Stock Code:3679

NISHOKU TECHNOLOGY INC.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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Representation Letter

The entities that are required to be included in the combined financial statements of NISHOKU TECHNOLOGY INC. as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NISHOKU TECHNOLOGY INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NISHOKU TECHNOLOGY INC.
Chairman: B. F. Chen
Date: March 12, 2020

Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

Opinion

We have audited the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Impairment of accounts receivable

   Please refer to Note 4(g) " Financial instruments" Note 5(a) " Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Description of key audit matter:

The Group engages in business primarily with clients which are involved in the manufacture of mold and electronic parts with credit term, which make the Group vulnerable to credit risk. The default of the client may lead to impairment loss of the receivables. The assessment of impairment loss involves subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing whether the Group's impairment of accounts receivable has been set aside in accordance with the Group's policy, including inquiring from the management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the approriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable.

2. Impairment of inventory

   Please refer to Note 4(h) "Inventory", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

   Description of key audit matter:

   Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the design, manufacture, and sale of mold and electronic parts. As different series or models of electronic products are rapidly being replaced by new ones, it may impact the inventory of the older ones to be slow-moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. The assessment of impairment loss requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

   How the matter was addressed in our audit:

   Our principal audit procedures included: understanding the inventories valuation policies of the Group; inspecting whether those policies are applied; examine the accuracy of the aging of inventories by sampling and analyse the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

Other Matter

The Nishoku Technology Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,539,799	46	3,343,043	45
1110	Current financial assets at fair value through profit or loss (note 6(b))	449,429	6	263,890	4
1170	Notes and accounts receivables, net (note 6(c))	1,395,940	18	1,348,674	18
130X	Inventories (note 6(d))	475,628	6	498,520	7
1470	Other current assets	35,229	-	48,535	1
1476	Other current financial assets (note 8)	11,567	-	6,902	-
		5,907,592	76	5,509,564	75
	Non-current assets:				
1600	Property, plant and equipment (note 6(e))	1,531,841	20	1,649,355	22
1755	Right-of-use assets (note 6(f))	134,970	2	-	-
1840	Deferred income tax assets (note 6(m))	96,553	1	67,536	1
1915	Prepayments for equipment	15,555	-	40,236	1
1985	Long-term prepaid rents	70,173	1	74,350	1
1990	Other non-current assets	24,237	-	21,296	-
		1,873,329	24	1,852,773	25
	Total assets	**$ 7,780,921**	**100**	**7,362,337**	**100**

		December 31, 2019		December 31, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(g))	$ 824,790	10	805,720	11
2111	Short-term notes and bills payable (note 6(h))	149,994	2	99,985	2
2170	Accounts payable	604,378	8	601,303	8
2280	Current lease liabilities (note 6(j))	59,531	1	-	-
2300	Other current liabilities	334,256	4	308,790	4
		1,972,949	25	1,815,798	25
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(i))	1,000,000	13	900,000	12
2570	Deferred tax liabilities (note 6(m))	788,926	10	718,969	10
2580	Non-current lease liabilities (note 6(j))	75,586	1	-	-
		1,864,512	24	1,618,969	22
	Total liabilities	3,837,461	49	3,434,767	47
	Equity attributable to owners of parent (note 6(n)):				
3100	Ordinary shares	622,962	8	622,962	8
3200	Capital surplus	959,124	12	955,989	13
	Retained earnings:				
3310	Legal reserve	504,367	6	480,192	7
3320	Special reserve	199,839	3	181,708	2
3350	Unappropriated retained earnings	1,994,985	26	1,886,558	26
		2,699,191	35	2,548,458	35
3400	Other equity interest	(337,817)	(4)	(199,839)	(3)
	Total equity	3,943,460	51	3,927,570	53
	Total liabilities and equity	**$ 7,780,921**	**100**	**7,362,337**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4110	**Operating revenues (note 6(q))**	$ 4,026,762	102	4,285,754	102
4170	Less: Sales returns and allowances	69,618	2	66,912	2
	Net Operating revenues	3,957,144	100	4,218,842	100
5000	Operating costs (notes 6(d), (f), (l) and 12)	3,078,431	78	3,421,025	81
	Gross profit from operations	878,713	22	797,817	19
6000	**Operating expenses:** (notes 6(c), (f), (l), (o), (r) and 12)				
6100	Selling expenses	77,584	2	68,560	2
6200	Administrative expenses	310,153	8	294,023	7
6300	Research and development expenses	112,711	3	104,695	2
6450	Expected credit loss	(738)	-	12,284	-
		499,710	13	479,562	11
	Net operating income	379,003	9	318,255	8
	Non-operating income and expenses:				
7010	Other income (note 6(s))	104,711	3	95,863	2
7020	Other gains and losses, net (note 6(t))	(32,593)	(1)	71,281	2
7050	Finance costs, net	(26,570)	(1)	(25,408)	(1)
	Total non-operating income and expenses	45,548	1	141,736	3
7900	**Profit before tax**	424,551	10	459,991	11
7950	**Less: Income tax expenses (note 6(m))**	86,929	2	218,239	5
	Profit	337,622	8	241,752	6
8300	**Other comprehensive income (loss):**				
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(172,472)	(4)	(22,664)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	34,494	1	4,533	-
8300	**Other comprehensive income (after tax)**	(137,978)	(3)	(18,131)	(1)
8500	**Total comprehensive income**	**$ 199,644**	**5**	**223,621**	**5**
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	**$ 337,622**	**8**	**241,752**	**6**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	**$ 199,644**	**5**	**223,621**	**5**
9750	Basic earnings per share (NT dollars) (note 6(p))	**$**	**5.42**		**3.35**
9850	Diluted earnings per share (NT dollars) (note 6(p))	**$**	**5.39**		**3.33**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Share capital		Retained earnings			Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2018	$ 793,033	1,207,154	436,603	38,354	2,149,862	(181,708)	-	4,443,298	4,443,298
Profit for the year ended December 31, 2018	-	-	-	-	241,752	-	-	241,752	241,752
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	(18,131)	-	(18,131)	(18,131)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	241,752	(18,131)	-	223,621	223,621
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	43,589	-	(43,589)	-	-	-	-
Special reserve appropriated	-	-	-	143,354	(143,354)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(237,910)	-	-	(237,910)	(237,910)
Capital surplus at cash dividends	-	(237,910)	-	-	-	-	-	(237,910)	(237,910)
Stock option compensation cost	-	4,228	-	-	-	-	-	4,228	4,228
Treasury stock acquired	-	-	-	-	-	-	(112,016)	(112,016)	(112,016)
Capital reduction by cash	(158,607)	-	-	-	-	-	2,866	(155,741)	(155,741)
Treasury stock retired	(11,464)	(17,483)	-	-	(80,203)	-	109,150	-	-
Balance at December 31, 2018	622,962	955,989	480,192	181,708	1,886,558	(199,839)	-	3,927,570	3,927,570
Profit for the year ended December 31, 2019	-	-	-	-	337,622	-	-	337,622	337,622
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	(137,978)	-	(137,978)	(137,978)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	337,622	(137,978)	-	199,644	199,644
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	24,175	-	(24,175)	-	-	-	-
Special reserve appropriated	-	-	-	18,131	(18,131)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(186,889)	-	-	(186,889)	(186,889)
Stock option compensation cost	-	3,135	-	-	-	-	-	3,135	3,135
Balance at December 31, 2019	**$ 622,962**	**959,124**	**504,367**	**199,839**	**1,994,985**	**(337,817)**	**-**	**3,943,460**	**3,943,460**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before tax	$	424,551	459,991
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and amortization expense		311,196	255,600
Expected credit (gain) loss		(738)	12,284
Interest expense		26,570	25,408
Interest income		(87,477)	(79,247)
Stock option compensation cost		3,135	4,228
Net gain on financial assets at fair value through profit or loss		(1,464)	(13,293)
Loss on disposal (reversal of) of property, plant and equipment		1,570	3,458
Recognition losses on inventory valuation and obsolescence		(4,189)	20,102
Total adjustments to reconcile profit		248,603	228,540
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets at fair value through profit and loss		(184,075)	369,701
Notes and accounts receivables		(46,528)	(18,431)
Inventories		27,081	(37,760)
Other current assets and financial assets		5,663	25,456
		(197,859)	338,966
Changes in operating liabilities:			
Notes and accounts payables		3,075	34,589
Other current liabilities		32,252	(29,958)
		35,327	4,631
Total adjustments		86,071	572,137
Cash inflow generated from operations		510,622	1,032,128
Interest received		85,466	79,247
Interest paid		(25,329)	(25,083)
Income taxes paid		(13,893)	(96,238)
Net cash flows from operating activities		556,866	990,054
Cash flows from (used in) investing activities:			
Acquisition of property, plant and equipment		(160,627)	(418,006)
Proceeds from disposal of property, plant and equipment		5,781	3,196
Increase in refundable deposits		(1,011)	(1,652)
Increase in other financial assets		(4,626)	(6,121)
Net cash flows used in investing activities		(160,483)	(422,583)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		19,070	368,160
Increase in short-term notes and bills payable		50,000	50,000
Proceeds from (repayments of) long-term borrowings		100,000	(500,000)
Increase in guarantee deposits received and others		414	332
Payments of lease liabilities		(56,497)	-
Cash dividends paid		(186,889)	(475,820)
Treasury stock acquired		-	(112,016)
Capital reduction by cash		-	(155,741)
Net cash used in financing activities		(73,902)	(825,085)
Effect of exchange rate changes on cash and cash equivalents		(125,725)	(5,839)
Net decrease in cash and cash equivalents		196,756	(263,453)
Cash and cash equivalents at beginning of period		3,343,043	3,606,496
Cash and cash equivalents at end of period	$	**3,539,799**	**3,343,043**

See accompanying notes to consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

NISHOKU TECHNOLOGY INC. (the "Company") was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export Trade, please refer to note 14.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the board of directors on March 12, 2020.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(j).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

● Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

— their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee’s incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or

— an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

— Applied a single discount rate to a portfolio of leases with similar characteristics.

— Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

(Continued)

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Group recognised additional $80,887 thousands of right-of-use assets and $0 thousands of lease liabilities, recognising the difference in retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.20%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 80,394
Recognition exemption for:	
others	493
Discounted using the incremental borrowing rate at January 1, 2019	80,887
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	$ 80,887

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date 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

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies are applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the financial instruments at fair value through profit or loss are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Percentage of shareholding (%)	
Name of investor	**Name of subsidiary**	**Principal Activities**	**December 31, 2019**	**December 31, 2018**
The Company	NISHOKU BOUEKI CO., LTD. (NISHOKU BOUEKI)	Trading Company	100 %	100 %
〃	NISHOKU TECHNOLOGY VIETNAM CO., LTD. (NISHOKU VIETNAM)	Manufacture and Sale of tooling and plastic products	100 %	100 %
〃	SUN NICE LIMITED (SAMOA) (SUN NICE (SAMOA))	Holding Company	100 %	100 %
SUN NICE (SAMOA)	SAME START LIMITED (Anguilla) (SAME START Anguilla)	Trading Company	100 %	100 %
〃	NISHOKU HONG KONG HOLDING LIMITED (NISHOKU HK)	Holding Company	100 %	100 %
〃	SUN NICE LIMITED (BVI) (SUN NICE (BVI))	Holding Company	100 %	100 %
NISHOKU (HK)	NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. (NISHOKU (SHENZHEN))	Manufacture and Sale of mold and plastic products	100 %	100 %
〃	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (NISHOKU KUNSHAN PLASTIC)	Manufacture and Sale of mold and plastic products	71.49 %	71.49 %
SUN NICE (BVI)	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (NISHOKU KUNSHAN)	Manufacture and Sale of mold and plastic products	28.51 %	28.51 %

(Continued)

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL：

· debt securities that are determined to have low credit risk at the reporting date；and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

4) Other financial liabilities

Financial liabilities are classified as measured at amortized cost, which comprise loans and borrowings, and trade and other payables. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Buildings: 20~50 years

2) Accessory equipment of buildings: 5~10 years

3) Machinery and equipment: 3~8 years

4) Office and other equipment: 2~8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(j) Lease

Applicable from January 1, 2019

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset throughout the period of use only if either:
  (1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
  (2) the relevant decisions about how and for what purpose the asset is used are predetermined and:
    - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
    - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

Applicable before January 1, 2019

Leases are operating leases and are not recognized in the Group's statement of financial position.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a perfarmance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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(i) Sale of goods

The Group manufactures and sells plastic goods and molds. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(Continued)

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax asset are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(Continued)

(q) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company dividend by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise convertible bonds, employee stock options, and employee bonuses not yet resolved by the shareholders.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgment made in applying the accounting policies that have significant effects on amounts recognized in consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the following year is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The recognition of impairment loss, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be changes in the net realizable value of inventories.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: 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).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(u) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash Equivalents

		December 31, 2019	December 31, 2018
Cash and demand deposits	$	1,528,284	1,690,919
Time deposits		1,321,955	1,553,050
Bond acquired under repurchase agreement		689,560	99,074
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**3,539,799**	**3,343,043**

Please refer to note 6(u) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss		
Fund investments	$ 12,666	12,091
Principal guaranteed financial instruments	430,513	245,966
Overseas corporate bonds	6,250	5,833
Total	$ **449,429**	**263,890**

The Group uses derivative financial instruments to hedge the certain foreign exchange risk which arose from its operating activities. As of December 2018, there is no balance on the derivative financial instruments. The gain or loss arising from transaction of derivative financial instruments please refer to note 6(u).

As of December 31, 2019 and 2018, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 19,343	53,025
Accounts receivable	1,395,696	1,319,541
Less：loss allowance	(19,099)	(23,892)
	$ **1,395,940**	**1,348,674**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision were determined as follows:

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,339,320	-%	-
0 to 120 days past due	37,523	0%~1%	247
121 to 270 days past due	1	0%~30%	-
More than 1 year past due	18,852	100%	18,852
Total	$ **1,395,696**		**19,099**

(Continued)

	December 31, 2018		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,267,287	-%	-
0 to 120 days past due	28,695	0%~1%	333
More than 1 year past due	7,490	100%	7,490
Total	**$ 1,303,472**		**7,823**

As of December 31, 2018 after assessment, there is default risk on individual customer, and the gross carrying amount and loss allowance provision of the customer both amounted to $16,069 thousand.

The movement in the allowance for notes and accounts receivables were as follows:

	December 31, 2019	**December 31, 2018**
Blance at January 1	$ 23,892	18,703
Impairment losses recognized (reversed)	(738)	12,284
Amounts written off	(4,055)	(7,095)
Balance on December 31, 2019 and 2018	**$ 19,099**	**23,892**

(d) Inventories

	December 31, 2019	**December 31, 2018**
Raw materials	$ 144,663	182,089
Work in process	219,691	183,199
Finished goods	111,274	133,232
	$ 475,628	**498,520**

For the years ended December 31, 2019 and 2018, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to $3,078,431 thousand and $3,421,025 thousand, respectively. For the years ended December 31, 2019 and 2018, the Group recognized the losses (reversal gains) on inventory valuation and obsolescence as cost of goods sold amounting to $(4,189) thousand and $20,102 thousand, respectively.

As of December 31, 2019 and 2018, the Group did not provide any inventories as collateral for its loans.

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(e) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018, were as follows:

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2019	$ 179,672	927,427	2,099,866	478,594	73,046	3,758,605
Additions	-	9,153	42,411	31,307	97,882	180,753
Reclassifications	-	10,528	41,135	14,669	(63,094)	3,238
Disposals	-	(1,270)	(97,000)	(30,071)	-	(128,341)
Effect of movements in exchange rates	-	(25,076)	(69,724)	(17,866)	(5,906)	(118,572)
Balance on December 31, 2019	**$ 179,672**	**920,762**	**2,016,688**	**476,633**	**101,928**	**3,695,683**
Balance on January 1, 2018	$ 179,672	722,490	1,848,475	460,189	221,508	3,432,334
Additions	-	9,308	248,807	75,899	83,066	417,080
Reclassifications	-	202,661	46,654	15,414	(229,299)	35,430
Disposals	-	-	(20,508)	(64,694)	-	(85,202)
Effect of movements in exchange rates	-	(7,032)	(23,562)	(8,214)	(2,229)	(41,037)
Balance on December 31, 2018	**$ 179,672**	**927,427**	**2,099,866**	**478,594**	**73,046**	**3,758,605**
Depreciation and impairments loss:						
Balance on January 1, 2019	$ -	354,265	1,406,257	348,728	-	2,109,250
Depreciation	-	50,124	147,244	48,646	-	246,014
Reclassifications	-	-	2,182	1,550	-	3,732
Disposals	-	(1,270)	(92,760)	(26,960)	-	(120,990)
Effect of movements in exchange rates	-	(11,214)	(49,449)	(13,501)	-	(74,164)
Balance on January 1, 2019	**$ -**	**391,905**	**1,413,474**	**358,463**	**-**	**2,163,842**
Balance on January 1, 2018	$ -	310,310	1,262,780	363,408	-	1,936,498
Depreciation	-	46,936	159,617	37,507	-	244,060
Reclassifications	-	177	22,706	14,058	-	36,941
Disposals	-	-	(18,331)	(60,217)	-	(78,548)
Effect of movements in exchange rates	-	(3,158)	(20,515)	(6,028)	-	(29,701)
Balance on December 31, 2018	**$ -**	**354,265**	**1,406,257**	**348,728**	**-**	**2,109,250**
Carrying amounts:						
Balance on December 31, 2019	**$ 179,672**	**528,857**	**603,214**	**118,170**	**101,928**	**1,531,841**
Balance on December 31, 2018	**$ 179,672**	**573,162**	**693,609**	**129,866**	**73,046**	**1,649,355**

As of December 31, 2019 and 2018, the property, plant and equipment of the Group had not been pledged as collateral.

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(f) Right-of-use assets

The Group leases many assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Group as a lessee was presented below:

	Buildings and structures	Machinery and equipment	Transportation equipment	Total
Cost:				
Balance at January 1, 2019	$ 40,364	32,124	8,399	80,887
Additions	110,406	-	-	110,406
Effect of changes in foreign exchange rates	(1,290)	(1,025)	-	(2,315)
Balance at December 31, 2019	**$ 149,480**	**31,099**	**8,399**	**188,978**
Accumulated depreciation and impairment losses:				
Balance at January 1, 2019	$ -	-	-	-
Depreciation for the year	36,390	16,155	3,435	55,980
Effect of change in foreign exchange rates	(1,366)	(606)	-	(1,972)
Balance at December 31, 2019	**$ 35,024**	**15,549**	**3,435**	**54,008**
Carrying amount:				
Balance at December 31, 2019	**$ 114,456**	**15,550**	**4,964**	**134,970**

(g) Short-term borrowings

The Short-term borrowings were summarizes as folows:

	December 31, 2019	December 31, 2018
Credit loans, no pledge	**$ 824,790**	**805,720**
Interest rate range	**0.90%~2.80%**	**0.90%~2.98%**

(h) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2019		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	Mega Bills	0.732%	$ 150,000
Less: Discount on short-term notes and bills payable			(6)
Total			**$ 149,994**

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	December 31, 2018		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	Mega Bills	0.682%	$ 100,000
Less: Discount on short-term notes and bills payable			(15)
Total			$ 99,985

(i) Long-term borrowings

The detail were as follows:

	December 31, 2019			
	Currency	**Interest rate range**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.00%~1.19%	2021	$ 1,000,000

	December 31, 2018			
	Currency	**Interest rate range**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.19%~1.20%	2020	$ 900,000

Please refer to note 6(u) for the exchange rate risk, the interest rate risk, and the sensitivity analysis of the financial assets and liabilities of the Group.

(j) Lease liabilities

	December 31, 2019
Current	$ 59,531
Non-current financial assets	$ 75,586

For the maturity analysis, please refer to note 6(u).

The amounts recognized in profit or loss was as follows:

	For the years ended December 31, 2019
Interest expenses on lease liabilities	$ 669
Expenses relating to short-term leases	$ 289
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 548

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the year ended December 31, 2019
Total cash outflow for leases	$ 56,497

(k) Operating lease

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018
Less than on year	$ 56,487
Between one and five years	23,907
	$ 80,394

(i) The Group leases factories and dormitories under operating leases. The lease terms are between one and three years. There was no provision for contingent rent under the operating lease agreement. During years 2018, operating lease expenses recorded under comprehensive income or loss amounted $48,491 thousand.

(ii) The Group does not participate in the residual value of the land and buildings. As a result, it was determined that substantially all the risks and rewards of the land and buildings are with the landlord.

(l) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries, and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Labor Insurance amounted to $48,445 thousand and $38,816 thousand for the years ended December 31, 2019 and 2018, respectively.

(m) Income tax

(i) The components of income tax in the years 2019 and 2018 were as follows:

	2019	2018
Current tax	$ 11,909	90,147
Deferred tax	75,020	33,669
Adjustment in tax rate	-	94,423
	$ 86,929	**218,239**

(ii) The amounts of income tax profit recognized in other comprehensive income or loss for 2019 and 2018 was as follows:

	2019	2018
Foreign currency translation differences for foreign operations	**$ (34,494)**	**(4,533)**

(iii) Reconciliation of income tax and profit before tax for 2019 and 2018 was as follows:

	2019	2018
Profit excluding income tax	$ 424,551	459,991
Income tax using the Company's domestic tax rate	94,761	93,406
Adjustment in tax rate	-	94,423
Effect of tax rates in foreign jurisdiction	4,653	20,907
Undistributed earnings additional tax	628	1,104
Prior year's income tax adjustment and other	(13,113)	8,399
	$ 86,929	**218,239**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were all temporary differences in respect of the following items:

	December 31, 2019	December 31, 2018
Depreciation period difference	$ 45,265	51,169
Loss on inventory valuation	35,727	36,297
The carryforward of unused tax losses	24,750	19,804
Other	19,991	16,427
	$ 125,733	**123,697**

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As of December 31, 2019, the unused prior-year tax loss carry-forward of the consolidated entities set up overseas amounted to $329,993 thousand, and the deductible taxes calculated by the local tax authorities amounted to $24,750 thousand.

2) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2019 and 2018 were as follows:

	Investment income recognized under the equity method	Foreign currency translation differences for foreign operations	Others	Total
Deferred tax liabilities				
Balance on January 1, 2019	$ 765,537	(46,992)	-	718,545
Recognized in profit or loss	104,720	-	8	104,728
Recognized in other comprehensive income or loss	-	(35,185)	-	(35,185)
Balance on December 31, 2019	**$ 870,257**	**(82,177)**	**8**	**788,088**
Balance on January 1, 2018	$ 605,477	-	-	605,477
Recognized in profit or loss	160,060	(42,442)	-	117,618
Recognized in other comprehensive income or loss	-	(4,550)	-	(4,550)
Balance on December 31, 2018	**$ 765,537**	**(46,992)**	**-**	**718,545**

3) Recognized deferred tax assets

Changes in the amounts of deferred tax assets for 2019 and 2018 was as follows:

	Investment income recognized under the equity method	Loss on inventory valuation	Foreign currency translation differences for foreign operations	Unused tax losses carry forwards	Bad debts in excess of tax limit and others	Total
Deferred tax assets						
Balance on January 1, 2019	$ (60,532)	(471)	(1,011)	(3,224)	(2,298)	(67,536)
Recognized in profit or loss	(15,008)	24	-	(12,228)	(2,496)	(29,708)
Recognized in other comprehensive income or loss	-	-	691	-	-	691
Balance on December 31, 2019	**$ (75,540)**	**(447)**	**(320)**	**(15,452)**	**(4,794)**	**(96,553)**
Balance on January 1, 2018	$ (29,917)	(449)	(36,950)	(6,711)	(4,000)	(78,027)
Recognized in profit or loss	(30,615)	(22)	35,922	3,487	1,702	10,474
Recognized in other comprehensive income or loss	-	-	17	-	-	17
Balance on December 31, 2018	**$ (60,532)**	**(471)**	**(1,011)**	**(3,224)**	**(2,298)**	**(67,536)**

(v) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2016 and 2017, respectively.

(n) Capital and other equity

As of December 31, 2019 and 2018, the total value of authorized ordinary shares were amounted to \$1,500,000 thousand, of which \$20,000 thousand were reserved for the exercising of employee stock options, with par value of \$10 per share represents 150,000 thousands of ordinary shares. As of that date, 62,296 thousands of shares were issued. All issued shares were paid up upon issuance.

(i) Ordinary shares

Reconciliation of shares outstanding 2019 and 2018, was as follows (in thousands of shares):

	Ordinary shares	
	2019	**2018**
Balance on January 1	62,296	79,303
Capital reduction by cash	-	(15,861)
Treasury stock retired	-	(1,146)
Balance on December 31	**62,296**	**62,296**

A resolution was passed during the general meeting of shareholders held on 14 June 2018 for the reduction of ordinary shares by cash in order to adjust the capital structure and to increase the rate of return on equity, with the number of shares issued of 20%, and the reduction amount is amounted to \$158,607 thousand. The Company has received approval from the Financial Supervisory Commission for this capital reduction on 3 August 2018, with 6 August 2018 as the date of capital reduction. The relevant statutory registration procedures have been completed on 16 August 2018. The Company had canceled treasury stock \$11,464 thousand (1,146 thousand shares) in November, 2018. The related registration procedure were also completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	**December 31, 2018**
Share capital	$ 949,944	949,944
Employee share options	9,180	6,045
	$ 959,124	**955,989**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

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The Company' s appropriations of capital surplus had been approved by the shareholders' meeting held on June 14, 2018. The appropriations were $3 per share, amounted to $237,910 thousand.

(iii) Retained earnings

The Company's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's paid-in capital. Aside from the aforesaid legal reserve, the Company shall appropriate or reverse another sum as special earnings reserve in accordance with relevant laws or regulations or requested by the authorities in charge. The remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the amendment of the of Article 240 and Article 241 of the ROC Company Act, the Company authorized the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current-year retained earnings available for distribution only if the current-year retained earnings available for distribution does not reach $0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock.

1) Legal reserve

According to the amendment of the ROC Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be set aside as special earnings reserve during earnings distribution. The amount to be set aside should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be set aside as special earnings reserve (and can not be distributed) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2019, the total amount of special reserve amounted to $199,839 thousand.

3) Earnings distribution

Earnings distribution for 2018 and 2017 were decided via the general meeting of shareholders held on June 18, 2019, and June 14, 2018, respectively. The relevant dividend distributions to shareholders were as follow:

	2018		2017	
	Payout per share	**Amount**	**Payout per share**	**Amount**
Dividend to shareholders				
Cash	$ 3.0	**186,889**	3.0	**237,910**

(i) Treasury shares

In 2018, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 1,433 thousand shares, with a total value of $112,016 thousand as treasury shares in order to protect the Company's integrity and shareholders' equity. In addition, a resolution was passed during the general meeting of shareholders held on 14 June 2018 for the reduction of ordinary shares by cash, with the number of shares issued of 20%, and the reduction amount is amounted to $2,866 thousand. A resolution was also passed during the general meeting of shareholders held on November 1, 2018 for the cancellation of 1,146 thousand shares of treasury shares, with November 5, 2018 as the date of cancellation.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

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(o) Share-based payment

(i) The Company issued 600 units of employee stock options, at 1,000 shares per unit, to its employees and its subsidiaries' who met certain requirements on July 28, 2017. The duration of the employee stock options is five year. 50%, 75%, and 100% of the stock options are exercisable 2 years, 3 years, and 4 years, respectively, after the grant date. Those qualified employees are entitled to purchase the shares at the closing price of ordinary shares of the Company on the same day. After the grant of the stock options, any changes in the ordinary shares of the Company, the exercise price of the share options will be adjusted according to the prescribed formula.

(ii) Details of the employee stock options are as follows:

	2019		2018	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
Outstanding at January 1	$ 75.40 (note)	560	81.80	600
Granted during the year	-	-	-	-
Forfeited during the year	-	(120)	-	(40)
Exercised during the year	-	-	-	-
Outstanding at December 31	70.80 (note)	**440**	75.40 (note)	**560**
Exercisable at December 31		**-**		**-**
The weighted average price of the stock options		**$ 18.15**		**18.15**

(Note) The Company adjusted the exercise price of stock options according to its requirements for issuance stock options.

The details of the stock options of the Group as of December 31, 2019 and 2018 were as follows:

	December 31, 2019	**December 31, 2018**
Weighted average of remaining contractual period (years)	2.57	3.57

(iii) The Company used the Black-Scholes pricing model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2017
Exercise price (NT dollars)	81.80
Share price at grant date (NT dollars)	81.80
Expected dividend	- %
Expected volatility (%)	26.78%~27.89%
Risk-free interest rate (%)	0.67%~0.73%
Expected life (years)	5

(iv) For the years ended December 31, 2019 and 2018, the expenses attributable to share based payment amounted to $3,135 thousand and $4,228 thousand, respectively.

(p) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2019 and 2018, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2019	2018
Profit attributable to ordinary shareholders of the Company	$ **337,622**	**241,752**
Weighted-average number of ordinary shares (thousand shares)	**62,296**	**72,194**
Basic earnings per share	$ **5.42**	**3.35**

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2019 and 2018, were based on the profit attributable to the ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2019	2018
Profit attributable to ordinary shareholders of the Company (diluted)	$ **337,622**	**241,752**

Weighted-average number of ordinary shares (diluted) (thousand shares)

	2019	2018
Weighted-average number of ordinary shares (basic)	62,296	72,194
Effect of employee stock bonus	373	356
Weighted-average number of ordinary shares (diluted)	**62,669**	**72,550**
Diluted earnings per share	$ **5.39**	**3.33**

(Continued)

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(q) Revenue from contracts with customers

(i) Details of revenue

		2019	2018
Primary geographical markets			
North America	$	1,797,250	1,918,503
Asia		856,421	921,836
Europe		1,303,473	1,378,503
	$	**3,957,144**	**4,218,842**
Major products/services lines			
Plastic injection	$	3,619,937	3,794,661
Mold		335,732	423,629
Others		1,475	552
	$	**3,957,144**	**4,218,842**

(ii) Contract balances

For details on accounts receivable, please refer to note 6 (c).

(r) Employee, board of directors', and supervisors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company’s affiliated companies who meet certain conditions.

For the years ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to $22,100 thousand and $17,513 thousand, and directors’ and supervisors’ remuneration amounting to $7,925 thousand and $6,140 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company’s articles. These remunerations were expensed under operating costs or operating during 2019 and 2018. If the Board of Directors decide to distribute compensation for employees by shares, the numbers of shares to be distributed would be calculated based on the closing price of the Company’s ordinary shares one day before the date of the meeting of Board of Directors. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

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(s) Other revenue

		2019	2018
Interest income	$	87,477	79,247
Others		17,234	16,616
Total other income	$	**104,711**	**95,863**

(t) Other gains and losses

The other gains and losses for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Foreign exchange gains (losses)	$	(23,332)	61,607
Gains on financial assets at fair value through profit or loss		1,464	13,293
Losses on disposals of property, plant and equipment		(1,570)	(3,458)
Others		(9,155)	(161)
	$	**(32,593)**	**71,281**

(u) Financial Instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable and investments.

1) Accounts receivable and others receivables

For credit risk exposure of note and accounts receivable, please refer to note 6(c).

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These criterias are reviewed periodically.

2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes their counterparts do not have significant default risk, therefore, the credit risk is insignificant.

(Continued)

3) Credit risk exposure

As of December 31, 2019 and 2018, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to $5,396,735 thousand and $4,962,509 thousand, respectively. The Group had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

4) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the years ended December 31, 2019 and 2018, sales to the individual customers whose revenue constituting over 10% of net revenue are 27% and 29% of total revenues respectively. As of December 31, 2019 and 2018, both 23%, of accounts receivable were those customers.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 year	1-2 years	2-5 years
December 31, 2019					
Non-derivative financial liabilities					
Short-term borrowings	$ 824,790	830,154	830,154	-	-
Short-term notes and bills payable	149,994	150,000	150,000	-	-
Long-term borrowings	1,000,000	1,018,915	10,730	1,008,185	-
Notes and accounts payable	604,378	604,378	604,378	-	-
Lease liabilities	135,117	135,117	59,531	75,586	-
Other financial liabilities	45,748	45,748	45,748	-	-
	$ 2,760,027	**2,784,312**	**1,700,541**	**1,083,771**	**-**
December 31, 2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 805,720	809,432	809,432	-	-
Short-term notes and bills payable	99,985	100,000	100,000	-	-
Long-term borrowings	900,000	920,860	10,755	910,105	-
Notes and accounts payable	601,303	601,303	601,303	-	-
Other financial liabilities	39,708	39,708	39,708	-	-
	$ 2,446,716	**2,471,303**	**1,561,198**	**910,105**	**-**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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(iii) Market risk

1) Exchange rate risk

The Group's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2019			December 31, 2018		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary Items						
USD	$ 81,104	29.980	2,431,483	58,004	30.715	1,781,593
CNY	16,029	4.305	69,005	15,349	4.472	68,641
Financial liabilities						
Monetary Items						
USD	1,394	29.980	41,795	1,375	30.715	42,224

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, accounts payable and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY at December 31, 2019 and 2018, would have increased or decreased the net profit before tax by $24,587 thousand and $18,080 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2019 and 2018, foreign exchange gain (including realized and unrealized portions) amounted to $(23,332) thousand and $61,607 thousand, respectively.

2) Interest rate analysis

The details of financial instruments exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2019	December 31, 2018
Fixed-rate instruments:		
Financial assets	$ 2,011,515	1,652,124
Financial liabilities	(704,964)	(736,772)
	$ 1,306,551	**915,352**

(Continued)

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		Carrying amount	
		December 31, 2019	**December 31, 2018**
Variable-rate instruments:			
Financial assets	$	1,527,780	1,690,271
Financial liabilities		(1,269,820)	(1,068,933)
	$	**257,960**	**621,338**

The sensitivity analysis is based on the exposure to the interest rate risk of nonderivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases 1 basis points when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, the Group's net income would have decreased / increased by $645 thousand and $1,553 thousand for the year ended December 31, 2019 and 2018, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and bank deposits in variable-rate bills.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2019				
		Fair Value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ **449,429**	**12,666**	**6,250**	**430,513**	**449,429**

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	December 31, 2019				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,539,799				
Notes and accounts receivable, net	1,395,940				
Other financial assets-current	11,567				
Refundable deposits	25,490				
	$ 4,972,796				
Financial liabilities at amortized cost					
Long and short term borrowings	$ 1,824,790				
Short-term notes and bills payable	149,994				
Notes and accounts payable	604,378				
Lease liabilities	135,117				
Other payables	45,748				
	$ 2,760,027				

	December 31, 2018				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 263,890	12,091	5,833	245,966	263,890
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,343,043				
Notes and accounts receivable, net	1,348,674				
Other financial assets-current	6,902				
	24,479				
	$ 4,723,098				
Financial liabilities at amortized cost					
Long and short term borrowings	$ 1,705,720				
Short-term notes and bills payable	99,985				
Notes and accounts payable	601,303				
Other payables	39,708				
	$ 2,446,716				

(Continued)

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	At fair value through profit or loss	
	Derivative mandatorily measured at fair value through profit or loss	**Non-derivative mandatorily measured at fair value through profit or loss**
January 1, 2019	$ -	245,966
In profit or loss	-	33,049
Purchased	-	1,549,846
Derecognized or repaid	-	(1,398,348)
December 31, 2019	**$ -**	**430,513**
January 1, 2018	$ -	614,276
In profit or loss	16,108	33,142
Purchased	-	1,766,482
Derecognized or repaid	(16,108)	(2,167,934)
December 31, 2018	**$ -**	**245,966**

The aforementioned total gains and losses were recognized in “other income” and “other gains and losses”. There were no transfers from all Level in 2019 and 2018.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value are “financial assets measured at fair value through profit or loss – principal guaranteed financial instrument” and derivative financial assets. The financial assets’ fair value are using the prior transaction price before adjustments or third-party pricing information. The unobservable inputs are not set up as the Group measures fair value, so the quantified information of significant unobservable inputs are not disclosed.

(v) Financial risk management

(i) Structure of risk management

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors the management to ensure compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The board of directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(ii) The Group have exporesures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

For more disclosures about the quantitative effects of these risks exposures and the Group’s objectives, policies and processes for measuring and managing the above mentioned risks, please refer to note 6(u).

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(w) Capital management

The Group manages capital to safeguard the capacity to continue to operate and to safeguard the certainly and stability of its financial resources. The management uses the asset-liability ratio to manage capital. As of December 31, 2019 and 2018, the Group's asset-liability ratios were 51% and 53%, respectively. In addition, a resolution was passed during the general meeting of shareholders held on 14 June 2018 for the reduction of ordinary shares by cash in order to adjust the capital structure and to increase the rate of return on equity, except for above mentioned, there were no changes in the Group's approach to capital management as of December 31, 2019.

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

(i) For acquisition of right-of-use assets, please refer to note 6(f).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2019	Cash flows	Foreign exchange movement and others	December 31, 2019
Short-term borrowings	$ 805,720	19,070	-	824,790
Short-term notes and bills payable	99,985	50,000	9	149,994
Long-term borrowings	900,000	100,000	-	1,000,000
Lease liabilities	80,887	(56,497)	110,727	135,117
Total liabilities from financing activities	**$ 1,886,592**	**112,573**	**110,736**	**2,109,901**

	January 1,2018	Cash flows	Foreign exchange movement and others	December 31, 2018
Short-term borrowings	$ 437,560	368,160	-	805,720
Short-term notes and bills payable	49,982	50,000	3	99,985
Long-term borrowings	1,200,000	(300,000)	-	900,000
Long-term liabilities, current portion	200,000	(200,000)	-	-
Total liabilities from financing activities	**$ 1,887,542**	**(81,840)**	**3**	**1,805,705**

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(7) Related-party transactions:

(a) Transaction of key management personnel

(iii) Key management personnel compensation

Key management personnel compensation comprised

	2019	2018
Short-term employee benefits	$ 41,258	33,274
Post-employment benefits	216	216
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 41,474	33,490

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2019	December 31, 2018
Demand deposits (classified under other current financial assets)	Guarantee for customs	$ -	447
〃	Guarantee for carbon emission	25	26
〃	Guarantee for Litigation	4,703	3,130
		$ 4,728	3,603

(9) Significant Commitments and Contingencies:

(a) Unrecognized contractual commitments

(i) The Group's unrecognized contractual commitments to the purchase of equipments are as follows:

	December 31, 2019	December 31, 2018
Acquisition of property, plant and equipment	$ 75,657	85,227

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(ii) The amounts of guarantee notes issued as collateral for bank loans were as follows:

	December 31, 2019	December 31, 2018
Outstanding guarantee notes	$ 1,628,960	2,342,910
Purchasing guarantee	14,990	15,358
	$ 1,643,950	2,358,268
Actual usage amount	$ 329,780	261,078

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2019 Operating cost	2019 Operating expenses	2019 Total	2018 Operating cost	2018 Operating expenses	2018 Total
Employee benefit expenses						
Salary	746,550	213,799	960,349	812,304	215,259	1,027,563
Labor and health insurance	21,268	9,182	30,450	21,123	9,088	30,211
Pension	37,796	10,649	48,445	31,712	7,104	38,816
Others	20,161	27,239	47,400	21,179	11,971	33,150
Depreciation	245,058	56,936	301,994	206,355	37,705	244,060
Amortization	4,942	4,260	9,202	6,782	4,758	11,540

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Financing limit for each borrowing company	Maximum financing limit for the lender
1	SAME START (Anguilla)	NISHOKU VIETNAM	Other accounts receivable	Yes	252,800	239,840	239,840	2.15%~2.96%	Necessary to loan other parties	-	Operating capital	-	-	-	1,486,008 (Note 1)	1,486,008 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company's net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company's net worth in the last financial statement.

Note 2: Related transaction have been elimated during the preparation of the consolidated financial statements.

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Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	SAME START (Anguilla)	3	1,183,038	537,200	509,660	-	-	12.92 %	3,943,460	Y	N	N
〃	〃	NISHOKU VIETNAM	2	1,183,038	1,042,800	989,340	314,790	-	25.09 %	3,943,460	〃	〃	〃
	〃	NISHOKU BOUEKI	2	1,183,038	133,200	129,960	-	-	3.30 %	3,943,460	〃	〃	〃
1	NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	1	760,361	15,800	14,990	14,990	-	0.59 %	2,534,538	N	〃	〃

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company's net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company's net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

1) Business relationship between the Company
2) The Company directly or indirectly holds over 50% of subsidiaries' shares;
3) The parent company and its subsidiaries holds over 50% of investees' shares
4) A subsidiary jointed owned over 50% by the Company and the Company's directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Highest balance during the year: Shares/Units (thousands)	Highest balance during the year: Percentage of ownership (%)	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
SAME START (Anguilla)	Bond of oversea	None	Financial assets at fair value through profit or loss-current	-	- %	-	6,250	- %	6,250	
〃	PineBridge preferred securities income fund	〃	〃	-	- %	-	12,666	- %	12,666	
NISHOKU SHENZHEN	Principal guranteed financial instruments	〃	〃	-		-	129,154	- %	129,154	
NISHOKU KUNSHAN PLASTIC	〃	〃	〃	-		-	301,359	- %	301,359	

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
NISHOKU KUNSHAN PLASTIC	Principal guranteed financial instrument	Financial assets at fair value through profit or loss-current	Agricltural Bank of China	None	-	89,442	-	344,410	-	349,618	347,749	1,869	-	86,103
〃	〃	〃	Wells Fargo Asset Management (Shanghai)	〃	-	-	-	645,769	-	444,321	430,513	13,808	-	215,256
NISHOKU SHENZHEN	Principal guranteed financial instrument	Financial assets at fair value through profit or loss-current	Wells Fargo Asset Management (Shanghai)	〃	-	134,163	-	559,667	-	581,920	564,676	17,244	-	129,154

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance (Note 1)	Percentage of total notes/accounts receivable (payable)	
The Company	SAME START (Anguilla)	The Company indirectly invest through SUN NICE (SAMOA)	Purchase	169,220	87 %	Note 1	Note 1	Note 1	(68,588)	(88)%	Note 2
SAME START (Anguilla)	The Company	〃	Sale	(169,220)	(16) %	Net 90 days	〃	〃	68,588	18%	〃
〃	NISHOKU KUNSHAN PLASTIC	Associate	Purchase	176,243	28 %	〃	〃	〃	(77,024)	(40)%	〃
〃	〃	〃	Sale	(759,949)	(71) %	〃	〃	〃	246,963	67%	〃
〃	NISHOKU BOUEKI	〃	Purchase	119,058	19 %	〃	〃	〃	(43,907)	(23)%	〃
NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	〃	Purchase	759,949	51 %	〃	〃	〃	(246,963)	(37)%	〃
〃	〃	〃	Sale	(176,243)	(6) %	〃	〃	〃	77,024	9%	〃

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance (Note 1)	Percentage of total notes/accounts receivable (payable)	
NISHOKU BOUEKI	SAME START (Anguilla)	〃	Sale	(119,058)	(83) %	〃	〃	〃	43,907	100%	〃

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price can not be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	Associate	246,963	3.25	-		163,139	-

Note 1: Until February 25, 2020.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements

(ix) Trading in derivative instruments:Please refer to notes 6(u).

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions,			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	169,220	Note 3	4%
〃	〃	〃	1	Account Payable	68,588	〃	1%
1	NISHOKU BOUEKI	〃	3	Sales	119,058	〃	3%
〃	〃	〃	3	Commission revenue	24,221	〃	1%
〃	〃	〃	3	Account receivable	43,907	〃	1%
2	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	24,823	〃	1%
〃	〃	〃	3	Sales	20,829	〃	1%
〃	〃	NISHOKU KUNSHAN PLASTIC	3	Purchase	176,243	〃	4%
〃	〃	〃	3	Account Payable	77,024	〃	1%
〃	〃	〃	3	Sales	759,949	〃	19%
〃	〃	〃	3	Account receivable	246,963	〃	3%

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No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
2	SAME START (Anguilla)	NISHOKU VIETNAM	3	Sales	85,558	Note 3	2%
〃	〃	〃	3	Account receivable	27,915	〃	-%
〃	〃	〃	3	Other receivable	243,977	Loans and interests	3%

Note 1: “0” represents the parent company, and the others represent the subsidiaries.

Note 2: “1” represents the transactions from parent company to subsidiary.

“2” represents the transactions from subsidiary to parent company.

“3” represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so can not be compared. The payments terms were 90 days for related parties.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2019 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2019	Original investment amount December 31, 2018	Highest balance during the year Shares (thousands)	Highest balance during the year Percentage of ownership	Balance as of December 31, 2019 Shares (thousands)	Balance as of December 31, 2019 Percentage of ownership	Balance as of December 31, 2019 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,096,194	1,774,490	56,282	100 %	34,468	100.00 %	5,237,959	523,601	523,601	
〃	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100 %	6,300	100.00 %	132,546	31,673	33,203	
〃	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	267,314 (USD 8,500 thousand)	267,314 (USD 8,500 thousand)	-	100 %	-	100.00 %	(121,340)	(75,040)	(75,040)	
SUN NICE (SAMOA)	SAME START (Anquilla)	Aquilla	Purchase and sale of mold and plastic products	-	634,278	21,814	100 %	-	100.00 %	1,486,008	428,486	428,486	
〃	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousand)	1,800,361 (USD 57,915 thousand)	62,298	100 %	62,298	100.00 %	3,025,354	71,349	71,349	
〃	SUNNICE (BVI)	BVI	〃	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100 %	15,697	100.00 %	725,314	23,034	23,034	

Note 1: Transactions within the Group were eliminated in the consolidated financial statements

(Continued)

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD23,288 thousand	Indirect investment through third area	703,870 (USD22,939 thousand)	-	-	703,870 (USD22,939 thousand)	11,918	100.00%	11,918	1,182,603	475,841
NISHOKU KUNSHAN PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousand	〃	1,674,270 (USD52,524 thousand)	-	-	1,674,270 (USD52,524 thousand)	80,954	100.00%	80,954	2,534,538	473,544

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,378,140	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China were based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in " Information on significant transactions".

(14) Segment information:

(a) General information

(i) The Group's identifies its operating segments based on decision of the chief operating decision marker (CODM). The Group's operating segments are in United States, Asia and Europe, etc. Those operating segments are be reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, its is necessary to separate them for management.

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(ii) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 “significant accounting policies”.

(b) Geographic information

The Group treated inteersegment sales and transfers as third-party transactions. They are measuredat market price. The Group’s product revenues from geographical clients are as follows:

	2019				
	United States	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	**$ 1,797,250**	**856,421**	**1,303,473**	**-**	**3,957,144**
Reportable segment profit or loss	**$ 292,054**	**21,040**	**65,909**	**-**	**379,003**

	2018				
	United States	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	**$ 1,918,503**	**921,836**	**1,378,503**	**-**	**4,218,842**
Reportable segment profit or loss	**$ 232,595**	**19,220**	**66,440**	**-**	**318,255**

(c) Product and service information

Revenue from external customers of the Group was as follows:

Product and Services	**2019**	**2018**
Plastic injection	$ 3,619,937	3,794,661
Mold	335,732	423,629
Others	1,475	552
Total	**$ 3,957,144**	**4,218,842**

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(d) Major customers

Sales to individual clients constituting over 10% of total revenue in 2019 and 2018 are summarized as follows:

	2019	
Customer	**Amount**	**Percentage of net sales**
Company A	$ 1,077,350	27

	2018	
Customer	**Amount**	**Percentage of net sales**
Company A	$ 1,230,397	29