (114,070) | 18,966 |
| Total adjustments | | (100,616) | 31,137 |
| Operating cash | | 6,634 | 11,541 |
| Interests received | | 2,128 | 83 |
| Income taxes refunded (paid) | | (5) | 23 |
| Net cash inflows from operating activities | | 8,757 | 11,647 |
| Cash flows from investment activities: | | | |
| Proceeds for acquisition of financial asset measured at fair value through i | | (22,405) | - |
| Proceeds for disposal of financial asset measured at fair value through inco | | 13,634 | - |
| Acquisition of investments accounted for using the equity method | | - | (1,564) |
| Proceeds from disposal of investment property | | - | 1,290 |
| Proceeds for purchase of property, plants, and equipment | | (358) | (114) |
| Decrease in guarantee deposits paid | | 351 | 350 |
| Receipt of other dividend | | 87 | - |
| Net cash inflows from investment activities | | (8,691) | (38) |
| Cash flows from financing activities: | | | |
| Payments of long-term borrowings | | (11,947) | (20,227) |
| Lease principal repayment | | (339) | - |
| Interests paid | | (111) | (629) |
| Net cash outflows from financing activities | | (12,397) | (20,856) |
| Effect of exchange rate changes on cash and cash equivalents | | - | 7,956 |
| Net decrease in cash and cash equivalents | | (12,331) | (1,291) |
| Cash and cash equivalents at beginning of this year | | 30,010 | 31,301 |
| Cash and cash equivalents at end of this year | $ | 17,679 | 30,010 |

**(Please refer to notes of the individual financial report attached)**

**Chairperson:** **Manager:** **Accounting supervi**

**BULL WILL Co., Ltd.**

**Parent Company Only Financial Report**

**December 31, 2019 and 2018**

**(Unless otherwise noted, all amounts are expressed in thousands of New Taiwanese Dollars.)**

## 1. Company milestones

Approved by the Ministry of Economics Affairs, Bull Will Co., Ltd. (the Company) was established in December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihu Dist., Taipei City.

The primary business items are the 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 parent company only 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 Company 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 parent company only 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 parent company only 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company 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 Company shall apply such method to all other leases except for the aforementioned leases.

  Also, the Company 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 Company 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 Company 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 are both $425 thousand. Lease liabilities are discounted in lease payment according to incremental borrowing rate of interest on the date of initial application of the Company. 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 parent company only financial report | $ 5,231 |
| Recognized exemption - Short-term leases | (4,783) |
| | 448 |
| Amount after discount by incremental borrowing rate of interest | $ 425 |
| Liabilities of recognized financing leases | - |
| Liabilities of recognized leases on January 1, 2019 | $ 425 |

(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” | January 1, 2020 |
| Amendments to IAS 1 and IAS 8 “Definition of | January 1, 2020 |

Material”

The Company evaluates adoption of the above mentioned IFRS, which does not cause major changes to the parent company only 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” | 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” | January 1, 2021 |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | 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 Company.

## 4. Summary of material accounting policies

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

(1) Statement of compliance

This parent company only financial statement is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

(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 parent

company only financial statement is prepared based on the historical cost.

2. The following critical accounting policies are consistently applicable to the entire period that this parent company only 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 Company'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 parent company only financial statements. Please refer to Note 5 attached.

(3) Foreign currency translation

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.
2. Translation of foreign operating organizations
   (1) All the company’s entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
      A. The assets and liabilities presented in each balance sheet are exchanged using the spot rate of exchange of the balance sheet;
      B. Income and losses presented in every statements of comprehensive income are

exchanged according to average exchange rate of the period; and

C. All exchange differences generated due to exchanges are recognized as other comprehensive income (loss).

(2) Exchange differences of loans of the net investment and long-term investment of foreign operations or other currency instruments designated to be the hedgers of an investment are recognized in other comprehensive income.

(3) When a foreign operation is partially disposed of or sold, exchange difference under other comprehensive income will be proportionally reclassified in profit and loss to be part of the income or loss from sales.

(4) Goodwill produced from acquiring foreign entities and the fair value adjustment are valued as the assets and liabilities of said foreign entities and the exchange is done using the period-end exchange rate.

(4) 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 Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash and cash equivalents

1. Cash and cash equivalents include cash on hand, cash in bank, and other short-term, highly liquid investments that are due in three months starting from the acquisition date.

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.

(6) 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 Company adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.

3. The Company 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 Company 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.

(7) 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 Company 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).

(8) 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.

(9) 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 Company 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.

(10) De-recognition of financial assets

If the Company 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.

(11) Inventories

The Company’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.

(12) Investments accounted for using the equity method

When preparing parent company only financial statements, the Company adopts the equity method to evaluate investees under the control of the Company. In accordance with the equity method, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report should be the same as the equity belonging to the owner of the parent company in the financial report prepared based on this foundation. Changes to ownership equity of the Company to subsidiaries that do not result in loss of control are processed as equity transactions with the owner.

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

1. Determination of leases

The Company 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 Company 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 Company divides consideration stated in the contract to individual lease components based on relative prices. However, when leasing lands or buildings, the Company chooses not to distinguish between non-lease components, and to process lease components and non-lease components as single lease components.

2. Lessee

The Company 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 Company 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 Company should be used. Generally, the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company adopts straight line basis to recognize received lease payments as rental receipt during term of lease.

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

1. According to the conditions of lease contracts, when the Company 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 Company 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.

(15) 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 Company, 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 Company 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 |

(16) 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.

(17) None-financial asset impairments

Recoverable amount of assets suffering from impairment on balance sheet date of the Company 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.

(18) Loans

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.

(19) 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.

(20) 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.

(21) 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 Company 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.

(22) 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.

(23) 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 Company 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 Company 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 Company has taken the above into consideration for the current income tax.

(24) Revenue from contracts with customers

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

1. Product sales

The Company 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 Company has objective evidence to consider that the time point of all inspection conditions have been satisfied.

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

2. Financial components

The Company'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 Company does not adjust the time value of money of the transaction price.

3. Customer contract acquisition cost

The Company'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.

(25) Operations department

The Company has disclosed segment information in this financial statement, and therefore the parent-company-only financial statement will not disclose the segment information.

(26) Earnings per share

The Company lists out the basic and the diluted earnings per share (EPS) of the Company's common share equity holders. The Company's basic earning per shares are calculated by having the equity of the equity holders of the Company'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 Company'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 Company'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 Company'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 Company'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 | $ 328 | 193 |

| | | |
|---|---|---|
| Bank deposit | 17,351 | 29,817 |
| Cash and cash equivalents | $ 17,679 | 30,010 |

For disclosure of interest rate risks and sensitivity of the Company's financial assets and liabilities, please refer to Note 6(22).

(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 Company's financial assets and liabilities, please refer to Note 6(22).

(3) Accounts and notes receivable

| | **108.12.31** | **107.12.31** |
|---|---|---|
| Notes receivable | $ 905 | 244 |
| Account receivables | 68,663 | 118,191 |
| Accounts receivable - related parties | 102,562 | 139,484 |
| Less: Allowance for doubtful accounts | (2,221) | (59,192) |
| | $ 169,909 | 198,727 |

(1) The Company 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 for accounts and notes receivable of the Company 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 | $ 169,909 | -% | - |
| Less than 31 days | 125 | 100% | 125 |
| 1 to 3 months | 184 | 100% | 184 |

| | | | | | |
|---|---|---|---|---|---|
| 3 to 6 months | | 285 | 100% | | 285 |
| More than 6 months | | 1,627 | 100% | | 1,627 |
| | $ | 172,130 | | | 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 | $ | 217,039 | 8% | 18,312 |
| Less than 31 days | | 538 | 100% | 538 |
| 1 to 3 months | | 257 | 100% | 257 |
| 3 to 6 months | | 539 | 100% | 539 |
| More than 6 months | | 39,546 | 100% | 39,546 |
| | $ | 257,919 | | 59,192 |

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

| | **2019** | | **2018** |
|---|---|---|---|
| Beginning balance | $ | 59,192 | 87,585 |
| Recognized impairment loss | | 16,478 | - |
| Amount written off due to not recovered of the year | | (73,449) | (28,393) |
| Closing balance | **$** | **2,221** | **59,192** |

(3) Guarantee:

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

(4) Factoring of accounts receivable

The Company 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)** | **Intere st rate** | **Guar antee item** |
|---|---|---|---|---|---|---|
| Bank SinoPac | 47,691 | 38,000 | 38,000 | 36,216 | 1.55% | None |

For factoring agreements of accounts receivable without recourse the Company has signed with Bank SinoPac, NT$ 45,691 thousand of accounts receivable of Yang Hwa Corporation factored is unrecoverable. Amongst which, the Company 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 Company, the Company 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 Company 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 Company 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 Company 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 Company reached a settlement with the insurance company on June 10, 2019. The insurance company paid a claim of NT$ 103,736 thousand to the Company on June 18, 2019, which is listed as other income.

(6) Regarding litigation case for liquidation of debts between the Company and OTI GLOBAL INTERNATIONAL CORP., the Court has made a judgment on July 16, 2019, ordering OTI GLOBAL INTERNATIONAL CORP. to pay the Company back NT$ 13,650 thousand. The Company 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 | $ 11 | 206,098 |
| Other accounts receivable - related parties | 74,862 | 3,228 |
| Less: Allowance for doubtful accounts | - | (205,848) |
| | **$ 74,873** | **3,478** |

(5) Inventories

| December 31, 2019 | December 31, 2018 |
|---|---|

| | | |
|---|---|---|
| Product | $ 1,322 | 2,663 |

Amounts recognized as gain from price recovery of write-down due to inventory inventories accounted for as net realizable value in 2019 and 2018 are NT$ 745 thousand and NT$ 35,684 thousand respectively. Said amounts have been listed as subtraction to costs of goods sold.

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

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

Investments (credit balance) of the Company accounted for using equity method on date of report:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Subsidiary | $ (87,857) | (92,389) |
| Associate | 4,318 | 4,279 |
| | $ (83,539) | (88,110) |
| Acquisition of investments accounted for using the equity method | $ 4,318 | - |
| Investments accounted for using equity method | $ (87,857) | (88,110) |

1. Subsidiary

(1) For subsidiaries, please refer to 2019 Consolidated Financial Report.

(2) Summary of shares of subsidiary profit (loss) of the Company in 2019 and 2018 is as follows:

| | 2019 | 2018 |
|---|---|---|
| Share attributable to the Company | | |
| Current net profit (loss) | $ 1,729 | (20,254) |
| Other comprehensive income | 1,524 | (249) |
| Total | $ 3,253 | (20,503) |

2. Associate

| Name of investee | Primary | Establishment and Operating | Carrying amount | | % shareholding | |
|---|---|---|---|---|---|---|
| | | | December | December | December | December |

| | business | location | 31, 2019 | 31, 2018 | 31, 2019 | 31, 2018 |
|---|---|---|---|---|---|---|
| BULL WILL TRADING(S) PTE LTD. | Precious metal trading | Singapore | **$ 4,318** | **4,279** | 48.95% | 48.95% |

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

(2)Summary of financial information of associates the Company deems immaterial using the equity method as follows. Amount of said financial information included in the Company'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 Company: | $ 4,318 | 4,279 |
| Current Net Profit | $ 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 Company's investments using the equity method are provided as pledge guarantee.

(7) Property, plants and equipment

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

| | Machines and equipment | Transportation equipment | Office equipment | Other facilities | Total |
|---|---|---|---|---|---|
| Cost or deemed cost: | | | | | |
| Balance on January 1, 2019 | $ 4,345 | 530 | 29,516 | 23,237 | 57,628 |

| | Machines and equipment | Transportation equipment | Office equipment | Other facilities | Total |
|---|---|---|---|---|---|
| Addition | - | - | 358 | - | 358 |
| Disposal | - | - | (11,131) | - | (11,131) |
| Balance on December 31, 2019 | **$ 4,345** | **530** | **18,743** | **23,237** | **46,855** |
| Balance on January 1, 2018 | $ 4,345 | 530 | 29,402 | 23,237 | 57,514 |
| Addition | - | - | 114 | - | 114 |
| Balance on December 31, 2018 | **$ 4,345** | **530** | **29,516** | **23,237** | **57,628** |
| Depreciation and impairment loss | | | | | |
| Balance on January 1, 2019 | $ 4,341 | 530 | 25,519 | 23,094 | 53,484 |
| Depreciation of this year | 4 | - | 1,055 | 104 | 1,163 |
| Disposal | - | - | (11,131) | - | (11,131) |
| Balance on December 31, 2019 | **$ 4,345** | **530** | **15,443** | **23,198** | **43,516** |
| Balance on January 1, 2018 | $ 4,305 | 530 | 24,439 | 22,892 | 52,166 |
| Depreciation of this year | 36 | - | 1,080 | 202 | 1,318 |
| Balance on December 31, 2018 | **$ 4,341** | **530** | **25,519** | **23,094** | **53,484** |
| Book value: | | | | | |
| December 31, 2019 | **$ -** | **-** | **3,300** | **39** | **3,339** |
| December 31, 2018 | **$ 4** | **-** | **3,997** | **143** | **4,144** |

By December 31, 2019 and 2018, none of the Company's property, plants and equipment are provided as pledge guarantee.

(8) Right-of-use assets

Details of changes to costs, depreciation and impairment loss of the Company'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 | 425 | 425 |
| Balance on December 31, 2019 | **$ 425** | **425** |
| Depreciation and impairment loss of right-of-use asset: | | |
| Balance on January 1, 2019 | $ - | - |
| Depreciation | 340 | 340 |
| Balance on December 31, 2019 | **$ 340** | **340** |
| Listed value: | | |
| January 1, 2019 | **$ -** | **-** |

| | Buildings and structures | Total |
|---|---|---|
| December 31, 2019 | $ 85 | 85 |

For leased offices as operating leases of the Company in 2018, please refer to Note 6(11).

(9) Investment property

Details of changes to the Company'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 period | $ 292 | 292 |

Fair values of the Company'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 Company's investment properties are provided as pledge guarantee.

(10) Liability reserve

| | | Liability reserve |
|---|---|---|
| Balance on January 1, 2019 | $ | 923 |
| Liability reserve of current addition (reversal) | | 171 |
| Balance on December 31, 2019 | **$** | **1,094** |
| | | |
| Balance on January 1, 2018 | $ | 935 |
| Liability reserve of current addition (reversal) | | (12) |
| Balance on December 31, 2018 | **$** | **923** |

(11) Lease liability

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

| | | December 31, 2019 |
|---|---|---|
| Current | $ | 86 |

For due analysis, please refer to Note 6(22) "Financing instrument".

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

| | | 2019 |
|---|---|---|
| Interest expense of lease liability | $ | 8 |
| Expense of short-term lease | $ | 2,151 |
| Expense of low-value lease asset (does not include low-value leases of short-term leases) | $ | 59 |

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

| | | 2019 |
|---|---|---|
| Total cash outflow of lease | $ | 339 |

(12) Operating lease

Lease as lessee

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

| | | December 31, 2018 |
|---|---|---|
| Within a year | $ | 2,570 |
| 1 to 5 years | | 2,661 |
| | **$** | **5,231** |

Offices, warehouses and business vehicles leased by the Company as operating leases have a lease term of one to five years.

(13) Long-term borrowings

Details, terms and conditions of the Company'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 Company with asset collateral for bank borrowing, please refer to Note 8.

(14) Employee benefits

Defined contribution plans (DCP)

The Company'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 Company has no more legal or constructive obligation to pay additional amounts. Pension expenses of the Company 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.

(15) Income tax

1. Income tax expenses

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

| | 2019 | 2018 |
|---|---|---|
| Income tax expense | $ - | - |
| Deferred income tax expense | | |
| Occurrence and reversal of temporary differences | 11,569 | 5,942 |
| Original occurrence and reversal of tax losses | 23,144 | (4,512) |

| | 2019 | 2018 |
|---|---|---|
| Income tax expense | $ 34,713 | 1,430 |

Details of income tax (expenses) interest of the Company 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 Company in 2019 and 2018 are as follows:

| | 2019 | 2018 |
|---|---|---|
| Net Profit Before Tax | $ 107,250 | (19,596) |
| Income tax calculated according to domestic tax rate of the location of the Company | $ 21,450 | (3,919) |
| Permanent differences | (52) | 3,040 |
| Changes in tax losses of unrecognized deferred income tax assets | (9,829) | 3,968 |
| Changes in unrecognized temporary differences | 23,144 | (1,659) |
| Total | $ 34,713 | 1,430 |

3. Deferred income tax assets and liabilities

Unrecognized deferred income tax assets

Items not recognized as deferred income tax assets by the Company 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** | |

Recognized deferred income tax assets (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 allowances for doubtful accounts | $ 17,669 | 2,459 | 3,118 | - | 23,246 |
| Allowance for inventory valuation and obsolescence losses | 16,853 | (8,440) | 2,974 | - | 11,387 |

| | Beginning balance | Recognized in profit and loss | Affected number of interest rate changes | Recognized in other comprehensive income (loss) | Closing balance |
|---|---|---|---|---|---|
| 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 Company'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.

(16) 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, 2019** | **December 31, 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 value through other comprehensive income** | **Exchange differences on translation of foreign financial statements** | **Total** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| 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** |

(17) 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 | Subscription price (NTD) | Method of contractual fulfillment |
|---|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | right | | |
| May 24, 2011 | 6,900 thousand units | 0 unit | 0 | 102.5.24 | $7.10 | Issue new shares |
| 108.6.10 | 9,000 thousand units | 8,800 thousand units | 8,800,000 | 110.6.10 | $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 | - | - | - |
| 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 | - | - |

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Outstanding number (unit) | Weighted average execution price (NTD) | Outstanding number (unit) | Weighted average execution price (NTD) |
| 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)** |
| 108.6.10 | $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)

(18) Earnings per share

| | 2019 | 2018 |
|---|---|---|
| Basic earnings (losses) per share | | |
| 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) | **$ 0.65** | **(0.19)** |
| Diluted earnings per share | | |
| Net profit (loss) attributable to owners of the Company's common shares | **$ 72,537** | |
| Weighted average number of outstanding shares of 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) | **$ 0.64** | |

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

(19) Revenue from contracts with customers

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

| | 2019 | | 2018 |
|---|---|---|---|
| Electronic components revenue | **$** | **202,093** | **268,781** |

(20) 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.

(21) Non-Operating income and expenditure

1. Other revenue

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

| | 2019 | | 2018 |
|---|---|---|---|
| Interest income | $ | 2,128 | 83 |
| 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 | | 1,778 | 175 |
| | $ | 145,284 | 1,519 |

2. Other gains and losses

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

| | 2019 | | 2018 |
|---|---|---|---|
| Net gain (loss) on foreign currency exchange | $ | (5,539) | 7,957 |
| Financial asset gain measured at fair value through | | 262 | - |

| | 2019 | 2018 |
|---|---|---|
| income (loss) | | |
| Disposal of investment property gain | - | 108 |
| Loss on disposal of investment | - | (323) |
| Others | (362) | (124) |
| | $ (5,639) | 7,618 |

3. Financial cost

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

| | 2019 | 2018 |
|---|---|---|
| Interest expense of long-term bank loan | $ 98 | 1,181 |
| Interest expense of lease liability | 8 | - |
| | $ 106 | 1,181 |

(22) Financing instrument

1. Credit risk

(1) Exposure of credit risk

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

(2) 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 | $ 31,222 | 31,222 | 31,222 | - | - | - |
| Lease liability | 86 | 86 | 86 | - | - | - |
| | $ 31,308 | 31,308 | 31,308 | - | - | - |
| **December 31, 2018** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| No liabilities with interests | $ 68,374 | 68,374 | 68,374 | - | - | - |

| | Carrying amount | Contractual cash Flow | Within 12 months | 1-2 years | 2-5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Floating rate instruments | 11,974 | 12,056 | 12,056 | - | - | - |
| | $ 80,348 | 80,430 | 80,430 | - | - | - |

The Company 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 Company 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 | $ 9,275 | 30.08 | 278,992 | 7,957 | 30.72 | 244,439 |
| RMB | 101 | 4.321 | 436 | 36 | 4.473 | 161 |
| HKD | 518 | 3.866 | 2,003 | 21 | 3.924 | 82 |
| KRW | 55 | 0.0262 | 1 | 55 | 0.0277 | 2 |
| SGD | 1 | 22.37 | 22 | 1 | 22.5 | 23 |
| Financial liabilities | | | | | | |
| Currency item | | | | | | |
| USD | 432 | 30.08 | 12,995 | 440 | 30.72 | 13,517 |
| RMB | 21 | 4.321 | 91 | 42 | 4.473 | 188 |
| HKD | - | - | - | 10 | 3.924 | 39 |

(2) Sensitivity analysis

Foreign exchange rate risks of the Company 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$ 13,418 thousand and NT$ 11,548 thousand respectively. Analyses of both periods adopt the same basis for calculation.

As there are many types of functional currency at the Company, 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$ (5,539) thousand and NT$ 7,957 thousand respectively.

4. Interest rate analysis

The Company'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 Company 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 Company'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 Company's loans.

5. Fair value

(1) Types of financial instruments and fair value

Carrying value and fair value of the Company'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 Company 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) | - |
| 108.12.31 | **$ -** |

(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.

(23) Financial risk management

1. Overview

Due to usage of financial instruments, the Company 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 Company, as well as goals, policies and procedures of the Company in measuring and managing risks. For further quantitative disclosures, please refer to notes of the parent company only financial report.

2. Risk management structure

The Company'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 Company’s financial risk management, the Company 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 Company should authentically follow the established financial risk management related regulations and rules.

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

3. Market risk

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

The Company'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 Company did not manage the risk.

The Company'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 Company's interest rate risk is primarily linked to floating interest rate loans. The Company manages interest rate risks by maintaining a suitable floating interest rate combo. The Company 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 Company'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 Company 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 Company’s internal evaluation criteria.

The Company'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 Company management’s evaluation showed no major credit risk.

The Company's finance department follows the Company’s policy for managing credit risk of bank deposits, fixed rate bonds, and other financial instruments. Determined by the internal controlled procedure, the Company'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 Company’s failure of paying cash, using other financial assets to repay financial liabilities, or fulfilling other obligation.

The Company uses management and maintaining sufficient cash and cash equivalents to support changes on the Company's operations and reduce cash flow volatility. The Company’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 Company. As of December 31, 2019, and 2018, the Company has not used the bank financing amount.

(24) 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.

(25) Liabilities changes from fundraising activities

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

| | | January 1, 2019 | Cash flow | Non-cash flow | December 31, 2019 |
|---|---|---|---|---|---|
| Lease liability | $ | - | (339) | 425 | 86 |
| Long-term borrowings | | 11,947 | (11,947) | - | - |
| Liabilities from fundraising activities | $ | **11,947** | **(12,286)** | **425** | **86** |

| | | January 1, 2018 | 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 Company by the equity method |
| BULL WILL Electronics Corporation (Bull Will Electronics) | Subsidiary |
| Huizhou BULL WILL Electronics Corporation (Huizhou Bull Will) | Subsidiary |
| Huizhou Chunchao Electronics Corporation (Huizhou Chunchao) | Subsidiary |
| Dongguan Chaokang Electronics Corporation (Dongguan Chaokang) | Subsidiary |
| SIGCUS USA INC. (SIGCUS) | Subsidiary (Note) |
| Visco International Co., Ltd. (VISCO) | Subsidiary (Note) |
| 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 |

| Name of the related parties | and their relations with the Company |
|---|---|
| Singapore Hsin Yeh Corporation | Companies controlled by Hsin Yeh Technology Corporation |

Note: The merged company has sold all shares held in December 2019, losing its control and influence. It is no longer a subsidiary of the Company.

(3) material transactions between the Company and the subsidiaries

1. Operating revenue

Amounts of major sales income (refund) of the Company to related parties are as follows:

| Name of the related parties | 2019 | 2018 |
|---|---|---|
| Subsidiary | $ (587) | 13,355 |
| Huizhou Chunchao | 42,813 | 56,304 |
| Associate | 131 | 120 |
| | $ 42,357 | 69,779 |

The sales price and credit conditions of the related parties of the Company's merchandise sales are similar to general transactions.

In 2019 and 2018, the Company's unrealized gain from sales generated from merchandise sales to related parties were NT$ 3,078 thousand and NT$ 12,292 thousand respectively, while the realized gross profits were NT$ 3,977 thousand and NT$ 12,170 thousand respectively.

2. Purchase

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

| Name of the related parties | 2019 | 2018 |
|---|---|---|
| Subsidiary | $ 94 | 340 |
| Huizhou Chunchao | 93,908 | 134,193 |
| Associate | 46 | 86 |
| | $ 94,048 | 134,619 |

The payment conditions of the Company’s purchasing from related parties are similar to general transactions.

3. Number of receivables from related parties

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

| Accounting item | Name of the related parties | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| Account receivables | Bull Will Electronics | $ 24,669 | 25,006 |
| Account receivables | Huizhou Chunchao | 77,709 | 79,588 |
| Account receivables | SIGCUS | - | 34,763 |
| Account receivables | Subsidiary | 184 | 52 |
| Account receivables | Associate | - | 75 |
| Other accounts | Bull Will Electronics | 3,637 | 44 |

| Accounting item | Name of the related parties | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| receivable | | | |
| Other accounts receivable | Huizhou Bull Will | 1,409 | 3,132 |
| Other accounts receivable | Hsin Yeh Technology | 60,160 | - |
| Other accounts receivable | Subsidiary | 344 | 52 |
| Other accounts receivable | BWTS | 9,312 | - |
| Accounts receivable - accounts | Allowance for doubtful | - | (20,300) |
| | | $ 177,424 | 122,412 |

4. Number of payables to related parties

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

| Accounting item | Name of the related parties | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| Accounts payable | Subsidiary | $ 1 | - |
| Accounts payable | Associate | - | 4 |
| Other payables | Subsidiary | 100 | 736 |
| Other payables | Associate | - | 188 |
| | | $ 101 | 928 |

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 |
| 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 |
| Prepayments for purchases | Huizhou Chunchao | - | 3,113 |
| Guarantee deposits paid | Hsin Yeh Investment | 358 | 358 |
| Receipts under custody | Dongguan Chaokang | 35 | 143 |

(4) Primary management remuneration

Primary management renumeration includes:

| | 2019 | 2018 |
|---|---|---|
| Short-term employee benefits | $ 6,154 | 6,781 |
| Post-retirement benefits | 186 | 217 |
| Share-based payment | 2017 | - |
| | $ 6,446 | 6,998 |

**8. Pledged assets**

Details of book value of assets offered as pledge guarantee by the Company 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 post-release duty payment | $ 150 | 5,480 |

**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 Under operating costs | 2019 Under operating expenses | 2019 Total | 2018 Under operating costs | 2018 Under operating expenses | 2018 Total |
|---|---|---|---|---|---|---|
| Employee benefit expense | | | | | | |
| Wages and salaries | - | 21,071 | 21,071 | - | 20,712 | 20,712 |
| Health and labor insurance expense | - | 1,769 | 1,769 | - | 1,840 | 1,840 |
| 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 | - | 873 | 873 | - | 1,005 | 1,005 |
| Depreciation | - | 1,641 | 1,641 | - | 1,457 | 1,457 |
| Amortization cost | - | - | - | - | - | - |

Additional details of number of employees and employee benefit expenses of the

Company in 2019 and 2018 are as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| Number of employees | | 30 | 32 |
| Number of directors also as concurrent employees | | 5 | 5 |
| Average employee benefit expense | $ | 990 | 914 |
| Average employee wages and salaries | $ | 843 | 767 |
| Adjustments to average employee remuneration expense | $ | 9.91% | |

(2) By 2019, the Company has an accumulated deficit to be made up for reaching NT$ 958,292 thousand, which has exceeded half of the Company’s paid-in capital. The Company'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 Company’s long-term operations. To add the Company'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 Company 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 Company’s financial status.

(3) The Securities and Futures Investors Protection Center filed a request for a claim of NT$ 113,710 thousand to the Company 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 Company, He Yiqin and relevant others, according to regulations of the Securities Investor and Futures Trader Protection Act. The Company 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 Company 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 derivative instruments: None.

(2) Re-investment related information:

In 2019, information of the Company’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

Please refer to 2019 Consolidated Financial Report.

Note of individual financial statement of BULL WILL Co., Ltd. (Continued)

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

Table 1: Loans to others

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Closing balance | | | Nature of | Business | Reasons that shor | Allowance | Collateral | | Limitations to | Loans to | |
| Item | Loaner company of fu | Borrower | Item for exch | Related | Current highest | (Credit approved by the B | Actual amount of | Range of | loans | exchange | financing funding | Bad debts | Name | Value | to individual | Total credit | Note |
| | | | | or not | | | | % | | Amount | | | | | | | |
| 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 individual financial statement of BULL WILL Co., Ltd. (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 amount | Shareholding | Fair value | Note |
| BULL WILL Co., Ltd. | Stock of | | | | | | | |
| | Tailyn Technologies, Inc. | - | Financial assets amounted for at fair | 10 | 190 | 0 | 190 | Note 1 |
| | HIM International Music Inc. | - | Financial assets amounted for at fair | 10 | 1235 | 0 | 1235 | 〃 |
| | Orient Semiconductor Electronics, Li | - | Financial assets amounted for at fair | 100 | 1485 | 0 | 1485 | 〃 |
| | Unimicron Technology Corporation | - | Financial assets amounted for at fair | 10 | 420 | 0 | 420 | 〃 |
| | Elan Microelectronics Corp. | - | Financial assets amounted for at fair | 10 | 912 | 0 | 912 | 〃 |
| | Lien Hwa Industrial Holdings Corp. | - | Financial assets amounted for at fair | 20 | 739 | 0 | 739 | 〃 |
| | Formosan Rubber Group Inc. | - | Financial assets amounted for at fair | 10 | 189 | 0 | 189 | 〃 |
| | TXC Corporation | - | Financial assets amounted for at fair | 10 | 473 | 0 | 473 | 〃 |
| | Farglory Free Trade Zone Investment | - | Financial assets amounted for at fair | 20 | 519 | 0 | 519 | 〃 |
| | Chipbond Technology Corporation | - | Financial assets amounted for at fair | 20 | 1344 | 0 | 1344 | 〃 |

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

Note of individual financial statement of BULL WILL Co., Ltd. (Continued)

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

Table 2: Marketable securities held period end

Unit: NT$

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

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

Note of individual financial statement of BULL WILL Co., Ltd. (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$

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

Note 1: Hong Kong Serial Investment Co., Ltd. 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

Note of individual financial statement of BULL WILL Co., Ltd. (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 investe mainland China | Primary business | Paid-in capital | Method investme | Accumulated in amount remitte Taiwan at begi | Investment amount outward or recove Remitted | Remitted b | Accumulated in amount remitted Taiwan at begi | Current profi outward from of investee | Shareholding rat Direct or indirect investment of the Compan | Recognized (loss) of | Investment b at end of th | Investment profit remmitted bac by end of this period | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Huizhou Jun Chao I Co., Ltd. | Agent of the Company's relevant manufacture | 51403 (13000) | (2) | 47151 (12050) | 0 | 0 | 47151 (12050) | -15908 | 1 | -15908 | -114290 | 0 | |
| Dongguan Zhao Ka 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 manufacture | 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 manufacture | 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 re from Taiwan to mainland China | Investment amount approved by Investmer of the Ministry of Economic Affair | It is in accordance with the q the Ministry of Economic Affai |
|---|---|---|
| 302926 (USD 700, HKD 72,910) | 302926 (USD 700, HKD 72,910) | 124186.8 |

BULL WILL Co., Ltd.

Statement of cash and cash equivalents

December 31, 2019

Unit: NT$1,000

| Items | Summary | Amount | Note |
|---|---|---|---|
| Cash in treasury | | | |
| | Petty cash | $328 | |
| | Subtotal | 328 | |
| Bank deposits | | | |
| Checking deposits | | 7 | |
| Demand deposits | | 3,117 | |
| Foreign currency | US$471 thousand/Exchange rate 30.08 | 14,176 | |
| | HK$9 thousand/Exchange rate 3.866 | 34 | |
| | SG$1 thousand/Exchange rate 22.37 | 17 | |
| | Subtotal | 17,351 | |
| | Total | $17,679 | |

BULL WILL Co., Ltd.

Financial assets carried at fair value through income (loss) - current

December 31, 2019

Unit: NT$1,000

| Items | Unit (thousand shares) | Acquisition cost | Fair value | | Guarantee provision | Note |
|---|---|---|---|---|---|---|
| | | | Unit net value | Total | Pledge condition | |
| Stock | | | | | | |
| Tailyn Technologies, Inc. | 10 | $204 | 19.00 | $190 | None | |
| HIM International Music Inc. | 10 | 1,282 | 123.50 | 1,235 | 〃 | |
| Orient Semiconductor Electronics, Limited | 100 | 1,690 | 14.85 | 1,485 | 〃 | |
| Unimicron Technology Corporation | 10 | 459 | 42.00 | 420 | 〃 | |
| Elan Microelectronics Corp. | 10 | 890 | 91.20 | 912 | 〃 | |
| Lien Hwa Industrial Holdings Corp. | 20 | 714 | 36.95 | 739 | 〃 | |
| Formosan Rubber Group Inc. | 10 | 193 | 18.85 | 189 | 〃 | |
| TXC Corporation | 10 | 470 | 47.30 | 473 | 〃 | |
| Farglory Free Trade Zone Investment Holding Co., Ltd. | 20 | 568 | 25.95 | 519 | 〃 | |
| Chipbond Technology Corporation | 20 | 1,338 | 67.20 | 1,344 | 〃 | |
| Hsin Kuang Steel Co., Ltd. | 20 | 617 | 31.50 | 630 | 〃 | |
| Taiwan Cement Ltd. | 10 | 428 | 43.70 | 437 | 〃 | |
| Apex International Co., Ltd. | 10 | 459 | 46.00 | 460 | 〃 | |
| Minus: Adjustments by valuation | | (279) | | | | |
| Total | | $9,033 | | $9,033 | | |

BULL WILL Co., Ltd.

Statement of accounts and notes receivable

December 31, 2019

Unit: NT$1,000

| Item | Summary | Amount | Note |
| --- | --- | --- | --- |
| Notes receivable | | | |
| Company A | Payments for | $619 | |
| Company B | Payments for | 220 | |
| Company C | Payments for | 47 | |
| Others | Payments for | 19 | Amount is less than 5% of account balance |
| Subtotal | | 905 | |
| | | | |
| Account receivables | | | |
| Company D | Payments for | 12,937 | |
| Company E | Payments for | 9,824 | |
| Company F | Payments for | 9,188 | |
| Company G | Payments for | 5,508 | |
| Company H | Payments for | 5,269 | |
| Company I | Payments for | 3,855 | |
| Others | Payments for | 22,082 | Amount is less than 5% of account balance |
| Subtotal | | 68,663 | |
| Less: Allowance for doubtful accounts | | (2,221) | |
| Net amount | | 66,442 | |
| | | | |
| Accounts receivable - related parties | | | |
| Huizhou Chunchao Electronics | Payments for | 77,709 | |
| BULL WILL Electronics Co., L | Payments for | 24,669 | |
| Others | Payments for | 184 | Amount is less than 5% of account balance |
| Subtotal | | 102,562 | |
| | | | |
| Total | | $169,909 | |

BULL WILL Co., Ltd.

Statement of other accounts receivable

December 31, 2019

Unit: NT$1,000

| Items | Summary | Amount | Note |
|---|---|---|---|
| Other accounts receivable | | | |
| Income tax refund receivable | | $5 | |
| Subtotal | | 5 | |
| | | | |
| Other accounts receivable - related parties | | | |
| Hsin Yeh Technology | Loans to | 60,160 | |
| BWTS | Loans to | 9,312 | |
| Others | ents under custo | 5,390 | |
| Subtotal | | 74,862 | Amount is less than 5% of account bala |
| | | | |
| Total | | $74,867 | |

BULL WILL Co., Ltd.

List of inventories

December 31, 2019

Unit: NT$1,000

| Item | Summary | Amount: Cost | Amount: Market price | Note |
|---|---|---|---|---|
| Merchandise | | $80,535 | $1,322 | Net realizable |
| Less: Allowance for inventory valuation and obs | | (79,213) | | |
| | | $1,322 | 1,322 | |

BULL WILL Co., Ltd.

Financial assets carried at fair value through other comprehensive income (loss) - current

December 31, 2019

Unit: NT$1,000

| Items | Unit (shares) | uisition c | Fair value | | rantee provis | Note |
|---|---|---|---|---|---|---|
| | | | it net val | Total | 'ledge conditic | |
| Stock | | | | | | |
| Japan Bull Will Corporation | - | $306 | - | - | None | |
| Minus: Adjustments by valuation | | (306) | | | | |
| Total | | - | | | | |

BULL WILL Co., Ltd.

Statement of changes in investments (loans) accounted for using equity method

January 1 to December 31, 2019

Unit: NT$1,000/thousand shares

| Items | Beginning balance | | Current addition | | Current reduction | | Investment income (loss) accounted for using | Accumulated adjustments through | Unrealized merchandise sales | Closing balance | | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | Shares | Shareholding ratio % | Amount | |
| BULL WILL TRADING(S) PTE LTD | 70 | $4,279 | - | - | - | - | 63 | (24) | - | 70 | 48.95 | 4,318 | |
| | | $4,279 | | - | | - | 63 | (24) | - | | | 4,318 | |
| | | | | | | | | | | | | | |
| Hong Kong Bull Will Holdings | 10,374 | ($92,389) | - | - | - | - | 1,729 | 1,905 | 898 | 10,374 | 100.00 | (87,857) | |
| | | ($92,389) | | - | | - | 1,729 | 1,905 | 898 | | | (87,857) | |

BULL WILL Co., Ltd.

Statement of accounts receivable

December 31, 2019

Unit: NT$1,000

| Name of supplier | Summary | Amount | Note |
|---|---|---|---|
| Accounts payable | | | |
| Company A | | $6,220 | |
| Company B | | 1,682 | |
| Company C | | 1,493 | |
| Company D | | 1,395 | |
| Company E | | 1,368 | |
| Company F | | 1,258 | |
| Others | | 8,201 | Amount is less than 5% of account balan |
| | | 21,617 | |
| Accounts payable - related parties | | | |
| Huizhou Bullwill Electronic Co., Ltd. | | 1 | |
| Total | | $21,618 | |

BULL WILL Co., Ltd.

Statement of other accounts payable

December 31, 2019

Unit: NT$1,000

| Items | Summary | Amount | Note |
|---|---|---|---|
| Other accounts payable | | | |
| Compensation payable | | $4,743 | |
| Expenses payable | | 2,355 | |
| Estimated expenses payable | | 2,406 | |
| Subtotal | | $9,504 | |
| | | | |
| Other accounts payable - related parties | | | |
| Hong Kong Serial Investment Co., Ltd. | | $100 | |
| | | | |
| Total | | $9,604 | |

Statement of other current liabilities

December 31, 2019

Unit: NT$1,000

| Items | Summary | Amount | Note |
|---|---|---|---|
| Temporary receivables | | $2,787 | |
| Receipts under custody | | 218 | |
| | | $3,005 | |

BULL WILL Co., Ltd.

Statement of operating cost

January 1 to December 31, 2019

Unit: NT$1,000

| Items | Amount | | Note |
|---|---|---|---|
| | Subtotal | Total | |
| Plus: Initial inventory | $82,620 | | |
| Plus: Current merchandise purchase | 167,947 | | |
| Minus: End of term inventory | (80,535) | | |
| Cost of sales | | $170,032 | |
| Other impairments | | (744) | |
| Other operating cost | | - | |
| Total | | $169,288 | |

BULL WILL Co., Ltd.

Statement of sales expenses

January 1 to December 31, 2019

Unit: NT$1,000

| Items | Amount | Note |
|---|---|---|
| Compensation expenses | $4,599 | |
| Rent expenses | 717 | |
| Shipment expenses | 910 | |
| Social expenses | 748 | |
| Other expenses - exporting exp | 1,580 | |
| Other expenses - others | 2,392 | Item balance does not ex |
| | $10,946 | |

Statement of management expenses

January 1 to December 31, 2019

Unit: NT$1,000

| Items | Amount | Note |
|---|---|---|
| Compensation expenses | $16,972 | |
| Other expenses - labor costs | 12,612 | |
| Other expenses - others | 7,591 | Item balance does not ex |
| | $37,175 | |

BULL WILL Co., Ltd.

Statement of research and development expenses

January 1 to December 31, 2019

Unit: NT$1,000

| Items | Amount | Note |
|---|---|---|
| Salary | $2,219 | |
| Rent expenses | 358 | |
| Insurance fees | 175 | |
| Depreciation and depleti | 309 | |
| Other expenses - others | 124 | Item balance does not exce |
| | $3,185 | |

| | |
|---|---|
| Property, plants, and eq | Please refer to Note 6(7) of individual financial re |
| Right-of-use assets | Please refer to Note 6(8) of individual financial re |
| Investment property | Please refer to Note 6(9) of individual financial re |
| Lease liabilities | Please refer to Note 6(11) of individual financial r |
| Operating revenue | Please refer to Note 6(19) of individual financial r |
| Non-operating income and | Please refer to Note 6(21) of individual financial r |