ITEQ Corporation

Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
ITEQ Corporation

Opinion

We have audited the accompanying financial statements of ITEQ Corporation (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Inventory

The inventory of the Company is susceptible to price fluctuations and obsolescence due to changes in demand for finished goods and raw materials caused by price fluctuations in the market. Management estimated the allowance for impairment loss of inventory based on its historical stock sales, and market conditions may also influence management's reasonableness in estimating the allowance for impairment loss of inventory. Therefore, we identified inventory as a key audit matter. Refer to Notes 5 and 10 to the financial statements for disclosures on the relevant accounting estimates and uncertainties and other detailed information.

The audit procedures that we performed for inventory were as follows:

1. We understood and tested the design and implementation of the internal control related to inventory, which included the evaluation of the impairment and obsolescence of inventory which were recognized and approved by management.

2. To verify the existence and completeness of the inventory, we obtained the year-end inventory quantity and compared it with the year-end inventory count data. We also participated and observed the year-end inventory count. We assessed the condition of the inventory to evaluate the reasonableness of the inventory impairment provisions for obsolete and damaged goods.

3. We selected samples from the year-end inventory record details and compared the purchase price of raw materials or sales price of inventories and we recalculated the net realizable value to confirm the correctness of its calculation. We took samples and compared the net realizable value of inventories with their carrying amount to assess the reasonableness of the inventory impairment provisions.

4. We obtained and verified the slow-moving inventory and the aging report of inventory in detail, analyzed the difference between the current and prior years, and recalculated the impairment of obsolete inventory to confirm the correctness of its calculation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen-Hsiu Yang and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ITEQ CORPORATION

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 477,516	3	$ 330,658	2
Accounts receivable and notes receivable, net (Note 7)	712,893	4	788,655	6
Accounts receivable - related parties (Note 23)	1,033,603	6	416,084	3
Other receivables (Note 22)	177,667	1	114,764	1
Other receivables - related parties (Note 23)	329,855	2	458,945	3
Inventories, net (Note 8)	721,045	5	311,815	2
Other current assets	6,737	-	2,236	-
Total current assets	3,459,316	21	2,423,157	17
NON-CURRENT ASSETS				
Investment accounted for using the equity method (Note 9)	11,889,401	71	10,703,125	76
Property, plant and equipment (Note 10)	694,635	4	816,832	6
Right-of-use assets (Notes 11 and 23)	258,025	2	-	-
Deferred tax assets (Note 19)	183,442	1	63,292	-
Prepayments for equipment	11,909	-	10,378	-
Other non-current assets (Notes 12, 15, 23 and 25)	139,619	1	147,854	1
Total non-current assets	13,177,031	79	11,741,481	83
TOTAL	$ 16,636,347	100	$ 14,164,638	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	$ 3,070,000	18	$ 3,026,985	22
Short-term bills payable, net (Note 13)	389,819	2	389,827	3
Accounts payable and notes payable	1,478,737	9	749,537	5
Accounts payable - related parties (Note 23)	161,342	1	145,644	1
Other payables	427,124	3	307,577	2
Other payables - related parties (Note 23)	550	-	101,046	1
Current tax liabilities (Note 19)	95,601	1	28,111	-
Provisions - current (Note 14)	3,420	-	987	-
Lease liabilities - current (Notes 11 and 23)	26,695	-	-	-
Current portion of long-term borrowings (Notes 13 and 23)	117,647	1	117,647	1
Other current liabilities	62,103	-	28,555	-
Total current liabilities	5,833,038	35	4,895,916	35
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Note 13)	1,288,235	8	905,882	6
Deferred tax liabilities (Note 19)	361,821	2	367,708	3
Lease liabilities - non-current (Notes 11 and 23)	223,130	1	-	-
Guarantee deposits received	4,592	-	3,160	-
Total non-current liabilities	1,877,778	11	1,276,750	9
Total liabilities	7,710,816	46	6,172,666	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 16)				
Share capital	3,029,572	18	3,029,572	21
Capital surplus	653,239	4	653,239	5
Retained earnings				
Legal reserve	1,372,300	8	1,194,845	8
Special reserve	205,680	1	-	-
Unappropriated earnings	4,248,130	26	3,319,996	24
Total retained earnings	5,826,110	35	4,514,841	32
Other items in equity	(583,390)	(3)	(205,680)	(2)
Total equity	8,925,531	54	7,991,972	56
TOTAL	$ 16,636,347	100	$ 14,164,638	100

The accompanying notes are an integral part of the financial statements.

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 17 and 23)	$ 5,024,371	100	$ 4,042,620	100
COST OF GOODS SOLD (Notes 8, 18 and 23)	4,242,597	84	3,594,190	89
GROSS PROFIT	781,774	16	448,430	11
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(40,898)	(1)	(7,561)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	7,561	-	3,818	-
REALIZED GROSS PROFIT	748,437	15	444,687	11
OPERATING EXPENSES (Notes 18 and 23)				
Selling and marketing expenses	100,838	2	66,747	2
General and administrative expenses	369,743	8	295,714	7
Research and development expenses	213,238	4	212,490	5
Total operating expenses	683,819	14	574,951	14
PROFIT (LOSS) FROM OPERATIONS	64,618	1	(130,264)	(3)
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 18 and 23)	34,802	1	103,852	2
Finance costs (Notes 18 and 23)	(51,882)	(1)	(42,967)	(1)
Other gains and losses (Note 18)	(36,890)	(1)	63,790	2
Share of loss of subsidiaries (Note 9)	2,551,923	51	1,813,768	45
Total non-operating income and expenses	2,497,953	50	1,938,443	48
INCOME BEFORE INCOME TAX	2,562,571	51	1,808,179	45
INCOME TAX EXPENSE (Note 19)	99,271	2	33,622	1
NET INCOME FOR THE YEAR	2,463,300	49	1,774,557	44

(Continued)

ITEQ CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	$ (794)	-	$ 1,328	-
Share of other comprehensive income (loss) of subsidiaries	(743)	-	302	-
	(1,537)	-	1,630	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 16)	(471,209)	(10)	(163,097)	(4)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 19)	94,242	2	35,382	1
Items that may be reclassified subsequently to profit or loss, net of income tax	(376,967)	(8)	(127,715)	(3)
Other comprehensive loss for the year, net of income tax	(378,504)	(8)	(126,085)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,084,796	41	$ 1,648,472	41
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 20)				
Basic	$ 8.13		$ 5.86	
Diluted	$ 8.10		$ 5.82	

The accompanying notes are an integral part of the financial statements. (Concluded)

ITEQ CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

				Retained Earnings (Note 16)			Other Item Equity (Note 16)			
	Shares (Thousands)	Share Capital (Note 16)	Capital Surplus (Note 16)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2018	302,957	$ 3,029,572	$ 653,239	$ 1,070,375	$ -	$ 2,439,520	$ (76,429)	$ 169,557	$ -	$ 7,285,834
Effect of retrospective application	-	-	-	-	-	168,228	-	(169,557)	(1,838)	(3,167)
BALANCE AT JANUARY 1, 2018 AS RESTATED	302,957	3,029,572	653,239	1,070,375	-	2,607,748	(76,429)	-	(1,838)	7,282,667
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	124,470	-	(124,470)	-	-	-	-
Cash dividends	-	-	-	-	-	(939,167)	-	-	-	(939,167)
Net consolidated income for the year ended December 31, 2018	-	-	-	-	-	1,774,557	-	-	-	1,774,557
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	1,328	(127,715)	-	302	(126,085)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	1,775,885	(127,715)	-	302	1,648,472
BALANCE AT DECEMBER 31, 2018	302,957	3,029,572	653,239	1,194,845	-	3,319,996	(204,144)	-	(1,536)	7,991,972
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	177,455	-	(177,455)	-	-	-	-
Special reserve	-	-	-	-	205,680	(205,680)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,151,237)	-	-	-	(1,151,237)
Net consolidated income for the year ended December 31, 2019	-	-	-	-	-	2,463,300	-	-	-	2,463,300
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(794)	(376,967)	-	(743)	(378,504)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	2,462,506	(376,967)	-	(743)	2,084,796
BALANCE AT DECEMBER 31, 2019	302,957	$ 3,029,572	$ 653,239	$ 1,372,300	$ 205,680	$ 4,248,130	$ (581,111)	$ -	$ (2,279)	$ 8,925,531

The accompanying notes are an integral part of the financial statements.

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,562,571	$ 1,808,179
Adjustments for:		
Expected credit loss	1,214	-
Depreciation expense	231,584	204,976
Amortization of prepayments	2,720	3,455
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(39,926)
Finance costs	51,882	42,967
Interest income	(2,768)	(1,368)
Share of loss of subsidiaries	(2,551,923)	(1,813,768)
Loss on disposal of property, plant and equipment	968	-
Write-downs of inventories	9,283	-
Unrealized gain on transactions with subsidiaries	115,076	7,561
Realized gain on the transactions with subsidiaries	(7,561)	(3,818)
(Gain) loss on foreign currency exchange	16,590	(15,907)
Reversal of provisions	2,433	987
Changes in operating assets and liabilities		
Notes receivable	74,680	(53,148)
Accounts receivable	(6,406)	75,611
Accounts receivable - related parties	(634,260)	(118,061)
Other receivables	(62,902)	109,751
Other receivables - related parties	28,871	(13,781)
Inventories	(418,513)	21,020
Other current assets	(4,501)	674
Notes payable	(570)	(856)
Accounts payable	741,008	(52,756)
Accounts payable - related parties	18,271	(258,807)
Other payables	122,681	(33,008)
Other payables - related parties	(100,486)	97,451
Other current liabilities	(3,448)	(642)
Cash (used in) generated from operations	186,494	(33,214)
Interest paid	(52,155)	(42,633)
Income tax paid	(38,872)	(294,289)
Net cash generated from (used in) operating activities	95,467	(370,136)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(532)
Proceeds from sale of financial assets at fair value through profit or loss	-	218,240
Refund of shares of invested companies using equity method	300,000	-
Proceeds from disposal of property, plant and equipment	200	-
Increase in refundable deposits	(3,373)	(202)
Decrease in refundable deposits	1,700	-

(Continued)

ITEQ CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Increase in other non-current assets	$ (3,921)	$ (6,379)
Increase in prepayments for equipment	(82,686)	(31,599)
Interest received	1,683	1,368
Dividends received from subsidiaries	591,296	788,652
Net cash generated from investing activities	804,899	969,548
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	43,015	819,985
Decrease in short-term bills payable	(2,870)	(109,938)
Proceeds from long-term borrowings	1,200,000	700,000
Repayments of long-term borrowings	(817,647)	(917,647)
Increase in guarantee deposits received	1,432	160
Repayment of the principal portion of lease liabilities	(26,201)	-
Cash dividends paid	(1,151,237)	(939,167)
Net cash used in financing activities	(753,508)	(446,607)
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,858	152,805
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	330,658	177,853
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 477,516	$ 330,658

The accompanying notes are an integral part of the financial statements. (Concluded)

1. GENERAL INFORMATION

ITEQ Corporation (the "Company") was incorporated on April 10, 1997. It manufactures and sells mass lamination boards, copper clad laminates, prepeg products and electronic components. The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since January 21, 2008.

The financial statements of the Company is presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 17, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     <u>Definition of a lease</u>

     The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on effective interest rate. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses [on a straight-line basis. Prepaid lease payments for land use rights of land were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the statements of cash flows. Leased assets and finance lease payables were recognized on the balance sheets for contracts classified as finance leases.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

For leases previously classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Company applies IAS 36 to all right-of-use assets.

The lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.63%. The difference between the lease liabilities recognized and operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 298,674
Undiscounted amounts on January 1, 2019	$ 298,674
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 276,026
Lease liabilities recognized on January 1, 2019	$ 276,026

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Right-of-use assets	$ -	$ 287,425	$ 287,425
Refundable deposits	116,479	(11,399)	105,080
Total effect on assets	$ 116,479	$ 276,026	$ 392,505
Lease liabilities - current	$ -	$ 30,199	$ 30,199
Lease liabilities - non-current	-	245,827	245,827
Total effect on liabilities	$ -	$ 276,026	$ 276,026
Total effect on equity	$ -	$ -	$ -

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value are translated using the prevailing exchange rates at the exchange day. Translation differences on non-monetary items measured at fair value are recognized in profit or loss of the current year. However, the translation differences are also recognized directly in the comprehensive income if the change in fair value is recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of preparing the financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on the translation to the presentation currency are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at least once at the end of each year. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. The effect of any changes in estimates is accounted for on a prospective basis.

h. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount, the carrying amount shall be adjusted to its recoverable amount and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 22.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and bank acceptances with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except:

Financial guarantee contracts.

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and the amount initially recognized less the cumulative amortization recognized.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the estimated cash flows to settle the present obligation.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the contracts are negotiated as a package with a single commercial objective.

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of prepeg products and copper clad laminates. Sales of prepeg products and copper clad laminates are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

l. Leases

2019

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related cost for which the grants are intended to compensate.

n. Employee benefits

Short-term employee benefits

Short-term employee benefits related liabilities are measured using non-discounted expected disbursement for services rendered.

Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Write-down of Inventories

Since inventories are denominated in terms of cost and net realizable value, the Company uses the judgment and estimates to determine the net realizable value of the inventories at the end of the reporting period.

The Company assesses the amount of inventory lost due to normal wear and tear, obsolescence or no market sales value at the end of the period of the reporting period, and reduces the inventory cost to the net realizable value. This inventory assessment is based primarily on the estimated product demand for a specific period of time in the future and may result in significant changes.

6. CASH AND EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 84	$ 70
Cash in banks	477,432	177,013
Cash equivalents		
Time deposits	-	153,575
	$ 477,516	$ 330,658

The market rate intervals of cash in banks at the end of the reporting period were as follows:

	December 31	
	2019	**2018**
Cash in banks	0.00%-0.38%	0.00%-0.50%
Time deposits	-	2.35%-3.10%

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2019	2018
Notes receivable		
At amortized cost	$ 77,149	$ 151,829
Accounts receivables		
At amortized cost		
Gross carrying amount	$ 637,657	$ 640,782
Less: Allowance for impairment loss	1,913	3,956
Accounts receivables, net	$ 635,744	$ 636,826
Total	$ 712,893	$ 788,655

The average credit period on sales of goods is 120 days. The Company also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Company evaluates the credit quality, determines the credit limit of potential customers according to an internal ratings system, reviews the credit status of customers in order to adjust their credit limits every half year, and assigns a team responsible for the determination and approval of credit limits. The team continually reviews the financial condition of accounts receivable factoring and insurance, if necessary, in order to reduce the Company's credit risk.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 90 days past due, whichever occurs earlier. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2019

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.28%	1.66%	8.73%	100%	
Gross carrying amount	$ 634,786	$ 1,932	$ 939	$ -	$ 637,657
Loss allowance (lifetime ECL)	(1,799)	(32)	(82)	-	(1,913)
Amortized cost	$ 632,987	$ 1,900	$ 857	$ -	$ 635,744

December 31, 2018

	Not Past Due	Less than 30 Days	31 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.61%	0.81%	9.45%	100.00%	
Gross carrying amount	$ 637,106	$ 2,840	$ 836	$ -	$ 640,782
Loss allowance (lifetime ECL)	(3,854)	(23)	(79)	-	(3,956)
Amortized cost	$ 633,252	$ 2,817	$ 757	$ -	$ 636,826

The movements of the loss allowance of trade receivables were as follows:

	December 31	
	2019	2018
Balance at January 1	$ 3,956	$ 3,956
Add: Net remeasurement of loss allowance	1,214	-
Less: Amounts written off	(3,257)	-
Balance at December 31	$ 1,913	$ 3,956

For information of factored accounts receivables, refer to Note 22.

8. INVENTORIES, NET

	December 31	
	2019	2018
Finished goods	$ 169,700	$ 95,591
Work in process	5,921	1,066
Raw materials	545,424	215,158
	$ 721,045	$ 311,815

As of December 31, 2019 and 2018, the cost of inventories recognized as cost of goods sold was $4,242,597 thousand and $3,594,190 thousand, respectively, which included loss on write-downs inventories were $9,245 thousand and $0 thousand.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2019	2018
Non-public company		
Bon-Mou Investment Co.	$ 145,212	$ 704,595
ITEQ International Ltd.	11,744,189	9,998,530
	$ 11,889,401	$ 10,703,125

The proportion of ownership and voting rights of the Company to the subsidiaries on the balance sheet date are as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2019	2018
Bon-Mou Investment Co.	100%	100%
ITEQ International Ltd.	100%	100%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the subsidiaries' financial statements which have been audited for the years then ended.

As discussed in Note 24, the Company provided financial guarantees for its subsidiary. As of December 31, 2019 and 2018, there were $18,091 thousand and $14,432 thousand included in the carrying amounts of investments in subsidiaries, respectively, due to the financial guarantees.

On February 6, 2020, as approved by the board of directors, it was planned to issue the capital of ITEQ (JX) to US$60,000 thousand.

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Transport Equipment	Facilities	Leased Improvements	Other Equipment	Total
Cost						
Balance at January 1, 2019	$ 864,378	$ 11,513	$ 9,870	$ 353,498	$ 625,786	$ 1,865,045
Disposals	(6,309)	(1,480)	-	-	(4,630)	(12,419)
Reclassified	22,618	476	1,950	24,609	31,502	81,155
Balance at December 31, 2019	$ 880,687	$ 10,509	$ 11,820	$ 378,107	$ 652,658	$ 1,933,781
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ 464,786	$ 10,170	$ 8,826	$ 190,652	$ 373,779	$ 1,048,213
Depreciation expense	87,622	1,158	640	42,490	70,274	202,184
Disposals	(5,244)	(1,377)	-	-	(4,630)	(11,251)
Balance at December 31, 2019	$ 547,164	$ 9,951	$ 9,466	$ 233,142	$ 439,423	$ 1,239,146
Net value	$ 333,523	$ 558	$ 2,354	$ 144,965	$ 213,235	$ 694,635
Cost						
Balance at January 1, 2018	$ 857,268	$ 11,513	$ 9,382	$ 348,804	$ 605,306	$ 1,832,273
Disposals	-	-	-	-		
Reclassified	7,110	-	488	4,694	20,480	32,772
Balance at December 31, 2018	$ 864,378	$ 11,513	$ 9,870	$ 353,498	$ 625,786	$ 1,865,045
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ 378,799	$ 8,831	$ 7,709	$ 149,008	$ 298,890	$ 843,237
Depreciation expense	85,597	1,339	1,117	41,644	74,889	204,976
Balance at December 31, 2018	$ 464,786	$ 10,170	$ 8,826	$ 190,652	$ 373,779	$ 1,048,213
Net value	$ 399,592	$ 1,343	$ 1,044	$ 162,846	$ 252,007	$ 816,832

No impairment assessment was performed for the years ended December 31, 2019 and 2018 as there was no indication of impairment.

Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Equipment	
Electromechanical power equipment	5-12 years
Renovation	2-5 years
Transportation equipment	5-10 years
Facilities	
Computers	3-10 years
Office furniture	3-5 years
Other equipment	
Research and development equipment	3-12 years
Pollution prevention equipment	3-12 years
Miscellaneous equipment	1-12 years
Leased improvements	3-9 years

11. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	$ 258,025

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Buildings	$ 29,400

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 26,695
Non-current	$ 223,130

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.6%-3.2%

c. Material lease-in activities and terms

The Company leases certain land, plants and office spaces with a lease term from January 2013 to December 2028. The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year on the basis of changes in the consumer price index. The Company does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases and low-value asset leases	$ 2,776
Total cash outflow for leases	$ (33,245)

The Company leases certain mechanical equipment which qualify as short-term leases and certain office spaces which qualify as low-value asset leases. The Company elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 30,469
Later than 1 year and not later than 5 years	150,972
Later than 5 years	117,233
	$ 298,674

12. OTHER NON-CURRENT ASSETS

	December 31	
	2019	2018
Refundable deposits (Note 23)	$ 107,838	$ 116,479
Net defined benefit assets (Note 15)	19,169	19,184
Long-term prepayments	8,064	6,497
Others	4,548	5,694
	$ 139,619	$ 147,854

13. BORROWINGS

a. Short-term borrowings

The weighted average effective interest rates on bank loans were 0.99%-1.10% and 0.93%-1.10% as of December 31, 2019 and 2018, respectively.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

	December 31	
	2019	**2018**
Commercial paper	$ 390,000	$ 390,000
Less: Unamortized discounts on bills payable	181	173
	$ 389,819	$ 389,827
Interest rate	1.04%-1.05%	1.04%-1.05%

c. Long-term borrowings

	December 31	
	2019	**2018**
Credit loans	$ 1,405,882	$ 1,023,529
Less: Current portion	117,647	117,647
	$ 1,288,235	$ 905,882
Interest rate	0.90%-1.10%	0.90%-1.04%

On June 29, 2018, the Company obtained a $500,000 thousand bank loan under a two-year revolving agreement with the KGI Commercial Bank. As of December 31, 2019, the Company had already accessed the loan fund of $500,000 thousand.

On December 6, 2018, the Company obtained a $500,000 thousand bank loan under a three-year revolving agreement with the Agricultural Bank of Taiwan. As of December 31, 2019, the Company had already accessed the loan fund of $500,000 thousand.

On October 29, 2019 and July 6, 2018, the Company obtained a $200,000 thousand bank loan under a two-year revolving agreement with SinoPac Bank, respectively. As of December 31, 2019 and 2018, the Company had already accessed the loan fund of $200,000 thousand, respectively. The bank loan agreement stipulated that:

1) The ratio of current assets to current liabilities shall not be lower than 100%.

2) The ratio of liabilities to net tangible assets shall not be higher than 175%.

3) Interest coverage shall not be lower than 400%.

4) The net value of tangible assets shall not be lower than $5,000,000 thousand.

On August 27, 2014, the Company obtained a $500,000 thousand bank loan under a seven-year revolving agreement with O-Bank. As of December 31, 2018, the Company had fully accessed the loan fund and the repaid loan fund of $294,118 thousand. The bank loan agreement stipulated that:

1) The ratio of current assets to current liabilities shall not be lower than 100%.

2) The ratio of liabilities to net tangible assets shall not be higher than 200%.

3) Interest coverage shall not be lower than 400%.

4) The net value of tangible assets shall not be lower than $5,000,000 thousand.

14. PROVISIONS - CURRENT

	December 31	
	2019	2018
Returns and allowances	$ 3,420	$ 987

Changes in returns and allowances provisions were as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 987	$ -
Recognition (reversal)	2,433	987
Balance at December 31	$ 3,420	$ 987

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for occurrence of product returns and rebates for the year ended December 31, 2019. The provision was recognized as a reduction of operating income in the periods the related goods were sold.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

For the years ended December 31, 2019 and 2018, the Company recognized pension costs of $13,001 thousand and $12,517 thousand, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to

retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau") and the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 25,841	$ 24,910
Fair value of plan assets	(45,010)	(44,094)
Net defined benefit assets (part of other non-current assets)	$ (19,169)	$ (19,184)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Asset**
Balance at January 1, 2018	$ 24,729	$ (41,817)	$ (17,088)
Net interest expense (income)	246	(421)	(175)
Recognized in profit or loss	246	(421)	(175)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,263)	(1,263)
Actuarial gain - changes in demographic assumptions	606	-	606
Actuarial loss - experience adjustments	(671)	-	(671)
Recognized in other comprehensive income	(65)	(1,263)	(1,328)
Contributions from the employer	-	(593)	(593)
Balance at December 31, 2018	24,910	(44,094)	(19,184)
Net interest expense (income)	248	(443)	(195)
Recognized in profit or loss	248	(443)	(195)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,541)	(1,541)
Actuarial loss - changes in financial assumptions	685	-	685
Actuarial loss - changes in demographic assumptions	751	-	751
Actuarial loss - experience adjustments	899	-	899
Recognized in other comprehensive income	2,335	(1,541)	794
Contributions from the employer	-	(584)	(584)
Benefits paid	(1,652)	1,652	-
Balance at December 31, 2019	$ 25,841	$ (45,010)	$ (19,169)

The amounts of defined benefit plans recognized in profit or loss by function were as follows:

	For the Year Ended December 31	
	2019	**2018**
Administration profits	$ (195)	$ (175)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	**2018**
Discount rate	0.75%	1.00%
Expected rates of future salary increase	2.00%	2.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2019
Discount rate(s)	
0.25% increase	$ (714)
0.25% decrease	$ 744
Expected rate(s) of salary increase	
0.25% increase	$ 732
0.25% decrease	$ (707)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As of December 31, 2019 and 2018, the expected contributions to the plan for the next year were $732 thousand and $742 thousand, respectively. The average duration of the defined benefit obligation was 11 years.

16. EQUITY

a. Share capital

	December 31	
	2019	2018
Authorized shares (in thousands)	500,000	400,000
Authorized capital	$ 5,000,000	$ 4,000,000
Issued and paid shares (in thousands)	302,957	302,957
Issued capital	$ 3,029,572	$ 3,029,572

On February 6, 2020, ITEQ Corporation's board of directors resolved to issue 30,000 thousand ordinary shares, with a par value of NT$10, for a consideration of NT$110 per share. The above transaction was approved by the FSC, and the subscription base date was set by board of directors on February 19, 2020.

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Shares premium from issuance	$ 653,239	$ 653,239

The capital surplus arising from shares issued in excess of par value (including share premium from issuance of ordinary shares), and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For information on the accrual basis of the employees' compensation and remuneration of directors and supervisors and the actual appropriations, refer to Note 18-5, employee benefits expense.

The Company is currently in its growth stage; thus, the policy for distribution of dividends should reflect factors such as the current and future investment environment, fund requirements, domestic competition and capital budget, as well as benefits to be given out, balance in the distribution of shares and cash bonuses, and long-term financial planning. The Company's Articles of Incorporation stipulate that at least 20% of dividends to shareholders shall be distributed in cash.

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations from the earnings of 2018 and 2017 were approved in the shareholders' meetings on June 13, 2019 and June 15, 2018, respectively. The appropriations were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2018	2017	2018	2017
Legal reserve	$ 177,455	$ 124,470		
	205,680	-		
Cash dividends	1,151,237	939,167	$ 3.8	$ 3.1

The appropriation of the 2018 earnings has not been proposed by the Company's board of directors.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other items of equity

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (204,144)	$ (76,429)
Effect of change in tax rate	-	2,763
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(376,967)	(130,478)
Other comprehensive income recognized for the year	(376,967)	(127,715)
Balance at December 31	$ (581,111)	$ (204,144)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1 per IFRS 9	$ (1,536)	$ (1,838)
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(743)	302
Other comprehensive income recognized for the year	(743)	302
Balance at December 31	$ (2,279)	$ (1,536)

17. REVENUE

The following is an analysis of the Company's revenue from its major products:

	For the Year Ended December 31	
	2019	2018
Copper clad laminate	$ 3,051,483	$ 2,500,131
Prepeg	1,922,028	1,512,324
Others	50,860	30,165
	$ 5,024,371	$ 4,042,620

18. NET INCOME (LOSS)

a. Other income

	For the Year Ended December 31	
	2019	2018
Technical service income	$ -	$ 60,215
Government grant	-	6,428
Interest income	2,768	1,368
Other income	32,034	35,841
	$ 34,802	$ 103,852

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Net foreign exchange losses	$ (34,055)	$ 33,239
Financial assets at FVTPL	-	39,926
Other gains (losses)	(2,835)	(9,375)
	$ (36,890)	$ 63,790

c. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 202,184	$ 204,976
Right-of-use assets	29,400	-
Prepayments	2,720	3,455
	$ 234,304	$ 208,431
An analysis of depreciation by function		
Operating costs	$ 180,486	$ 166,880
Operating expenses	51,098	38,096
	$ 231,584	$ 204,976

(Continued)

	For the Year Ended December 31	
	2019	2018
An analysis of amortization by function		
Operating costs	$ 1,028	$ 378
General and administrative expenses	242	1,763
Research and development expenses	1,450	1,314
	$ 2,720	$ 3,455

(Concluded)

d. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 47,614	$ 42,967
Interest on lease liabilities	4,268	-
	$ 51,882	$ 42,967

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 547,080	$ 438,463
Post-employment benefits (Note 15)		
Defined contribution plans	13,001	12,517
Defined benefit plans	(195)	(175)
	$ 559,886	$ 450,805

	For the Years Ended December 31					
	2019			2018		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Analysis by function						
Salaries and bonuses	$ 202,374	$ 265,500	$ 467,874	$ 169,958	$ 195,218	$ 365,176
Employees' insurance	17,514	12,840	30,354	16,325	12,118	28,443
Pension cost	7,162	5,644	12,806	6,624	5,718	12,342
Director's remuneration	-	27,591	27,591	-	25,336	25,336
Others	15,856	5,405	21,261	14,095	5,413	19,508
	$ 242,906	$ 316,980	$ 559,886	$ 207,002	$ 243,803	$ 450,805

As of December 31, 2019 and 2018, the Company's average number of employees were 432 and 407, respectively. The number of directors who have not served as employees is 6 and 5, respectively. The average employee benefit expenses were $1,250 thousand and $1,058 thousand, respectively. The average salary expenses were $1,098 thousand and $908 thousand, and the average salary expenses costs changed by 20.90%.

f. Employees' compensation and remuneration of directors and supervisors

Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration of directors and supervisors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors in cash for the years ended December 31, 2019 and 2018 have been approved by the Company's board of directors on March 17, 2020 and March 14, 2019, respectively.

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation - ratio	5.00%	4.28%
Remuneration of directors and supervisors - ratio	1.00%	1.50%
Employees' compensation - cash	$ 136,303	$ 82,103
Remuneration of directors and supervisors - cash	27,261	28,786

If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be reflected in the following year.

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meetings and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2019	**2018**
Foreign exchange gains	$ 54,846	$ 94,423
Foreign exchange losses	(88,901)	(61,184)
Net losses	$ (34,055)	$ 33,239

19. INCOME TAXES

a. The major components of income tax expense recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
Current year	$ 99,184	$ 5,405
Additional 10% income tax on unappropriated earnings	20,487	18,029
Additional income tax under basic income	-	4,814
Prior year adjustments	11,395	(7,975)
	131,066	20,273
Deferred tax		
Current year	(31,795)	(47,022)
Effect of change in tax rate	-	60,371
	(31,795)	13,349
Income tax expense recognized in profit or loss	$ 99,271	$ 33,622

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2019	2018
Income before income tax from continuing operations	$ 2,562,571	$ 1,808,179
Income tax expense calculated at the statutory rate	$ 512,514	$ 361,636
Nondeductible expenses in determining taxable income	25,156	16,230
Tax-exempt income	(436,968)	(373,185)
Unrecognized deductible temporary differences	(33,313)	(46,298)
Additional income tax under the Alternative Minimum Tax Act	-	4,814
Additional 10% income tax on unappropriated earnings	20,487	18,029
Effect of change in tax rate	-	60,371
Adjustments for prior year's tax	11,395	(7,975)
Income tax expense recognized in profit or loss	$ 99,271	$ 33,622

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of the 2020 appropriation of earnings is uncertain, the potential income tax consequences of the 2019 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	$ -	$ 2,763
In respect of the current period		
Translation of foreign operations	94,242	32,619
Total income tax recognized in other comprehensive income	$ 94,242	$ 35,382

c. Current tax asset and liability

	December 31	
	2019	**2018**
Current tax liability		
Income tax payable	$ 95,601	$ 28,111

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
Write-down of inventories	$ 6,580	$ 1,856	$ -	$ 8,436
Bad debt expense	3,967	(837)	-	3,130
Exchange differences on translating the financial statements of foreign operations	51,035	-	94,242	145,277
Unrealized exchange gains and losses	-	2,899	-	2,899
Unrealized gain of patent disposal	-	14,836	-	14,836
Others	1,710	7,154	-	8,864
	$ 63,292	$ 25,908	$ 94,242	$ 183,442
Deferred tax liabilities				
Investments accounted for using equity method	$ 366,006	$ (4,185)	$ -	$ 361,821
Others	1,702	(1,702)	-	-
	$ 367,708	$ (5,887)	$ -	$ 361,821

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Write-down of inventories	$ 5,593	$ 987	$ -	$ 6,580
Bad debt expense	2,609	1,358	-	3,967
Exchange differences on translating the financial statements of foreign operations	15,653	-	35,382	51,035
Others	2,156	(446)	-	1,710
	$ 26,011	$ 1,899	$ 35,382	$ 63,292
Deferred tax liabilities				
Investments accounted for using equity method	$ 352,460	$ 13,546	$ -	$ 366,006
Others	-	1,702	-	1,702
	$ 352,460	$ 15,248	$ -	$ 367,708

e. The information of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2019 and 2018, the taxable temporary differences associated with subsidiaries for which no deferred tax liabilities have been recognized were $7,871,136 thousand and $6,095,292 thousand, respectively.

f. Income tax returns of the Company through 2017 had been examined and assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	2018
Basic earnings per share		
Basic earnings per share	$ 8.13	$ 5.86
Diluted earnings per share		
Diluted earnings per share	$ 8.10	$ 5.82

The net income and weighted average number of ordinary shares outstanding in calculating earnings per share were as follows:

Net Income

	For the Year Ended December 31	
	2019	**2018**
Net income in computation of basic earnings per share	$ 2,463,300	$ 1,774,557
Net income in computation of diluted earnings per share	$ 2,463,300	$ 1,774,557

Ordinary shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares in computation of basic earnings per share	302,957	302,957
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonus to employees	1,292	1,808
Weighted average number of ordinary shares used in the computation of diluted earnings per share	304,249	304,765

If the Company can settle the compensation to employees in cash or shares, the Company assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

21. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, capital surplus, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure quarterly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Under the recommendations of the key management personnel, to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued and repurchased.

22. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at amortized cost (1)	$ 2,828,879	$ 2,206,634
Financial liabilities		
Amortized cost (2)	6,938,046	5,747,305
Financial guarantee contracts	18,091	14,432

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, portion of other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, accounts payable, other payables, current portion of long-term borrowings, and guarantee deposits received.

b. Financial risk management objective and policies

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's Finance Department seeks to manage the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. Compliance with policies and exposure limits is being reviewed by the internal auditors on a continuous basis.

1) Market risk

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. For the years ended December 31, 2019 and 2018 approximately 48% and 57% of the Company's sales and almost 40% and 74% of costs, respectively were denominated in currencies other than the functional currency of the Company. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 25.

Sensitivity analysis

The Company was mainly exposure to U.S. dollars and analyzed the sensitivity to a $0.5 increase and decrease in New Taiwan dollars against one U.S. dollar. The sensitivity to a $0.5 change in New Taiwan dollars is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax profit or other equity if U.S. dollars strengthened by $0.5 against the one New Taiwan dollar. For a $0.5 in U.S. dollars weakening of U.S. dollars against one New Taiwan dollar, there would be an equal and opposite impact on pre-tax profit or other equity and the balances below would be negative.

	Currency USD	
	2019	**2018**
Profit or loss	$ 10,182	$ (28,543)

b) Interest rate risk

The Company was exposed to fair value interest rate risk because of fixed rate debt investments with short-term bills payable.

The Company was also exposed to cash flow interest rate risk because of demand deposits and floating rate bank borrowings.

The Company reviewed the interest level regularly and maintained the scope of interest rate stably. The Company will adopt hedging strategies in the cost-effective way, if necessary.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ -	$ 153,575
Financial liabilities	389,819	389,827
Cash flow interest rate risk		
Financial assets	477,422	177,003
Financial liabilities	4,475,882	4,050,514

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 25 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2019 and 2018 would decrease by $9,996 thousand and $9,684 thousand, respectively.

c) Other price risk

The price changes in the Company's financial products, which are engaged in transactions or not for sale, will cause the fair value to change.

Sensitivity analysis

Faced with the risk of changes in the price of financial assets available for sale, the Company uses a 10% increase or decrease in market prices as a reasonable risk assessment to report price changes to management.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company had assigned a team to be responsible for determine and approving credit line, and this team evaluated continuously financial situation, industries and region regarding customers generated accounts receivable. In order to reduce credit risk, the Company proceeded to factoring and insure accounts receivable if necessary. In addition, the Company reviewed monthly the overdue amount of each individual accounts receivable and further recovering strategy to ensure that adequate allowances are made for irrecoverable amounts at the balance sheet date. In this regard, management believes the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company's concentration of credit risk of 50% and 69% of total accounts receivables as of December 31, 2019 and 2018, respectively, were related to the Company's ten largest customers. The concentration of credit risk for the remainder of accounts receivable were immaterial.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities in capital market, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The detailed information of the Company's unused financing facilities as of December 31, 2019 and 2018 is further stated in (b) financing facilities below.

a) Liquidity risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2019

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 3,379,497	$ -	$ -	$ -	$ 3,379,497
Short-term bills payable	390,000	-	-	-	390,000
Notes payable and accounts payable	1,478,737	-	-	-	1,478,737
Accounts payable - related parties	161,342	-	-	-	161,342

(Continued)

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Other payables	$ 427,124	$ -	$ -	$ -	$ 427,124
Other payables - related parties	550	-	-	-	550
Financial guarantee contracts	18,091	-	-	-	18,091
Lease liabilities	17,235	8,576	8,548	252,225	286,584
Long-term borrowings	62,422	31,502	34,371	1,291,573	1,419,868
	$ 5,934,998	$ 40,078	$ 42,919	$ 1,543,798	$ 7,561,793

(Concluded)

Further information on the maturity analysis of lease liabilities is as follows:

	Less than One Year	1-5 Years	5-10 Years
Lease liabilities	$ 34,360	$ 131,273	$ 436,291

December 31, 2018

	180 Days	181-270 Days	271-360 Days	361+ Days	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 3,030,195	$ -	$ -	$ -	$ 3,030,195
Short-term bills payable	390,000	-	-	-	390,000
Notes payable and accounts payable	749,537	-	-	-	749,537
Accounts payable - related parties	145,644	-	-	-	145,644
Other payables	307,577	-	-	-	307,577
Other payables - related parties	101,046	-	-	-	101,046
Financial guarantee contracts	14,432	-	-	-	14,432
Long-term borrowings	63,840	31,920	31,920	910,674	1,038,354
	$ 4,802,271	$ 31,920	$ 31,920	$ 910,674	$ 5,776,785

b) Financing facilities

Bank borrowings are a major source for the liquidity of the Company. The Company's financing facilities are as follows:

	December 31	
	2019	2018
Unsecured bank borrowings facility		
Amount used	$ 5,117,645	$ 4,653,969
Amount unused	3,596,237	2,760,325
	$ 8,713,882	$ 7,414,294

c. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2019 and 2018 were as follows:

Counterparties	Interest Rates on Advances Received (%)	Receivables Sold	Advances Received at Year-end	Amounts Collected	Credit Line
December 31, 2019					
Taishin Bank (Note)	-	$ 60,617	$ -	$ 60,617	$ 216,902
KGI Commercial Bank (Note)	-	2,561	-	2,561	17,988
Bank SinoPac (Note)	-	85,135	-	85,135	224,850
		$ 148,313	$ -	$ 148,313	$ 459,740
December 31, 2018					
Taishin Bank (Note)	-	$ 88,993	$ -	$ 88,993	$ 220,504
KGI Commercial Bank (Note)	-	6,217	-	6,217	18,429
Yuanta Bank (Note)	-	1,130	-	1,130	20,000
		$ 96,340	$ -	$ 96,340	$ 258,933

Note: No advances received at year-end.

The above credit lines may be used on a revolving basis.

Pursuant to the Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Company, while losses from credit risk were borne by the banks. As of December 31, 2019 and 2018, the Company issued promissory notes with an aggregate amount of $507,902 thousand and $494,575 thousand to the banks as collateral, respectively.

23. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Win Corporation	Related party in substance
ITEQ International	Subsidiary
IPL	Subsidiary
IIL	Subsidiary
ITEQ (WX)	Subsidiary
ITEQ (DG)	Subsidiary
Bon-Mou Investment Co.	Subsidiary

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
ITEQ (DG)	$ 2,249,430	$ 950,655
ITEQ (WX)	536,504	309,258
Others	4,163	10,090
	$ 2,790,097	$ 1,270,003

The sale price to the related party is based on the Company's purchase cost plus fixed profit.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
ITEQ (DG)	$ 491,636	$ 565,500
ITEQ (WX)	302,780	323,184
Others	24,638	95,008
	$ 819,054	$ 983,692

The purchases price to the related party is based on the Company's purchase cost plus fixed profit.

d. Other income

Related Party Category/Name	December 31 2019	2018
ITEQ (WX)	$ 21,194	$ 60,215

The Company sold the patent rights to ITEQ (WX) for $95,371 thousand in April 2019 and adjusted it to realized profits according to the period of use. Amortization is $21,194 thousand in 2019. As of December 31, 2019, the deferred unrealized profits was $74,178 thousand.

The other income from related party comes from technical service fees and patent transfer income.

e. Receivables from related parties (excluding loans to related parties and contract assets)

Related Party Category/Name	December 31 2019	2018
ITEQ International	$ 329,780	$ 430,010
ITEQ (DG)	862,876	364,401
ITEQ (WX)	170,365	-
Others	437	80,618
	$ 1,363,458	$ 875,029

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties (excluding loans from related parties)

Related Party Category/Name	December 31 2019	December 31 2018
IPL	$ 57,199	$ 74,547
IIL	79,027	71,637
ITEQ (WX)	22,541	-
Others	3,125	506
	$ 161,892	$ 146,690

The outstanding trade payables from related parties are unsecured.

g. Loans from related parties

Related Party Category/Name	December 31 2019	December 31 2018
Bon-Mou Investment Co.	$ -	$ 100,000

h. Lease arrangements

The Company entered into an operating lease agreement with Win Corporation to lease land and plant facility. The lease period is from January 1, 2013 to December 31, 2028 and the rent is payable monthly.

Line Item	December 31 2019	December 31 2018
Right-of-use assets	$ 254,002	$ -
Refundable deposits	$ 99,686	$ 110,000
Lease liabilities - current	$ 25,592	$ -
Lease liabilities - non-current	220,044	-
	$ 245,636	$ -
Finance costs	$ 4,119	$ -
Depreciation expense	$ 28,222	$ -
Lease expense	$ -	$ 30,364
Interest income	$ 1,085	$ -

i. Compensation of key management personnel

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 62,622	$ 50,565
Post-employment benefits	668	733
	$ 63,290	$ 51,298

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2019 and 2018 were as follows:

a. Significant commitments

1) Unused letters of credit amounted to $194,088 thousand.

2) Total contracted construction equipment fees not yet paid were $12,157 thousand.

b. Contingencies

Contingent liabilities

Contingent liabilities incurred by the Company arising from interests in subsidiaries were as follows:

	December 31	
	2019	2018
Financial guarantee for subsidiaries loans		
Amount guaranteed	$ 3,687,740	$ 3,548,641
Amount utilized	1,138,785	823,229

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31	
	2019	2018
Foreign currency asset		
Monetary item		
USD	$ 39,174	$ 55,337
Exchange rate	29.98	30.715
Carrying amount	1,174,437	1,699,676
Foreign currency liabilities		
Monetary item		
USD	18,811	112,422
Exchange rate	29.98	30.715
Carrying amount	563,954	3,453,042

	For the Year Ended December 31			
	2019		2018	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.91 (USD:NTD)	$ 34,055	30.14 (USD:NTD)	$ 33,239

26. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchase: Note 23 and Table 4.

b) The amount and percentage of sales: Note 23, Tables 4 and 5.

c) The amount of assets disposed of and related gain or loss: None.

d) Endorsement/guarantee provided: Table 2.

e) Financing provided: Table 1.

f) Other transactions that significantly impacted current year’s profit or loss or financial position: None.

TABLE 1

ITEQ CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period (In Thousands)	Ending Balance (In Thousands)	Transaction Amounts (In Thousands)	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Item	Value		
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 12,906 thousand	US$ 12,906 thousand	US$ 12,906 thousand	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 1,094,389	$ 1,094,389
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000 thousand	RMB 200,000 thousand	RMB 130,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	1,690,520	1,690,520
		ITEQ (HJ)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 10,864 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	1,690,520	1,690,520
3	ITEQ (HK)	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US$ 388 thousand	US$ 388 thousand	US$ 388 thousand	-	Short-term financing	-	Operating capital	-	-	-	1,690,520	1,690,520
4	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 23,544 thousand	RMB 23,544 thousand	RMB 23,544 thousand	-	Short-term financing	-	Operating capital	-	-	-	1,690,520	1,690,520
		ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000 thousand	RMB 300,000 thousand	RMB 100,000 thousand	1.5	Short-term financing	-	Operating capital	-	-	-	1,690,520	1,690,520
5	Bon Mou Investment Co.	ITEQ Corporation	Accounts receivable - related parties and other receivables - related parties	Yes	NT$ 100,000 thousand	NT$ - thousand	NT$ - thousand	-	Short-term financing	-	Operating capital	-	-	-	1,690,520	1,690,520

Note 1: Not exceeding 20% and 40% of the latest net assets of the Company reviewed by auditors.

Note 2: Lower of 600% of the latest net assets of ITEQ subsidiaries audited or reviewed by auditors or 20% of the latest audited or reviewed net assets of the Company.

TABLE 2

ITEQ CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	ITEQ Corporation	IIL,IPL	Indirect holding 100% by subsidiary	$ 8,452,601	$ 300,000 (Note 3)	$ 300,000	$ 74,950	$ -	3.55%	$ 8,452,601	Y	N	N
		IIL	Indirect holding 100% by subsidiary	8,452,601	1,216,600 (Note 3)	1,094,270	151,588	-	12.95%	8,452,601	Y	N	N
		IPL	Indirect holding 100% by subsidiary	8,452,601	2,053,630 (Note 3)	2,053,630	912,247	-	24.30%	8,452,601	Y	N	N
		ITEQ (WX)	Indirect holding 100% by subsidiary	8,452,601	252,800 (Note 3)	239,840	-	-	2.84%	8,452,601	Y	N	Y

Note 1: 100% or 135% of the latest audited or reviewed equity of the Company.

Note 2: Not exceeding 300% of the latest net assets of ITEQ subsidiaries audited or reviewed by auditors.

Note 3: Bank guarantee amount obtained by jointly issuing bills.

TABLE 3

ITEQ CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2019				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
ITEQ Corporation	Shares							
	Bon-In Biologic Technology Company	-	Financial assets at FVTPL - current	100	$ -	5.0	$ -	
Bon Mou Investment Co.	Shares							
	Mortech Corporation	-	Financial assets at FVTPL - current	500	9,045	1.3	9,045	
	Big Sun Energy Technology Inc.	-	Financial assets at FVTPL - non-current	887	-	0.5	-	
	Ding Mou Corporation	-	Financial assets at FVTPL - non-current	100	-	0.4	-	
	Gemtek Technology Co., Ltd.	Its director is the chairman of the Company	Financial assets at FVTPL - current	2,440	62,952	0.7	62,952	
	Grand Fortune Securities Co., Ltd.	-	Financial assets at FVTPL - current	2,234	21,022	0.9	21,022	
	TIEF Fund, L.P.	-	Financial assets at FVTOCI - non-current	-	28,505	4.8	28,505	

Note 1: Marketable securities were shares, bonds, beneficiary certificates and others within the scope of IFRS 9 “Financial Instruments”.

Note 2: Refer to Tables 6 and 7 for the information on subsidiaries and associates.

TABLE 4

ITEQ CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ Corporation	ITEQ (DG)	Indirect holding 100% by subsidiary	Purchase	$ 491,636	15	-	$ -	-	$ (2,575)	-	
ITEQ (DG)	ITEQ Corporation	Indirect holding 100% by subsidiary	Sale	(491,636)	(5)	-	-	-	2,575	-	
ITEQ Corporation	ITEQ (DG)	Indirect holding 100% by subsidiary	Sale	(2,249,430)	(45)	-	-	-	862,876	49	
ITEQ (DG)	ITEQ Corporation	Indirect holding 100% by subsidiary	Purchase	2,249,430	26	-	-	-	(862,876)	(32)	
ITEQ Corporation	ITEQ (WX)	Indirect holding 100% by subsidiary	Purchase	302,780	9	-	-	-	(101,568)	(6)	
ITEQ (WX)	ITEQ Corporation	Indirect holding 100% by subsidiary	Sale	(302,780)	(3)	-	-	-	101,568	8	
ITEQ Corporation	ITEQ (WX)	Indirect holding 100% by subsidiary	Sale	(536,504)	(11)	-	-	-	170,365	10	
ITEQ (WX)	ITEQ Corporation	Indirect holding 100% by subsidiary	Purchase	536,504	6	-	-	-	(170,365)	(5)	
ITEQ (DG)	IPL	Same parent company	Sale	(471,097)	(5)	-	-	-	112,297	3	
IPL	ITEQ (DG)	Same parent company	Purchase	471,097	25	-	-	-	(112,297)	(21)	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sale	(1,539,742)	(16)	-	-	-	496,171	12	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchase	1,539,742	32	-	-	-	(496,171)	(39)	
ITEQ (DG)	ITEQ (HJ)	Same parent company	Sale	(138,392)	(1)	-	-	-	41,184	1	
ITEQ (HJ)	ITEQ (DG)	Same parent company	Purchase	138,392	25	-	-	-	(41,184)	(37)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sale	(1,193,986)	(21)	-	-	-	457,329	19	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchase	1,193,986	14	-	-	-	(457,329)	(17)	
ITEQ (GZ)	IPL	Same parent company	Sale	(269,344)	(5)	-	-	-	24,212	1	
IPL	ITEQ (GZ)	Same parent company	Purchase	269,344	14		-	-	(24,212)	(5)	
IPL	ITEQ (GZ)	Same parent company	Sale	(571,576)	(30)		-	-	165,800	50	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ITEQ (GZ)	IPL	Same parent company	Purchase	$ 571,576	12	-	$ -	-	$ (165,800)	(13)	
IPL	ITEQ (DG)	Same parent company	Sale	(828,498)	(43)	-	-	-	110,681	33	
ITEQ (DG)	IPL	Same parent company	Purchase	828,498	10	-	-	-	(110,681)	(4)	
IIL	ITEQ (WX)	Same parent company	Sale	(462,722)	(44)	-	-	-	540,658	75	
ITEQ (WX)	IIL	Same parent company	Purchase	462,722	5	-	-	-	(540,658)	(17)	
IIL	IPL	Same parent company	Sale	(134,616)	(13)	-	-	-	46,670	6	
IPL	IIL	Same parent company	Purchase	134,616	7	-	-	-	(46,670)	(9)	
ITEQ (WX)	IIL	Same parent company	Sale	(575,151)	(5)	-	-	-	370,464	8	
IIL	ITEQ (WX)	Same parent company	Purchase	575,151	55	-	-	-	(370,464)	(82)	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sale	(793,495)	(7)	-	-	-	225,085	5	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchase	793,495	9	-	-	-	(225,085)	(8)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sale	(184,822)	79	-	-	-	207,079	79	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchase	184,822	2	-	-	-	(207,079)	(7)	

Note 1: The transactions with ITEQ (DG) were made through IPL. The transactions with ITEQ (WX) were made through IIL.

Note 2: The selling prices and collection terms for products sold to related parties were similar to those products sold to third parties.

(Concluded)

TABLE 5

ITEQ CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20 OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
IIL	ITEQ (WX)	Same parent company	$ 540,658	-	$ -	-	$ 38,680	$ -
IPL	ITEQ (DG)	Same parent company	110,681	-	-	-	106,001	-
	ITEQ (GZ)	Same parent company	165,800	-	-	-	97,340	-
ITEQ Corporation	ITEQ (DG)	Indirect holding 100% by subsidiary	862,876	-	-	-	398,363	-
	ITEQ (WX)	Indirect holding 100% by subsidiary	170,365	-	-	-	98,804	-
ITEQ (JX)	ITEQ (DG)	Same parent company	207,079	-	-	-	-	-
ITEQ (DG)	ITEQ (GZ)	Same parent company	496,171	-	-	-	468,483	-
	IPL	Same parent company	112,297	-	-	-	-	-
ITEQ (WX)	ITEQ (DG)	Same parent company	225,085	-	-	-	181,347	-
	IIL	Same parent company	370,464	-	-	-	28,630	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	457,329	-	-	-	413,668	-

TABLE 6

ITEQ CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars or Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	%	Carrying Amount			
ITEQ Corporation	ITEQ International	Samoa	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	$ 11,744,189	$ 2,513,112	$ 2,513,112	
	Bon Mou Investment Co.	Hsin Chu, Taiwan	Investment	70,000	370,000	7,000	100	145,212	38,811	38,811	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US$ 61,719 thousand	US$ 61,719 thousand	18,500	100	US$ 387,263 thousand	US$ 81,370 thousand	US$ 81,370 thousand	
ITEQ Holding	ESIC	British Virgin Islands	Investment in PRC	US$ 13,000 thousand	US$ 13,000 thousand	10,750	100	US$ 142,500 thousand	US$ 19,298 thousand	US$ 19,298 thousand	
	IPL	Samoa	Import and export business	US$ 500 thousand	US$ 500 thousand	500	100	US$ 947 thousand	US$ 215 thousand	US$ 215 thousand	
	IIL	Samoa	Import and export business	US$ 1,000 thousand	US$ 1,000 thousand	1,000	100	US$ 4,951 thousand	US$ (1,134 thousand)	US$ (1,134 thousand)	
	Eagle Great	British Virgin Islands	Investment in PRC	US$ 8,499 thousand	US$ 8,499 thousand	8,499	100	US$ 14,049 thousand	US$ 2,035 thousand	US$ 2,035 thousand	
	Shining Era	Samoa	Investment	US$ - thousand	US$ 3,000 thousand	-	100	US$ - thousand	US$ - thousand	US$ - thousand	
	ITEQ (HK)	Hong Kong	Investment in PRC	US$ 24,200 thousand	US$ 24,200 thousand	24,200	100	US$ 196,991 thousand	US$ 60,962 thousand	US$ 60,962 thousand	
	Mega Crown	Samoa	Investment	US$ - thousand	US$ 223 thousand	-	100	US$ - thousand	US$ - thousand	- thousand	

Note: Information on investees in mainland China is detailed in Table 7.

TABLE 7

ITEQ CORPORATION

INVESTMENTS ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars or Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
ITEQ (DG)	Produces and sells prepeg and copper clad lamination	US$ 20,000 thousand	Notes 1 and 4	US$ 13,000 thousand	$ -	$ -	US$ 13,000 thousand	US$ 20,281 thousand	100	US$ 20,181 thousand	US$ 136,975 thousand	$ -
ITEQ (WX)	Produces and sells prepeg and copper clad lamination	US$ 41,000 thousand	Notes 1 and 4	US$ 22,100 thousand	-	-	US$ 22,100 thousand	US$ 48,089 thousand	100	US$ 48,089 thousand	US$ 149,283 thousand	US$ 82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US$ 8,499 thousand	Notes 1 and 4	US$ 8,286 thousand	-	-	US$ 8,286 thousand	US$ 2,032 thousand	100	US$ 2,032 thousand	US$ 13,508 thousand	-
ITEQ (GZ)	Produces and sells prepeg and copper clad lamination	US$ 23,700 thousand	Note 1	US$ 16,200 thousand	-	-	US$ 16,200 thousand	US$ 12,884 thousand	100	US$ 12,884 thousand	US$ 76,336 thousand	US$ 6,550 thousand
ITEQ (JX)	Produces and sells prepeg and copper clad lamination	US$ 20,800 thousand	Notes 1 and 4	-	-	-	-	US$ (879 thousand)	100	US$ (879 thousand)	US$ 17,963 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US$59,586 thousand	US$80,400 thousand	$5,355,319 (Note 3)

Note 1: Investment in China through incorporating an overseas company.

Note 2: Investment income (loss) was based on financial statements audited by the parent company's auditors.

Note 3: The Company's net asset value or 60% of the consolidated net asset value is based on the regulation issued on August 29, 2008 by the Investment Commission under the Ministry of Economic Affairs.

Note 4: ITEQ Holding used its funds to invest in ITEQ (DG), ITEQ (WX), ITEQ (HJ), ITEQ (GZ), ITEQ (XT) through ITEQ (HK) and ITEQ (JX) used to invest in ESIC, ITEQ (DG), ITEQ (WX).

ITEQ CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

ITEQ CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Remark	Amount
Cash		$ 84
Checking deposits		10
Demand deposits		135,755
Foreign currency deposits	US$7,215 thousand, exchange rate 29.98	216,307
	EUR893 thousand, exchange rate 33.59	30,007
	HK$1,861 thousand, exchange rate 3.85	7,161
	RMB20,522 thousand, exchange rate 4.30	88,192
		$ 477,516

STATEMENT 2

ITEQ CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 31,549
Company B	21,411
Company C	16,979
Others (Note)	7,210
	$ 77,149

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT 3

ITEQ CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 188,993
Company B	55,221
Company C	39,007
Company D	30,494
Company E	29,867
Company F	29,505
Company G	28,949
Others (Note)	235,621
	637,657
Less: Allowance for uncollectible accounts - accounts receivable	1,913
	$ 635,744

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT 4

ITEQ CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Other receivables - factored accounts receivables	
Taishin Bank	$ 60,617
Yuanta Bank	85,135
KGI Commercial Bank	2,561
	148,313
Other receivables - others	29,354
	$ 177,667

STATEMENT 5

ITEQ CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Book Value	Net Realizable Value
Finished goods	$ 202,567	$ 169,700
Work in process	5,921	5,921
Raw materials	550,462	541,148
Supplies	4,276	4,276
	$ 763,226	$ 721,045

ITEQ CORPORATION

STATEMENT OF INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2019		Decrease		Changes in Other Item Equity	Investments Accounted for Using Equity Method	Recognize Subsidiary's Gain on Available for Financial Products	Financial Guarantee Contracts	Cumulative Translation Adjustment	Balance, December 31, 2019			Fair Value	Note
	Share (In Thousands)	Amount	Share (In Thousands)	Amount						Share (In Thousands)	Percentage of Ownership (%)	Amount		
Bon Mou Investment Co.	37,000	$ 704,595	(30,000)	$ (297,451)	$ (300,000)	$ 38,811	$ (743)	$ -	$ -	7,000	100	$ 145,212	$ 145,212	
ITEQ International, Ltd.	18,500	9,998,530	-	(299,903)	-	2,513,112	-	3,659	(471,209)	18,500	100	11,744,189	11,610,160	Note 3
		$ 10,703,125		$ (597,354)	$ (300,000)	$ 2,551,923	$ (743)	$ 3,659	$ (471,209)			$ 11,889,401	$ 11,755,372	

Note 1: There is no pledge and mortgage in the equity investment.

Note 2: The equity was calculated based on the financial statements which have been audited during the same period.

Note 3: The difference between the book value and the equity was recognized as NT$18,091 thousand of financial guarantee contracts of endorsements/guarantees provided by the subsidiaries and NT$190,116 thousand of the estimated tax of the surplus repatriation.

Note 4: Decreasing amount in the current year is the declaration of dividends issued by the subsidiaries.

STATEMENT 7

ITEQ CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2019	Adjustment	Increase	Balance, December 31, 2019	Note
Cost					
Buildings	$ -	$ 287,425	$ -	$ 287,425	
Depreciation charge for right-of-use assets					
Buildings	$ -	$ -	$ 29,400	$ 29,400	
	$ -			$ 258,025	

ITEQ CORPORATION.

STATEMENT OF SHORT-TERM AND LONG-TERM LOANS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Loan Type and Creditor	Loan Period	Annual Rate (%)	Balance	Loan Commitments	Mortgage or Guarantee
Short-term debt					
Shin Kong Commercial Bank	2019/12/02-2020/03/01	1.10	$ 300,000	$ 300,000	NA
Hua Nan Bank	2019/11/22-2020/01/21	1.05	200,000	300,000	NA
Taishin Bank	2019/12/20-2020/01/20	1.07	600,000	600,000	NA
Bank SinoPac	2019/12/27-2020/01/06	1.10	100,000	300,000	NA
Land Bank of Taiwan	2019/10/04-2020/01/04	1.05	100,000	400,000	NA
CTBC Bank	2019/12/20-2020/03/19	1.08	220,000	300,000	NA
Bank of Taiwan	2019/11/21-2020/02/19	1.05	100,000	479,880	NA
E.Sun Bank	2019/12/13-2020/01/10	1.03	430,000	500,000	NA
Yuanta Bank	2019/12/26-2020/03/24	1.07	200,000	300,000	NA
Cathay United Bank	2019/12/05-2020/01/03	1.06	150,000	359,760	NA
First Bank	2019/12/13-2020/01/10	1.06	200,000	559,760	NA
Mega Bank	2019/11/05-2020/04/30	0.99	20,000	299,800	NA
The Shanghai Commercial & Savings Bank	2019/12/16-2020/03/13	1.10	100,000	239,840	NA
Citibank	2019/12/26-2020/02/24	1.10	350,000	359,760	NA
			$ 3,070,000		
Long-term debt (including within one year)					
O-Bank	2014/08/29-2021/08/15	0.904	$ 205,882	205,882	NA
KGI Commercial Bank	2019/08/16-2021/08/16	1.046	500,000	500,000	NA
Agricultural Bank of Taiwan	2019/05/24-2022/05/24	1.050	500,000	500,000	NA
Bank SinoPac	2019/10/29-2021/10/31	1.100	200,000	200,000	NA
			$ 1,405,882		

Note: The company has not exercised the credit limit at the amount of NT$194,088 thousand of the loan and performance guarantees for the year ended December 31, 2019.

ITEQ CORPORATION.

STATEMENT OF SHORT-TERM BILLS PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Contract Period	Annual Rate (%)	Issuing Amount	Unamortized Trade Discount Payable on Commercial Paper	Book Value	Mortgage or Guarantee
Commercial paper						
China Tickets	2019/12/04-2020/01/16	1.048	$ 150,000	$ 65	$ 149,935	-
Mega Tickets	2019/11/19-2020/01/15	1.038	120,000	48	119,952	-
Dah Chung Tickets	2019/12/27-2020/01/21	1.048	120,000	69	119,932	-
			$ 390,000	182	389,819	
Less: Commercial paper due within one year				182	389,819	
				$ -	$ -	

STATEMENT 9

ITEQ CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client's Name	Amount
Non-related party	
Company A	$ 187,990
Company B	129,130
Company C	438,439
Company D	155,002
Company E	67,911
Others (Note)	500,265
	$ 1,478,737

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT 10

ITEQ CORPORATION

STATEMENT OF OTHER PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Employees' compensation payable	$ 183,941
Salaries and wages payable	98,742
Estimated expense payable	19,463
Compensation due to directors and supervisors	27,261
Payables on equipment	16,506
Others	81,211
	$ 427,124

STATEMENT 11

ITEQ CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Financial guarantee contracts	$ 18,091
Temporary receipts	40,898
Receipts under custody	1,545
Others	1,569
	$ 62,103

ITEQ CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, December 31, 2019	Note
Buildings	Offices	2018/1/1-2023/5/31	3.20%	$ 4,189	
	Plants	2013/1/9-2028/12/31	1.60%	245,636	
Less: Due within one year				26,695	
				$ 223,130	

STATEMENT 13

ITEQ CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands)	Amount
Prepreg	12,774	$ 1,925,364
Copper clad laminate	5,181	3,064,612
Others	297	50,863
		5,040,839
Sales returns		(878)
Sales discounts		(15,590)
		(16,468)
		$ 5,024,371

STATEMENT 14

ITEQ CORPORATION

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct and indirect material	
Material, beginning	$ 227,259
Material purchased	3,361,763
Used material	(137,890)
Material, ending	(554,738)
	2,896,394
Direct labor	163,382
Manufacturing overhead	505,758
Manufacturing costs	3,565,534
Work in process, beginning	1,066
Work in process, ending	(5,921)
Finished goods costs	3,560,679
Finished goods, beginning	116,387
Purchased goods costs	819,054
Reclassified to sample expense	(19,432)
Used finished goods	(8,970)
Finished goods, ending	(202,567)
Others	(4,148)
	4,261,003
Revenue on sells the scraps	(27,689)
Inventory write-downs	9,283
	$ 4,242,597

ITEQ CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Salaries and bonus	$ 8,767	$ 218,180	$ 38,553	$ 265,500
Commission expense	5,997	-	-	5,997
Sample expense	3,245	-	16,188	19,433
Inspection and test expense	-	1,496	16,816	18,312
Depreciation expense	20	34,783	16,295	51,098
Compensation due to directors and supervisors	-	27,591	-	27,591
Used material	-	-	72,178	72,178
Shipping expenses	65,938	104	1,238	67,280
Others (Note)	16,871	87,589	51,970	156,430
	$ 100,838	$ 369,743	$ 213,238	$ 683,819

Note: The amount of each item does not exceed 5% of the amount of account balance.