Ventec International Group Co., Ltd. and Subsidiaries

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ventec International Group Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Ventec International Group Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. 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 of the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Validity of Specific Revenue

The amount of revenue derived from partial customers was NT$1,008,365 thousand, representing 18% of total revenue of the Group for the year ended December 31, 2019. Since the amount of revenue derived from specific customers has increased significantly compared to last year, the validity of the revenue derived from specific customers was identified as a key audit matter.

Refer to Note 4 to the Group's consolidated financial statements for the accounting policy of revenue recognition.

The main audit procedures performed for validity of specific revenue were as follows:

1. We understood and tested the internal control design and operating effectiveness of the validity of revenue derived from specific customers.

2. We sample tested the transaction documents related to revenue derived from specific customers, including sales order, shipping, and receipt documents.

3. We sample tested the payee, payment terms and the time of receipt of payment related to revenue derived from specific customers to verify the validity of revenue.

Valuation of Inventory

As of December 31, 2019, the carrying amount of the Group's inventory was NT$716,137 thousand (the total inventory cost of NT$768,894 thousand deducted by the allowance for inventory valuation of NT$52,757 thousand), representing 17% of the Group's total assets. The Group's inventory was stated at the lower of cost or net realizable value in accordance with IAS 2 "Inventories", which involved significant accounting judgements and estimates by the management; therefore, the valuation of inventory was identified as a key audit matter.

Refer to Notes 4, 5 and 9 to the Group's consolidated financial statements for the related accounting policies and disclosures on inventory valuation.

The main audit procedures performed for valuation of inventory were as follows:

1. We obtained an understanding of the appropriateness of the Group's policies and methods related to the allowance for inventory valuation.

2. We obtained the inventory assessment prepared by the management, sampled the latest inventory quotation at the end of the period, tested whether the value of inventory was stated at the lower of cost or net realizable value, and assessed the reasonableness of the basis for estimating net realizable value.

3. We performed a year-end observation of physical inventory counts and assessed the physical condition of inventory to evaluate the reasonableness of provisions for obsolete and damaged inventories.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and 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.

Auditors' 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preludes 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 Chun-Hung Chen and Ming-Yen Chien.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2020

<u>Notice to Readers</u>

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

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

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 438,544	11	$ 324,963	8
Notes receivable (Notes 4, 7 and 14)	44,589	1	40,846	1
Trade receivables (Notes 4, 7, 14, 23 and 25)	1,644,078	39	1,615,458	38
Other receivables (Notes 4 and 7)	8,644	-	21,926	-
Current tax assets (Notes 4 and 20)	-	-	1,126	-
Inventories (Notes 4, 5 and 8)	716,137	17	740,431	17
Prepayments (Notes 3, 4, 13, 14 and 25)	53,179	1	49,796	1
Other financial assets (Notes 4, 14 and 25)	57,916	1	162,405	4
Other current assets	72	-	2,562	-
Total current assets	2,963,159	70	2,959,513	69
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 3, 4, 10, 14 and 25)	955,535	23	1,040,106	24
Right-of-use assets (Notes 3, 4, 11, 14 and 25)	148,829	4	-	-
Goodwill (Notes 4 and 12)	68,030	2	69,699	2
Intangible assets (Note 4)	724	-	2,711	-
Deferred tax assets (Notes 4 and 20)	63,257	1	64,874	2
Long-term prepayments for leases (Notes 3, 4, 13, 14 and 25)	-	-	77,305	2
Refundable deposits	5,845	-	36,547	1
Other non-current assets	12,847	-	9,987	-
Total non-current assets	1,255,067	30	1,301,229	31
TOTAL	$ 4,218,226	100	$ 4,260,742	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 7, 10, 11, 13, 14 and 25)	$ 133,819	3	$ 910,823	21
Trade payables	909,028	21	913,221	22
Other payables (Notes 3 and 15)	371,656	9	302,231	7
Lease liabilities - current (Notes 3, 4 and 11)	26,286	1	-	-
Current tax liabilities (Notes 4 and 20)	30,808	1	71,412	2
Current portion of long-term borrowings (Notes 10, 14 and 25)	16,941	-	12,126	-
Other current liabilities (Notes 4 and 18)	6,541	-	8,688	-
Total current liabilities	1,495,079	35	2,218,501	52
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 10, 14 and 25)	153,687	4	126,672	3
Deferred tax liabilities (Notes 4 and 20)	125,111	3	118,486	3
Lease liabilities - non-current (Notes 3, 4 and 11)	48,691	1	-	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	34,737	1	35,254	1
Other non-current liabilities	3,562	-	3,221	-
Total non-current liabilities	365,788	9	283,633	7
Total liabilities	1,860,867	44	2,502,134	59
EQUITY (Notes 4, 9, 16 and 17)				
Ordinary shares	706,543	17	646,143	15
Capital surplus	835,071	20	450,263	11
Retained earnings				
Legal reserve	70,375	2	29,849	1
Special reserve	309,947	7	200,000	4
Unappropriated earnings	631,129	15	542,300	13
Total retained earnings	1,011,451	24	772,149	18
Exchange differences on translating the financial statements of foreign operations	(195,706)	(5)	(109,947)	(3)
Total equity	2,357,359	56	1,758,608	41
TOTAL	$ 4,218,226	100	$ 4,260,742	100

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

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 18 and 29)	$ 5,453,285	100	$ 5,413,656	100
COST OF REVENUE (Notes 4, 8, 19 and 24)	3,919,081	72	4,067,705	75
GROSS PROFIT	1,534,204	28	1,345,951	25
OPERATING EXPENSES (Note 19)				
Selling and marketing expenses	532,057	10	491,861	9
General and administrative expenses	217,947	4	220,106	4
Research and development expenses	162,361	3	146,544	3
Total operating expenses	912,365	17	858,511	16
PROFIT FROM OPERATIONS	621,839	11	487,440	9
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 19)				
Other income	6,954	-	14,707	-
Other gains and losses	(3,253)	-	86,941	2
Interests expense	(22,317)	-	(88,959)	(2)
Total non-operating income and expenses	(18,616)	-	12,689	-
PROFIT BEFORE INCOME TAX	603,223	11	500,129	9
INCOME TAX EXPENSE (Notes 4 and 20)	131,481	2	94,865	2
NET PROFIT FOR THE YEAR	471,742	9	405,264	7
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 16)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4,049	-	4,785	-
Exchange differences arising on translation to the presentation currency	(53,717)	(1)	37,900	1
	(49,668)	(1)	42,685	1

(Continued)

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (32,042)	(1)	$ (158,586)	(3)
Other comprehensive loss for the year	(81,710)	(2)	(115,901)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 390,032	7	$ 289,363	5
EARNINGS PER SHARE (Note 21)				
Basic	$ 6.85		$ 6.75	
Diluted	$ 6.80		$ 6.70	

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

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

	Ordinary Shares (Note 17)			Retained Earnings (Notes 4, 16 and 17)			Other Equity (Notes 4 and 9)	
	Share (In Thousands)	Share Capital	Capital Surplus (Note 17)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2018	58,614	$ 586,143	$ 128,875	$ -	$ -	$ 420,714	$ 10,739	$ 1,146,471
Appropriation of 2017 earnings								
Legal reserve	-	-	-	29,849	-	(29,849)	-	-
Special reserve	-	-	-	-	200,000	(200,000)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(58,614)	-	(58,614)
Net profit for the year ended December 31, 2018	-	-	-	-	-	405,264	-	405,264
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	4,785	(120,686)	(115,901)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	410,049	(120,686)	289,363
Issuance of ordinary shares for cash	6,000	60,000	321,388	-	-	-	-	381,388
BALANCE AT DECEMBER 31, 2018	64,614	646,143	450,263	29,849	200,000	542,300	(109,947)	1,758,608
Appropriation of 2018 earnings								
Legal reserve	-	-	-	40,526	-	(40,526)	-	-
Special reserve	-	-	-	-	109,947	(109,947)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(236,489)	-	(236,489)
Net profit for the year ended December 31, 2019	-	-	-	-	-	471,742	-	471,742
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	4,049	(85,759)	(81,710)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	475,791	(85,759)	390,032
Issuance of ordinary shares for cash	6,040	60,400	384,808	-	-	-	-	445,208
BALANCE AT DECEMBER 31, 2019	70,654	$ 706,543	$ 835,071	$ 70,375	$ 309,947	$ 631,129	$ (195,706)	$ 2,357,359

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

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 603,223	$ 500,129
Adjustments for:		
Depreciation expenses	152,603	141,710
Amortization expenses	1,963	1,983
Amortization of long-term prepayments for leases	-	2,123
Expected credit loss recognized on trade receivables	6,123	3,421
Interest expense	22,317	88,959
Interest income	(2,758)	(4,419)
Loss on disposal of property, plant and equipment, net	1,023	694
Write-downs (reversal) of inventories	7,976	(15,618)
Loss (gain) on foreign currency exchange, net	54,662	(140,885)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	(1,302)
Notes receivable	(4,081)	19,036
Trade receivables	(89,176)	(127,016)
Other receivables	12,208	(1,087)
Inventories	(3,651)	(31,263)
Prepayments	(4,610)	4,587
Other current assets	2,511	689
Trade payables	19,887	269,144
Other payables	72,854	66,033
Other current liabilities	(1,874)	1,782
Net defined benefit liabilities	3,532	5,236
Cash generated from operations	854,732	783,936
Interest received	2,758	4,419
Interest paid	(25,840)	(95,900)
Income tax paid	(161,254)	(72,473)
Net cash generated from operating activities	670,396	619,982
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(60,346)	(60,194)
Proceeds from disposal of property, plant and equipment	1,812	4,713
Decrease in refundable deposits	31,380	23,508
Payments for intangible assets	-	(152)
Decrease in restricted bank deposits	103,830	115,889
Decrease (increase) in other non-current assets	4,135	(2,037)
Net cash generated from investing activities	80,811	81,727

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VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	$ (781,084)	$ (927,774)
Proceeds from long-term borrowings	176,392	-
Repayments of long-term borrowings	(141,745)	(52,013)
Repayments of the principal portion of lease liabilities	(26,713)	-
Increase (decrease) in other non-current liabilities	879	(636)
Dividends paid to owners of the Company	(236,489)	(58,614)
Proceeds from issuance of ordinary shares	445,208	381,388
Net cash used in financing activities	(563,552)	(657,649)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(74,074)	(9,385)
NET INCREASE IN CASH	113,581	34,675
CASH AT THE BEGINNING OF THE YEAR	324,963	290,288
CASH AT THE END OF THE YEAR	$ 438,544	$ 324,963

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

1. GENERAL INFORMATION

Ventec International Group Co., Ltd. (the "Company"), a holding company of all the merged entities, was incorporated in the Cayman Islands in October 2012. The Company's ordinary shares have been listed on the Taipei Exchange since January 2018, and have been listed on Taiwan Stock Exchange since April 2019.

The Company and its subsidiaries, collectively referred to as the "Group", mainly engaged in the research and development, production and sale of copper clad laminate (CCL), aluminium-backed laminate (IMS) and prepreg.

The functional currency of the Company is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 13, 2020.

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

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

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

   - IFRS 16 "Leases"

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

     <u>Definition of a lease</u>

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

The Group as lessee

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

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

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.57%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 110,224
Less: Recognition exemption for short-term leases	(456)
Undiscounted amounts on January 1, 2019	$ 109,768
Lease liabilities recognized on January 1, 2019	$ 105,756

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments	$ 2,080	$ (2,080)	$ -
Long-term prepayments for leases	77,305	(77,305)	-
Property, plant and equipment	193	(193)	-
Right-of-use assets	-	185,141	185,141
Total effect on assets	$ 79,578	$ 105,563	$ 185,141
Lease liabilities - current	$ -	$ 28,219	$ 28,219
Finance lease payables	193	(193)	-
Lease liabilities - non-current	-	77,537	77,537
Total effect on liabilities	$ 193	$ 105,563	$ 105,756

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 9 and Tables 6 and 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency, are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation which are attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

f. Inventories

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

j. Impairment of tangible and intangible assets other than goodwill

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 23.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss._

2) Financial liabilities

a) Subsequent measurement

Except the derivative instruments, all financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Revenue recognition

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

- Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of CCL, IMS and prepreg. The sale of goods above is recognized as revenue when the goods are delivered to a customer because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

m. Leasing (the Group as lessee)

2019

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

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

2018

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

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

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

r. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH

	December 31	
	2019	2018
Cash on hand and petty cash	$ 281	$ 269
Checking accounts and demand deposits	438,263	324,694
	$ 438,544	$ 324,963

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	**2018**
Notes receivable		
Notes receivable - operating	$ 44,589	$ 40,846
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,664,477	$ 1,633,329
Less: Allowance for impairment loss	(20,399)	(17,871)
	$ 1,644,078	$ 1,615,458
Other receivables		
Tax refund receivable	$ 2,701	$ 2,441
Receivables for disposal of land use rights	-	10,770
Others	5,943	8,715
	$ 8,644	$ 21,926

a. Trade receivables

The Group's credit period of sales of goods ranges from 120 days to 150 days. No interest was charged on trade receivables due to short period of credit grant. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 1,601,452	$ 47,620	$ 1,617	$ 13,788	$ 1,664,477
Loss allowance (Lifetime ECLs)	(6,498)	(2,168)	(579)	(11,154)	(20,399)
Amortized cost	$ 1,594,954	$ 45,452	$ 1,038	$ 2,634	$ 1,644,078

December 31, 2018

	Not Past Due	Less than 90 Days	91 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 1,575,736	$ 38,252	$ 2,919	$ 16,422	$ 1,633,329
Loss allowance (Lifetime ECLs)	(7,647)	(2,312)	(382)	(7,530)	(17,871)
Amortized cost	$ 1,568,089	$ 35,940	$ 2,537	$ 8,892	$ 1,615,458

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 17,871	$ 22,538
Add: Net remeasurement of loss allowance	6,123	3,421
Less: Amounts written off	(3,150)	(7,857)
Foreign exchange gains and losses	(445)	(231)
Balance at December 31	$ 20,399	$ 17,871

b. Other receivables

As of December 31, 2019 and 2018, the Group assessed the impairment loss of other receivables using expected credit losses.

8. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 355,675	$ 426,981
Work in progress	88,255	65,136
Raw materials	272,207	248,314
	$ 716,137	$ 740,431

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $3,919,081 thousand and $4,067,705 thousand, respectively.

The cost of goods sold for the years ended December 31, 2019 and 2018 included inventory write-downs of $7,976 thousand and reversals of inventory write-downs of $15,618 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

9. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%) December 31 2019	2018
Ventec International Group Co., Ltd. ("VIG CAYMAN")	Ventec International Group Company Limited (SAMOA) ("VIG SAMOA") (Notes a, b and c)	General investment	100.00	100.00
VIG SAMOA	Ventec International Group Limited (HK) ("VIG HK")	General investment	100.00	100.00
	Ventec Logistics Limited ("VLL") (Notes a and b)	General investment	100.00	100.00
	Ventec Electronics (HK) Co., Ltd. ("VT HK")	International trade	100.00	100.00
	Ventec Electronics Corporation ("VT TW") (Note d)	Manufacture and sell of CCL, IMS and prepreg	100.00	100.00
	Ventec Europe Ltd. ("VT UK") (Note a)	Sell of CCL, IMS and prepreg	100.00	100.00
	Ventec Central Europe GmbH. ("VT DE") (Note a)	Sell of CCL, IMS and prepreg	100.00	100.00
VIG HK	Ventec Electronics (Suzhou) Co., Ltd. ("VT SZ")	Research and development, manufacture and sell of CCL, IMS and prepreg	100.00	100.00
	Ventec Electronics (Jiangyin) Co., Ltd. ("VT JY")	Manufacture and sell of CCL, IMS and prepreg	100.00	100.00
VT SZ	Ventec Electronics (Shenzhen) Co., Ltd. ("VT SZWT")	Manufacture and sell of CCL, and sell of IMS and prepreg	100.00	100.00
VLL	Ventec USA LLC ("VT USA") (Note b)	Sell of CCL, IMS and prepreg	100.00	100.00

a. In order to simplify the structure of reinvested overseas companies, the board of directors of the Company passed a resolution on September 27, 2018 to fully sell the shares of VT UK and VT DE to VIG SAMOA through VLL and completed the processes of changing the registration on December 3, 2018 and November 28, 2018, respectively.

b. For the purpose of expanding the oversea business and enriching the operating capital of its subsidiaries, the board of directors of the Company passed a resolution on October 19, 2018 to increase VIG SAMOA's capital by cash of US$11,500 thousand and increase the capital of VLL and VT USA by cash of US$8,000 thousand and US$4,560 thousand, respectively, through VIG SAMOA and VLL.

c. For the purpose of expanding its overseas business and increasing the operating capital of its subsidiaries, the board of directors of the Company passed a resolution on May 13, 2019 to increase the cash capital of VIG SAMOA by US$13,100 thousand.

d. On March 11, 2019, the board of directors of the VT TW (which represents shareholders and supervises the Company) passed a resolution for capital reduction by cash of $25,000 thousand, the capital reduction base date is on May 14, 2019 and the process of changing the registration was completed on May 16, 2019. Moreover, on March 13, 2020, the board of directors of VT TW (which represents shareholders and supervises the Company) passed a resolution to reduce capital by cash of $50,000 thousand. As of the date the consolidated financial statements were authorized for issue, the process of changing the registration has not yet been completed.

e. In order to improve the capital structure of subsidiaries, VT JY and VT SZ determined to reduce their cash capital by US$3,000 thousand and US$4,900 thousand, respectively, and the processes of changing the registration were completed on December 19, 2019 and December 31, 2019, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Machinery in Transit	Total
Cost									
Balance at January 1, 2018	$ 118,840	$ 535,650	$ 1,769,966	$ 27,790	$ 380	$ 28,186	$ 112,012	$ 28,539	$ 2,621,363
Additions	-	761	15,695	3,122	129	2,890	8,242	15,259	46,098
Reclassification	-	-	32,223	-	-	-	7,377	(38,851)	749
Disposals	-	-	(15,662)	(3,733)	(266)	(9,739)	(17,488)	-	(46,888)
Effect of foreign currency exchange differences	-	(9,260)	(36,855)	(194)	-	(79)	(2,255)	(187)	(48,830)
Balance at December 31, 2018	118,840	527,151	1,765,367	26,985	243	21,258	107,888	4,760	2,572,492
Accumulated depreciation									
Balance at January 1, 2018	-	126,621	1,216,623	17,466	290	15,796	87,632	-	1,464,428
Depreciation expenses	-	24,170	102,312	3,150	25	3,515	8,538	-	141,710
Disposals	-	-	(11,601)	(3,585)	(266)	(9,739)	(16,290)	-	(41,481)
Effect of foreign currency exchange differences	-	(2,880)	(27,474)	(191)	1	(16)	(1,711)	-	(32,271)
Balance at December 31, 2018	-	147,911	1,279,860	16,840	50	9,556	78,169	-	1,532,386
Carrying amounts at December 31, 2018	$ 118,840	$ 379,240	$ 485,507	$ 10,145	$ 193	$ 11,702	$ 29,719	$ 4,760	$ 1,040,106
Cost									
Balance at January 1, 2019	$ 118,840	$ 527,151	$ 1,765,367	$ 26,985	$ 243	$ 21,258	$ 107,888	$ 4,760	$ 2,572,492
Adjustments on initial application of IFRS 16	-	-	-	-	(243)	-	-	-	(243)
Balance at January 1, 2019 (restated)	118,840	527,151	1,765,367	26,985	-	21,258	107,888	4,760	2,572,249
Additions	-	1,135	16,122	3,006	-	3,560	3,706	27,300	54,829
Reclassification	-	-	25,271	962	-	-	3,388	(19,342)	10,279
Disposals	-	(7,534)	(20,359)	(844)	-	(131)	(4,023)	-	(32,891)
Effect of foreign currency exchange differences	-	(14,470)	(60,033)	(569)	-	(469)	(3,921)	(547)	(80,009)
Balance at December 31, 2019	118,840	506,282	1,726,368	29,540	-	24,218	107,038	12,171	2,524,457
Accumulated depreciation									
Balance at January 1, 2019	-	147,911	1,279,860	16,840	50	9,556	78,169	-	1,532,386
Adjustments on initial application of IFRS 16	-	-	-	-	(50)	-	-	-	(50)
Balance at January 1, 2019 (restated)	-	147,911	1,279,860	16,840	-	9,556	78,169	-	1,532,336
Depreciation expenses	-	24,036	84,500	3,378	-	1,711	8,261	-	121,886
Disposals	-	(7,534)	(17,777)	(721)	-	(131)	(3,893)	-	(30,056)
Effect of foreign currency exchange differences	-	(5,193)	(46,347)	(434)	-	(188)	(3,082)	-	(55,244)
Balance at December 31, 2019	-	159,220	1,300,236	19,063	-	10,948	79,455	-	1,568,922
Carrying amounts at December 31, 2019	$ 118,840	$ 347,062	$ 426,132	$ 10,477	$ -	$ 13,270	$ 27,583	$ 12,171	$ 955,535

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

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	10 to 35 years
Engineering system	2 to 8 years
Machinery and equipment	
Electromechanical power equipment	4 to 15 years
Repair project	2 to 5 years
Office equipment	
Computer equipment	3 to 10 years
Office furniture	3 to 5 years
Leased assets	4 years
Leasehold improvements	3 to 9 years
Other equipment	
R&D equipment	3 to 12 years
Transportation equipment	5 to 8 years
Miscellaneous equipment	3 to 12 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 25.

11. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 75,457
Buildings	60,580
Office equipment	410
Transportation equipment	12,382
	$ 148,829

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land	$ 2,637
Buildings	21,044
Machinery	31
Office equipment	118
Transportation equipment	6,887
	$ 30,717

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 26,286
Non-current	$ 48,691

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.60%
Buildings	1.60%
Office equipment	1.60%
Transportation equipment	0.21%-1.60%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of product manufacturing and office with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

Land use rights pledged as collateral for bank borrowings are set out in Note 25.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 469
Expenses relating to low-value asset leases	$ 61
Total cash outflow for leases	$ (28,660)

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

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied.

2018

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

	December 31, 2018
Not later than 1 year	$ 30,092
Later than 1 year and not later than 5 years	68,391
Later than 5 years	11,741
	$ 110,224

12. GOODWILL

	For the Year Ended December 31	
	2019	2018
Cost		
Balance at January 1	$ 69,699	$ 67,532
Effect of foreign currency exchange differences	(1,669)	2,167
Balance at December 31	$ 68,030	$ 69,699

The Group assesses the recoverable amount of goodwill at the end of the annual reporting period based on value in use approach. The calculation of value in use at December 31, 2019 and 2018 included cash flow projections in the financial budgets covering a 5-year period and the discount rates were 10.20% and 11.30%, respectively, which reflected the specific risk of the relevant cash-generating unit. Based on the assessment at December 31, 2019 and 2018, the recoverable amounts of goodwill amounted to $99,459 thousand and $184,355 thousand, respectively, which were still higher than the related carrying amounts, so no impairment loss was recognized.

13. PREPAYMENTS FOR LEASES (DECEMBER 31, 2019: NONE)

	December 31, 2018
Current (included in prepayment)	$ 2,080
Non-current	77,305
	$ 79,385

Starting from January 1, 2019, the Group applied IFRS 16 and reclassified the prepayments for leases which are the land use rights in mainland China as the right-of-use assets. Refer to Notes 3 and 11 for the related disclosures.

Land use rights pledged as collateral for bank borrowings is set out in Note 25.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans	$ 132,919	$ 340,878
Transferred receivables	-	171,229
Unsecured borrowings		
Bank loans	900	171,067
Transferred receivables	-	227,155
Others	-	494
	$ 133,819	$ 910,823

The range of interest rate on short-term borrowings was 1.68%-3.03% and 1.68%-5.22% per annum as of December 31, 2019 and 2018, respectively.

b. Long-term borrowings

	December 31	
	2019	2018
Taiwan Cooperative Bank		
Secured borrowings: From 2019/07/31 to 2034/07/31 and is repaid in 180 periods.	$ 128,127	$ -
Secured borrowings: From 2019/08/12 to 2024/08/12 and is repaid in 60 periods.	42,104	-

(Continued)

	December 31	
	2019	2018
E.SUN Commercial Bank, Ltd.		
Secured borrowings: From 2012/09/07 to 2032/09/07 and is repaid in 240 periods.	$ -	$ 123,889
Unsecured borrowings: From 2012/09/07 to 2022/09/07 and is repaid in 120 periods.	-	14,250
Nissan Motor Acceptance Corporation		
Secured borrowings: From 2017/06/01 to 2021/05/01 and is repaid in 47 periods.	397	637
Mission Valley Ford Trucks		
Secured borrowings: From 2016/05/08 to 2019/04/08 and is repaid in 35 periods.	-	22
	170,628	138,798
Less: Current portions	(16,941)	(12,126)
Long-term borrowings	$ 153,687	$ 126,672

(Concluded)

The range of interest rate on long-term borrowings was 1.50%-3.90% and 1.60%-6.39% per annum as of December 31, 2019 and 2018, respectively.

Refer to Note 25 for details of borrowing secured guarantee.

15. OTHER PAYABLES

	December 31	
	2019	2018
Payables for salaries or bonuses	$ 158,949	$ 135,999
Payables for taxes	62,786	23,623
Payables for social security or provident fund	29,177	30,372
Payables for construction and equipment	8,155	6,456
Others	112,589	105,781
	$ 371,656	$ 302,231

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in mainland China, United Kingdom, United States and Germany are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The pension plan "Salary and Welfare Measures for Employees in Taiwan and Hong Kong" set by the Company of the Group is a defined benefit plan. Pension benefits are calculated on the basis of the terms set out in the regulation and average monthly salaries of the 6 months before retirement.

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

	December 31	
	2019	**2018**
Net defined benefit liabilities	$ 34,737	$ 35,254

Movements in net defined benefit liabilities were as follows:

	Net Defined Benefit Liabilities
Balance at January 1, 2018	$ 34,803
Service cost	
Current service cost	4,845
Interest expense	391
Recognized in profit or loss	5,236
Remeasurement	
Actuarial loss - changes in financial assumptions	284
Actuarial gain - experience adjustments	(5,069)
Recognized in other comprehensive income	(4,785)
Balance at December 31, 2018	35,254
Service cost	
Current service cost	4,509
Interest expense	353
Recognized in profit or loss	4,862
Remeasurement	
Actuarial loss - changes in financial assumptions	581
Actuarial gain - experience adjustments	(4,630)
Recognized in other comprehensive income	(4,049)
Benefits paid	(1,330)
Balance at December 31, 2019	$ 34,737

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2019	**2018**
General and administrative expenses	$ 4,862	$ 5,236

Through the defined benefit plans under "Salary and Welfare Measures for Employees in Taiwan and Hong Kong", the Group is exposed to the following risks:

1) Interest risk: A decrease in the interest rate of government bond will increase the present value of the defined benefit obligation

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

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

	December 31	
	2019	2018
Discount rates	0.750%	1.000%
Expected rates of salary increase	2.000%	2.000%

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

	December 31	
	2019	2018
Discount rates		
0.25% increase	$ (581)	$ (565)
0.25% decrease	$ 598	$ 579
Expected rates of salary increase		
0.25% increase	$ 579	$ 564
0.25% decrease	$ (566)	$ (552)

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

	December 31	
	2019	2018
Average duration of the defined benefit obligation	10.2 years	10.0 years

17. EQUITY

a. Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	90,000	90,000
Shares authorized	$ 900,000	$ 900,000
Number of shares issued and fully paid (in thousands)	70,654	64,614
Shares issued	$ 706,543	$ 646,143

The holders of issued ordinary shares with a par value of $10 are entitled to the right to vote and to receive dividends.

In order to enrich the working capital and repay the loan to improve the financial structure, the board of directors of the Company passed a resolution of cash increase on March 23, 2018, and it is expected that the total number of shares to be issued will not exceed 6,000 thousand shares. On October 6, 2018, the capital increase base date, 6,000 thousand of new shares were issued, and the issue price per share was $65. The total issuance amount deducted from the issuance cost was $381,388 thousand.

The board of directors of the Company passed a resolution of cash increase for underwriting Initial Public Offerings on December 19, 2018, in which 6,040 thousand of new shares were issued with a par value of $10. The total amount of newly issued shares was $60,400 thousand, and the entire amount was $706,543 thousand after the capital increase. As stated above, the capital increase base date was on April 16, 2019. The weighted average price per share of public subscription and competitive auction was $60.06 and $80.87, respectively. The amount of shares fully paid was $453,263 thousand. In addition, the underwriting fee of new shares was $8,055 thousand, which had been recognized as a deduction of additional paid-in capital.

In order to increase staff motivation and exalt consolidation, achieve the goals of attracting and maintaining a team of motivated employees and to create a win-win situation between Company and shareholders, the board of directors of the Company passed a resolution to issue restricted stock award on March 13, 2020, up to a maximum of $800 thousand.

b. Capital surplus

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 810,305	$ 425,497
May be used to offset a deficit only		
Issuance of ordinary shares under employee share options	24,766	24,766
	$ 835,071	$ 450,263

1) Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, neither the Statutory Reserve nor the Capital Reserve shall be used except for offsetting the losses of the Company. The Company shall not use the Capital Reserve to offset its capital losses unless the Statutory Reserve and Special Reserve set aside for purposes of loss offset is insufficient to offset such losses.

2) Subject to the Law, where the Company incurs no loss, it may, by a Special Resolution, distribute its Statutory Reserve, the Share Premium Account and/or the income from endowments received by the Company, which are in the Capital Reserve which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its members.

c. Retained earnings and dividends policy

The board of directors of the Company proposed to amend the Company's Articles of Incorporation (the "Articles") on March 13, 2020, and the amendments are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 11, 2020. The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each half fiscal year, the Board may, by a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors,, distribute to the shareholders dividends and in addition thereto a report of such distribution shall be submitted to the general meeting.

Under the dividends policy as set forth in the amended Articles, as the Company is in the growing stage, the dividend of the Company may be distributed in the form of cash dividends and/or stock dividends. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends the Company wish to distribute.

Subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Board may, by a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles; and in addition thereto a report of such distribution shall be submitted to the general meeting, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to members.

The Company may resolve to distribute net profit or offset losses at the end of each half fiscal year, whenever the Company still has net profit at the end of the first half fiscal year, the Company shall first estimate and reserve the amount of Employees' compensation, Directors' compensation and then payment of tax from the said profits; and after offsetting losses (including losses as at the beginning of the first half fiscal year and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Board may, subject to the compliance with percentage of distribution as set forth, resolve to distribute the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits as at the beginning of the first half fiscal year (including adjusted undistributed profits) in whole or in part as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles; and in addition thereto a report of such distribution shall be submitted to the general meeting.

Subject to the Law, the Applicable Listing Rules and these Articles, the Company may by a Special Resolution distribute any part or all of the dividends or bonuses to the members declared in accordance with the preceding Article by way of applying such sum in paying up in full unissued Shares for allocation and distribution to the members.

Under the dividends policy as set forth in the Articles before the amendments, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total issued capital), and setting aside the Special Reserve (if any), the Company may distribute not less than 10% of the remaining balance (including the amounts reversed from the Special Reserve), plus undistributed profits of previous years (including adjusted undistributed profits) in part or in whole as determined by an Ordinary Resolution passed at an annual general meeting of the Company duly convened and held in accordance with these Articles to the members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles, provided that, cash dividends shall not be less than 10% of the total amount of dividends to members.

Subject to the Law, the Applicable Listing Rules and these Articles, the Company may by a Special Resolution distribute any part or all of the dividends or bonuses to the members declared in accordance with the preceding Article by way of applying such sum in paying up in full unissued Shares for allocation and distribution to the members.

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 19-f.

Unless resolved by the general meeting of the Company, the dividends, bonuses or other forms of distributions payable to the members shall be calculated in NTD.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2018 and 2017 approved in the shareholders' meetings on June 18, 2019 and June 19, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share For the Year Ended December 31	
	2018	**2017**	**2018 (NT$)**	**2017 (NT$)**
Legal reserve	$ 40,526	$ 29,849		
Special reserve	109,947	200,000		
Cash dividends	236,489	58,614	$ 3.66	$ 1.00

The appropriation of earnings for 2019 was proposed by the Company's board of directors on March 13, 2020. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 47,174	
Special reserve	85,759	
Cash dividends	353,272	$5.00

The appropriation of earnings for 2019 are subject to resolution in the shareholders' meeting to be held on June 11, 2020.

18. REVENUE

a. Revenue from contracts with customers

Contract information refer to Notes 4 and 29.

b. Contract balances

For notes receivable and trade receivables, refer to Note 7.

	December 31	
	2019	2018
Contract liabilities (included in other current liabilities)	$ 5,771	$ 3,423

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

19. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 2,758	$ 4,419
Others	4,196	10,288
	$ 6,954	$ 14,707

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Gain on foreign currency exchange, net	$ 17,034	$ 104,737
Loss on disposal of property, plant and equipment, net	(1,023)	(694)
Others	(19,264)	(17,102)
	$ (3,253)	$ 86,941

c. Interest expense

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 20,900	$ 88,959
Interest on lease liabilities	1,417	-
	$ 22,317	$ 88,959

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	**2018**
Property, plant and equipment	$ 121,886	$ 141,710
Right-of-use assets	30,717	-
Intangible assets	1,963	1,983
	$ 154,566	$ 143,693
An analysis of depreciation by function		
Operating costs	$ 101,988	$ 117,618
Operating expenses	50,615	24,092
	$ 152,603	$ 141,710
An analysis of amortization by function		
Operating costs	$ 743	$ 756
Selling and marketing expenses	76	95
General and administrative expenses	1,144	1,132
	$ 1,963	$ 1,983

e. Employee benefits expense

	For the Year Ended December 31	
	2019	**2018**
Post-employment benefits		
Defined contribution plans	$ 4,053	$ 4,148
Defined benefit plans	4,862	5,236
	8,915	9,384
Other employee benefits	728,347	699,822
Total employee benefits expense	$ 737,362	$ 709,206
An analysis of employee benefits expense by function		
Operating costs	$ 355,864	$ 339,916
Operating expenses	381,398	369,290
	$ 737,262	$ 709,206

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 5-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 13, 2020 and March 11, 2019, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	6.9%	6.5%
Remuneration of directors	2.0%	2.0%

Amount

	For the Year Ended December 31			
	2019		2018	
	Cash (NT$ in Thousands)	Cash (US$ in Thousands)	Cash (NT$ in Thousands)	Cash (US$ in Thousands)
Employees' compensation	$ 35,604	$ 1,150	$ 28,701	$ 952
Remuneration of directors	10,252	331	8,773	291

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

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

20. INCOME TAX

a. Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 100,626	$ 126,793
Income tax on unappropriated earnings	1,291	-
Adjustments for prior years	(19,978)	(13,874)
	81,939	112,919
Deferred tax		
In respect of the current year	49,542	(18,811)
Adjustments for prior years	-	757
	49,542	(18,054)
Income tax expense recognized in profit or loss	$ 131,481	$ 94,865

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

	For the Year Ended December 31	
	2019	**2018**
Profit before tax	$ 603,223	$ 500,129
Income tax expense calculated at the statutory rate	$ 95,692	$ 81,157
Deferred tax effect of earnings of subsidiaries	49,026	32,408
Income tax on unappropriated earnings	1,291	-
Unrecognized loss carryforwards and deductible temporary differences	(378)	(6,524)
Adjustments for prior years' tax	(19,978)	(13,117)
Others	5,828	941
Income tax expense recognized in profit or loss	$ 131,481	$ 94,865

The Income Tax Act in the Republic of China was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%; however, VT SZ has applied to the local tax bureau for the preferential income tax for "high-tech enterprises", with the applicable tax rate decreasing to 15%. Tax rates used by entities in the Group that operate in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2019	**2018**
Current tax assets		
Tax refund receivable	$ -	$ 1,126
Current tax liabilities		
Income tax payable	$ 30,808	$ 71,412

c. Deferred tax assets and liabilities

For the year ended December 31, 2019

	Opening Balance	**Recognized in Profit or Loss**	**Exchange Differences**	**Others**	**Closing Balance**
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 4,523	$ 559	$ (277)	$ -	$ 4,805
Others	11,041	(331)	(387)	-	10,323
	15,564	228	(664)	-	15,128
Loss Carryforwards	49,310	-	(1,181)	-	48,129
	$ 64,874	$ 228	$ (1,845)	$ -	$ 63,257

(Continued)

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Others	Closing Balance
Deferred tax liabilities					
Temporary differences					
Unappropriated earnings of subsidiaries	$ 111,477	$ 49,026	$ (2,939)	$ (40,120)	$ 117,444
Others	7,009	744	(86)	-	7,667
	$ 118,486	$ 49,770	$ (3,025)	$ (40,120)	$ 125,111

(Concluded)

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 6,896	$ (2,306)	$ (67)	$ -	$ 4,523
Others	11,462	(192)	(229)	-	11,041
	18,358	(2,498)	(296)	-	15,564
Loss Carryforwards	46,312	1,483	1,515	-	49,310
	$ 64,670	$ (1,015)	$ 1,219	$ -	$ 64,874
Deferred tax liabilities					
Temporary differences					
Unappropriated earnings of subsidiaries	$ 87,139	$ 32,408	$ 3,194	$ (11,264)	$ 111,477
Disposal of land use rights	50,894	(50,735)	(159)	-	-
Others	7,702	(742)	49	-	7,009
	$ 145,735	$ (19,069)	$ 3,084	$ (11,264)	$ 118,486

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were $181,605 thousand and $223,417 thousand as of December 31, 2019 and 2018, respectively.

e. Income tax assessments

The income tax returns of VT TW through 2017 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share	$ 6.85	$ 6.75
Diluted earnings per share	$ 6.80	$ 6.70

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2019	**2018**
Net Profit for the Year	$ 471,742	$ 405,264

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in computation of basic earnings per share	68,917	60,044
Effect of potentially dilutive ordinary shares:		
Employees' compensation	440	468
Weighted average number of ordinary shares used in the computation of diluted earnings per share	69,357	60,512

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. CAPITAL MANAGEMENT

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

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes that the book value of financial assets and liabilities which are not measured by fair value approaches its fair value or its fair value cannot be reliably measured.

b. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at amortized cost (1)	$ 2,196,915	$ 2,199,704
Financial liabilities		
Financial liabilities measured at amortized cost (2)	1,366,590	2,076,781

1) The balances include financial assets at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables, restricted bank deposit (included in other financial assets) and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, long-term borrowings (including current portion) and guarantee deposits.

d. Financial risk management objectives and policies

The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group’s policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the board of directors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group’s operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group’s exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange derivatives.

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 1% strengthening/weakening of the functional currency against U.S. dollars, the Group's net income before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by $14,163 thousand and $19,076 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial liabilities	$ 75,374	$ 113,157
Cash flow interest rate risk		
Financial assets	496,179	487,099
Financial liabilities	304,050	936,464

Sensitivity analysis

The sensitivity analysis was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate financial assets and liabilities, the analysis were prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 points higher and all other variables were held constant, the Group's net income before tax for the years ended December 31, 2019 and 2018 would have increased/decreased by $480 thousand and $1,123 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group also check between transaction amount and credit limit periodically and adjust the limit in time to control credit risk.

The counterparties of the Group's trade receivable included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. At the end of the reporting period, the Group's largest exposure on credit risk approximates to the carrying amounts of its financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and financing facilities deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

December 31, 2019

	On Demand or Less than 1 Year	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities			
Non-interest bearing	$ 1,066,618	$ 9,319	$ 5,893
Lease liabilities	27,238	45,250	4,990
Variable interest rate assets	150,515	74,462	79,073
Fixed interest rate assets	245	152	-
	$ 1,244,616	$ 129,183	$ 89,956

December 31, 2018

	On Demand or Less than 1 Year	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities			
Non-interest bearing	$ 1,049,084	$ 6,779	$ 6,243
Variable interest rate assets	810,179	44,386	81,899
Fixed interest rate assets	112,770	387	-
	$ 1,972,033	$ 51,552	$ 88,142

b) Financing facilities

	December 31	
	2019	2018
Bank loan facilities		
Amount unused	$ 1,206,816	$ 1,576,272

e. Transfers of financial assets

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

Subsidiaries	Counterparties	Receivables Sold	Amounts Collected	Foreign Exchange Gains and Losses	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
2019							
VT DE	Adesion Factoring GmbH.	$ 81,243	$ 86,534	$ (80)	$ -	3.25	$ 41,987
	Targo Factoring USD	13,654	12,960	(20)	674	4.54	67,179
	Targo Factoring EUR	203,140	199,648	(102)	3,390	1.80	67,179
VT UK	HSBC Bank plc	72,181	77,322	(1,565)	13,299	1.88	86,591
		$ 370,218	$ 376,464	$ (1,767)	$ 17,363		
2018							
VT DE	Adesion Factoring GmbH.	$ 322,535	$ 321,627	$ (209)	$ 5,371	3.25	43,894
VT UK	HSBC Bank plc	94,054	91,109	(383)	20,005	1.75	86,015
		$ 416,589	$ 412,736	$ (592)	$ 25,376		

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

Pursuant to the Group’s factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

The accounts that have been sold but not yet used by the subsidiaries VT DE and VT UK have been reclassified from account receivables to other receivables.

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party names and categories

Related Party Name	Related Party Category
Supreme Charger International Co., Ltd.	The same chairman

b. Purchases of goods (December 31, 2019: None)

Related Party Category	For the Year Ended December 31, 2018
The same chairman	$ 14

Purchases from related parties had no material differences from those of general purchase transactions.

c. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 44,675	$ 36,612
Post-employment benefits	2,218	2,224
	$ 46,893	$ 38,836

The compensation of directors and key executives of the Company was determined based on the performance of individuals and market trends.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the group are provided as collateral bank borrowings:

	December 31	
	2019	2018
Trade receivables	$ -	$ 182,663
Restricted bank deposits	57,916	162,405
Property, plant and equipment, net	462,994	469,430
Land use rights	74,365	30,483
	$ 595,275	$ 844,981

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2019 and 2018, the Group’s unused letters of credit amounted to $28,750 thousand and $41,378 thousand, respectively.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of the entities in the Group denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 51,872	6.976 (USD:RMB)	$ 1,555,101
USD	56,286	7.789 (USD:HKD)	1,687,428
USD	5,836	29.980 (USD:NTD)	174,969
			$ 3,417,498
Financial liabilities			
Monetary items			
USD	17,370	6.976 (USD:RMB)	$ 520,750
USD	46,312	7.789 (USD:HKD)	1,388,422
USD	3,071	29.980 (USD:NTD)	92,054
			$ 2,001,226

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 69,513	6.876 (USD:RMB)	$ 2,135,117
USD	88,065	7.833 (USD:HKD)	2,704,813
USD	3,694	30.715 (USD:NTD)	113,467
			$ 4,953,397
Financial liabilities			
Monetary items			
USD	16,404	6.876 (USD:RMB)	$ 503,861
USD	80,497	7.833 (USD:HKD)	2,471,872
USD	2,282	30.715 (USD:NTD)	70,107
			$ 3,045,840

For the years ended December 31, 2019 and 2018, net foreign exchange gains were $17,034 thousand and $104,737 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held. (None)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 3)

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

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

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

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

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 8)

11) Information on investees. (Table 6)

b. Information on investments in mainland China

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 2, 4, 5 and 8)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

29. SEGMENT INFORMATION

The Group mainly engages in the production and sale of CCL, IMS and prepreg. The operating decision-makers use company-wide financial information to allocate resources and measure performance. In accordance with the requirements of IFRS 8 “Operating Department”, the Group provides information to key operational decision makers to allocate resources and assess the performance of the department by focusing on location of operations. The reportable segments should include “Asia” and “Europe and America”.

a. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments.

For the year ended December 31, 2019

	Asia	Europe and America	Elimination	Total
Revenue from external customers	$ 4,423,042	$ 1,030,243	$ -	$ 5,453,285
Inter-segment revenue	3,740,289	33,720	(3,774,009)	-
Consolidated revenue	$ 8,163,331	$ 1,063,963	$ (3,774,009)	$ 5,453,285
Segment income	$ 608,967	$ 12,872	$ -	$ 621,839
Other income				6,954
Other gains and losses				(3,253)
Interest expense				(22,317)
Profit before tax				$ 603,223

For the year ended December 31, 2018

	Asia	Europe and America	Elimination	Total
Revenue from external customers	$ 4,243,137	$ 1,170,519	$ -	$ 5,413,656
Inter-segment revenue	4,418,596	-	(4,418,596)	-
Consolidated revenue	$ 8,661,733	$ 1,170,519	$ (4,418,596)	$ 5,413,656
Segment income	$ 447,909	$ 39,531	$ -	$ 487,440
Other income				14,707
Other gains and losses				86,941
Interest expense				(88,959)
Profit before tax				$ 500,129

Segment income represented the profit before tax earned by each segment without other income, other gains and losses and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. However, the measure of segment assets and liabilities was not provided to the chief operating decision maker.

b. Product information

The Group mainly engages in the production and sale of CCL, IMS and prepreg, which all belong to one single product category. As a result, there is no need to disclosure product information.

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2019	2018	2019	2018
China	$ 4,085,822	$ 3,884,175	$ 710,103	$ 768,693
United Kingdom	325,460	338,511	30,100	21,000
United States	356,229	388,475	44,124	27,069
Germany	348,555	443,533	45,286	16,822
Taiwan	337,219	358,962	288,322	296,525
	$ 5,453,285	$ 5,413,656	$ 1,117,935	$ 1,130,109

Non-current assets exclude financial instruments and deferred tax assets.

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2019	2018
Customer A	$ 996,354	$ 560,781
Customer B	133,920	593,590
	$ 1,130,274	$ 1,154,371

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount (Note 4)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
1	VIG SAMOA	VLL	Other receivables	Yes	$ 89,400 (US$ 3,000)	$ -	$ -	-	b	$ -	Operating capital needed	$ -	-	-	$ 22,720,980 (US$ 757,880)	$ 45,441,960 (US$ 1,515,760)	
2	VT HK	VIG SAMOA	Other receivables	Yes	1,499,000 (US$ 50,000)	1,499,000 (US$ 50,000)	926,802 (US$ 30,914)	-	b	-	Operating capital needed	-	-	-	3,044,520 (US$ 101,550)	6,089,040 (US$ 203,100)	
		VLL	Other receivables	Yes	299,800 (US$ 10,000)	299,800 (US$ 10,000)	55,193 (US$ 1,841)	-	b	-	Operating capital needed	-	-	-	3,044,520 (US$ 101,500)	6,089,040 (US$ 203,100)	
		VT USA	Other receivables	Yes	149,900 (US$ 5,000)	-	-	-	b	-	Operating capital needed	-	-	-	3,044,520 (US$ 101,550)	6,089,040 (US$ 203,100)	
		VT UK	Other receivables	Yes	104,930 (US$ 3,500)	104,930 (US$ 3,500)	-	-	b	-	Operating capital needed	-	-	-	3,044,520 (US$ 101,550)	6,089,040 (US$ 203,100)	

Note 1: The parent company is indicated by "0", while all other numbers indicate subsidiaries.

Note 2: Types of financing were as follows:

a. Business and trade.

b. Short-term financing.

Note 3: The limits of financing amounts were as follows:

a. Financing received from the Company cannot exceed 50% of the Company's net asset value.

b. The financing limits where the Company directly and indirectly holds voting right shares of subsidiaries at 100% are as follows: The total and individual financing amount cannot exceed 20 times and 10 times of the Company's net asset value, respectively. The calculation of net asset value was based on lender's net asset value as of December 31, 2019.

Note 4: The calculation was based on the spot exchange rate as of December 31, 2019.

Note 5: All intercompany transactions have been eliminated on consolidation.

Note 6: The board of directors of the Company passed a resolution on May 13, 2019 to extend the expiration date of VIG SAMOA's and VLL's financing which were provided by VT HK. The expiration date is extended to April 10, 2022.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship											
0	VIG CAYMAN	VT HK	Subsidiary	$ 4,714,718 (US$ 157,264)	$ 828,647 (US$ 27,640)	$ 404,730 (US$ 13,500)	$ -	$ -	17.17	$ 9,429,436 (US$ 314,528)	Y	N	N	
		VT TW	Subsidiary	4,714,718 (US$ 157,264)	839,680 (US$ 28,008)	839,680 (US$ 28,008)	216,665 (US$ 7,227)	-	35.62	9,429,436 (US$ 314,528)	Y	N	N	
		VT SZ	Subsidiary	4,714,718 (US$ 157,264)	269,820 (US$ 9,000)	119,920 (US$ 4,000)	119,920 (US$ 4,000)	-	5.09	9,429,436 (US$ 314,528)	Y	N	Y	
		VT UK	Subsidiary	4,714,718 (US$ 157,264)	94,647 (US$ 3,157)	-	-	-	-	9,429,436 (US$ 314,528)	Y	N	N	
1	VIG SAMOA	VT HK	Subsidiary	3,408,147 (US$ 113,682)	19,187 (US$ 640)	-	-	-	-	4,544,196 (US$ 151,576)	N	N	N	
		VT UK	Subsidiary	3,408,147 (US$ 113,682)	106,819 (US$ 3,563)	86,582 (US$ 2,888)	58,041 (US$ 1,936)	-	3.81	4,544,196 (US$ 151,576)	N	N	N	
2	VIG HK	VT UK	Fellow subsidiary	259,130 (US$ 8,644)	106,819 (US$ 3,563)	86,582 (US$ 2,888)	58,041 (US$ 1,936)	-	3.34	518,260 (US$ 17,287)	N	N	N	
3	VT HK	VT SZ	Fellow subsidiary	456,678 (US$ 15,233)	95,936 (US$ 3,200)	35,976 (US$ 1,200)	35,976 (US$ 1,200)	-	11.82	608,904 (US$ 20,310)	N	N	Y	
4	VT TW	VT HK	Fellow subsidiary	1,496,070 (US$ 49,905)	749,500 (US$ 25,000)	449,700 (US$ 15,000)	-	-	150.29	1,795,284 (US$ 59,886)	N	N	N	
5	VT JY	VT SZ	Fellow subsidiary	486,836 (US$ 16,240)	696,795 (US$ 23,242)	300,819 (US$ 10,034)	-	-	247.16	608,545 (US$ 20,300)	N	N	Y	
6	VT SZWT	VT SZ	Parent company	109,064 (US$ 3,636)	150,410 (US$ 5,017)	150,410 (US$ 5,017)	-	-	551.63	136,330 (US$ 4,545)	N	N	Y	5

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: The limits of endorsements/guarantees amounts were as follows (the calculation of net asset value was based on endorser’s or guarantor’s net asset value as of December 31, 2019):

a. For VIG CAYMAN, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 400% and 200% of the Company’s net asset value, respectively.
b. For VIG SAMOA, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 200% and 150% of the Company’s net asset value, respectively.
c. For VIG HK, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 20% and 10% of the Company’s net asset value, respectively.
d. For VT HK the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 200% and 150% of the Company’s net asset value, respectively.
e. For VT TW, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 600% and 500% of the Company’s net asset value, respectively.
f. For VT JY, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 500% and 400% of the Company’s net asset value, respectively.
g. For VT SZWT, the total amount of endorsement/guarantee provided and the limit on endorsement/guarantee amounts provided to each guaranteed party cannot exceed 500% and 400% of the Company’s net asset value, respectively.

Note 3: The calculation was based on the spot exchange rate as of December 31, 2019.

Note 4: Endorsement/guarantee given by parent which is listed company on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent which is listed company and endorsement/guarantee given on behalf of companies in mainland China: Must fill in Y.

Note 5: The endorsement/guarantee provided by VT SZWT exceeded the limit since the net asset value declined for the year. However, the endorsement/guarantee had expired in January 2020.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)	
VIG CAYMAN	VIG SAMOA	Investments accounted for using the equity method	Issuance of ordinary shares for cash	Subsidiary	33,500,000	$ 1,811,100 (US$ 58,964)	13,100,000	$ 460,998 (US$ 16,824)	-	$ -	$ -	$ -	46,600,000	$ 2,272,098 (US$ 75,788)	1

Note 1: The changes mainly included new investment of US$13,100 thousand and share of profit of subsidiaries US$17,660 thousand less dividends distribution of US$13,000 thousand and exchange differences on translating the financial statements of foreign operations US$936 thousand.

Note 2: All intercompany transactions have been eliminated on consolidation.

TABLE 4

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sale	Amount (Note 1)	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance (Note 2)	% of Total	
VT HK	VT SZ	The same ultimate parent	Purchase	$ 1,824,588 (US$ 59,009)	83.31	150 days	No major difference	No major difference	$ (1,362,255) (US$ 45,439)	98.96	
	VT JY	The same ultimate parent	Purchase	110,348 (US$ 3,568)	5.04	150 days	No major difference	No major difference	(5,043) (US$ 168)	0.37	
	VT TW	The same ultimate parent	Sale	(185,903) (US$ 6,023)	7.96	150 days	No major difference	No major difference	74,207 (US$ 2,475)	11.98	
	VT DE	The same ultimate parent	Sale	(184,720) (US$ 5,972)	8.98	150 days	No major difference	No major difference	28,888 (US$ 964)	4.66	
	VT UK	The same ultimate parent	Sale	(195,565) (US$ 6,325)	9.69	150 days	No major difference	No major difference	65,199 (US$ 2,175)	10.53	
	VT SZWT	The same ultimate parent	Purchase	177,348 (US$ 5,737)	8.10	150 days	No major difference	No major difference	(6,113) (US$ 204)	0.44	
VT TW	VT USA	The same ultimate parent	Sale	(173,316) (US$ 5,612)	31.35	150 days	No major difference	No major difference	114,315 (US$ 3,813)	47.39	
	VT HK	The same ultimate parent	Purchase	185,903 (US$ 6,023)	54.00	150 days	No major difference	No major difference	(74,207) (US$ 2,475)	46.52	
VT JY	VT SZ	The same ultimate parent	Sale	(391,083) (US$ 12,651)	74.72	150 days	No major difference	No major difference	123,530 (US$ 4,120)	92.08	
	VT SZ	The same ultimate parent	Purchase	132,447 (US$ 4,295)	34.54	150 days	No major difference	No major difference	-	-	
	VT HK	The same ultimate parent	Sale	(110,348) (US$ 3,568)	20.94	150 days	No major difference	No major difference	5,043 (US$ 168)	0.12	
VT SZ	VT HK	The same ultimate parent	Sale	(1,824,588) (US$ 59,009)	40.53	150 days	No major difference	No major difference	1,362,255 (US$ 45,439)	55.11	
	VT SZWT	The same ultimate parent	Sale	(133,652) (US$ 4,326)	2.97	150 days	No major difference	No major difference	18,043 (US$ 602)	0.73	
	VT JY	The same ultimate parent	Sale	(132,447) (US$ 4,295)	2.96	150 days	No major difference	No major difference	-	-	
	VT JY	The same ultimate parent	Purchase	391,083 (US$ 12,651)	12.75	150 days	No major difference	No major difference	(123,530) (US$ 4,120)	13.81	

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase/ Sale	Amount (Note 1)	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance (Note 2)	% of Total	
VT SZWT	VT HK	The same ultimate parent	Sale	$ (177,348) (US$ 5,737)	71.96	150 days	No major difference	No major difference	$ 6,113 (US$ 204)	26.64	
	VT SZ	The same ultimate parent	Purchase	133,652 (US$ 4,326)	63.95	150 days	No major difference	No major difference	(18,043) (US$ 602)	47.40	
VT USA	VT TW	The same ultimate parent	Purchase	173,316 (US$ 5,612)	65.74	150 days	No major difference	No major difference	(114,315) (US$ 3,813)	61.61	
VT DE	VT HK	The same ultimate parent	Purchase	184,720 (US$ 5,972)	86.20	150 days	No major difference	No major difference	(28,888) (US$ 964)	63.81	
VT UK	VT HK	The same ultimate parent	Purchase	195,565 (US$ 6,325)	92.71	150 days	No major difference	No major difference	(65,199) (US$ 2,175)	86.48	

Note 1: The calculation was based on the average exchange rate from January 1, 2019 to December 31, 2019.

Note 2: The calculation was based on the spot exchange rate as of December 31, 2019.

Note 3: All intercompany transactions have been eliminated on consolidation.

(Concluded)

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 2)		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Notes 1 and 2)	Allowance for Impairment Loss
						Amount (Note 2)	Actions Taken		
VT TW	VT USA	The same ultimate parent	Trade receivables from related parties	$ 114,315 (US$ 3,813)	1.85	$ 54,011 (US$ 1,802)	Improve collection efforts	$ 24,115 (US$ 804)	$ -
VT SZ	VT HK	The same ultimate parent	Trade receivables from related parties	1,362,255 (US$ 45,439)	1.07	842,231 (US$ 28,093)	Improve collection efforts	276,109 (US$ 9,210)	-
VT JY	VT SZ	The same ultimate parent	Trade receivables from related parties	123,530 (US$ 4,120)	5.27	-	Improve collection efforts	61,186 (US$ 2,041)	-

Note 1: Subsequent period was from January 1, 2020 to February 29, 2020.

Note 2: The calculation was based on the spot exchange rate as of December 31, 2019.

Note 3: All intercompany transactions have been eliminated on consolidation.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of Investee (Note 2)	Share of Profit (Loss) (Notes 2 and 3)	Note
				December 31, 2019 (Note 1)	December 31, 2018 (Note 1)	Number of Shares	%	Carrying Amount (Notes 1 and 3)			
VIG CAYMAN	VIG SAMOA	SAMOA	General investment	$ 1,397,500 (US$ 46,600)	$ 1,004,317 (US$ 33,500)	46,600,000	100.00	$ 2,272,098 (US$ 75,788)	$ 546,904 (US$ 17,660)	$ 546,904 (US$ 17,660)	Subsidiary
VIG SAMOA	VIG HK	HK	General investment	1,169,244 (US$ 39,001)	1,169,244 (US$ 39,001)	39,010,000	100.00	2,591,301 (US$ 86,435)	463,770 (US$ 14,961)	463,770 (US$ 14,961)	Subsidiary
	VLL	British Virgin Islands	General investment	240,159 (US$ 8,011)	240,159 (US$ 8,011)	8,010,000	100.00	(5,836) (US$ 195)	(26,516) (US$ 853)	(26,516) (US$ 853)	Subsidiary
	VT HK	HK	International trade	71,990 (US$ 2,401)	71,990 (US$ 2,401)	10,000	100.00	304,452 (HK$ 79,100)	63,797 (HK$ 16,139)	63,797 (HK$ 16,139)	Subsidiary
	VT TW	TW	Manufacture and sell of CCL, IMS and prepreg	472,574 (US$ 15,763)	496,657 (US$ 16,567)	22,500,000	100.00	299,214	45,474	45,474	Subsidiary
	VT UK	UK	Sell of CCL, IMS and prepreg	39,720 (US$ 1,325)	39,720 (US$ 1,325)	807,334	100.00	57,698 (GBP 1,466)	7,897 (GBP 199)	7,897 (GBP 199)	Subsidiary
	VT DE	DE	Sell of CCL, IMS and prepreg	206,960 (US$ 6,903)	206,960 (US$ 6,903)	400,000	100.00	84,173 (EUR 2,506)	8,327 (EUR 244)	8,327 (EUR 244)	Subsidiary
VLL	VT USA	USA	Sell of CCL, IMS and prepreg	222,593 (US$ 7,425)	222,593 (US$ 7,425)	-	100.00	49,347 (US$ 1,646)	(10,145) (US$ 330)	(10,145) (US$ 330)	Subsidiary

Note 1: The calculation was based on the spot exchange rate of each foreign currency on December 31, 2019.

Note 2: The calculation was based on the average exchange rate of each foreign currency from January 1, 2019 to December 31, 2019.

Note 3: All intercompany transactions have been eliminated on consolidation.

Note 4: For information on invested company in mainland China, refer to Table 7.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Business Content	Paid-in Capital (Notes 1 and 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 4)	Carrying Amount as of December 31, 2019 (Notes 3 and 4)	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outflow	Inflow						
VT SZ	Research and development, manufacture and sell of CCL, IMS and prepreg	$ 1,224,523 (US$ 35,100) (RMB 284,943)	Indirect investment	$ -	$ -	$ -	$ -	$ 505,138 (RMB 112,752)	100	$ 505,138 (RMB 112,752)	$ 2,398,972 (RMB 558,234)	$ -
VT JY	Manufacture and sell of CCL, IMS and prepreg	122,712 (US$ 3,000) (RMB 28,554)	Indirect investment	-	-	-	-	16,335 (RMB 3,575)	100	16,335 (RMB 3,575)	121,709 (RMB 28,321)	-
VT SZWT	Manufacture and sell of CCL, and sell of IMS and prepreg	85,949 (RMB 20,000)	Indirect investment	-	-	-	-	(26,249) (RMB 5,951)	100	(26,249) (RMB 5,951)	27,266 (RMB 6,345)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ -	$ -	$ -

Note 1: It is calculated based on historical cost.

Note 2: The calculation was based on the average exchange rate of each foreign currency from January 1, 2019 to December 31, 2019.

Note 3: The calculation was based on the spot exchange rate of each foreign currency on December 31, 2019.

Note 4: All intercompany transactions have been eliminated on consolidation.

VENTEC INTERNATIONAL GROUP CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details				
				Financial Statement Accounts	Amount	Amount (US$)	Transaction Terms	% of Total Sales or Assets
3	VT HK	VT USA	3	Trade receivables	$ 69,246	$ 2,310	No major difference	1.64
		VT DE	3	Trade receivables	28,888	964	No major difference	0.68
		VT UK	3	Trade receivables	65,199	2,175	No major difference	1.55
		VT TW	3	Trade receivables	74,207	2,475	No major difference	1.76
		VLL	3	Other receivables	55,183	1,841	No major difference	1.31
		VIG SAMOA	3	Other receivables	926,778	30,914	No major difference	21.97
		VT SZ	3	Trade payables	1,362,249	45,439	No major difference	32.29
		VT SZWT	3	Trade payables	6,113	204	No major difference	0.14
		VT JY	3	Trade payables	5,043	168	No major difference	0.12
		VT USA	3	Sales	40,268	1,306	No major difference	0.74
		VT DE	3	Sales	184,720	5,972	No major difference	3.39
		VT UK	3	Sales	195,565	6,325	No major difference	3.59
		VT SZ	3	Sales	55,529	1,794	No major difference	1.02
		VT TW	3	Sales	185,903	6,023	No major difference	3.41
		VT SZWT	3	Sales	15,992	516	No major difference	0.29
		VT SZ	3	Purchase	1,824,588	59,009	No major difference	33.46
		VT SZWT	3	Purchase	177,348	5,737	No major difference	3.25
		VT JY	3	Purchase	110,348	3,568	No major difference	2.02
		VT UK	3	Purchase	5,981	194	No major difference	0.11
		VT US	3	Purchase	4,115	134	No major difference	0.08
		VT DE	3	Purchase	14,553	471	No major difference	0.27
4	VT SZ	VT SZWT	3	Trade receivables	18,043	602	No major difference	0.43
		VT JY	3	Trade payables	123,530	4,120	No major difference	2.93
		VT SZWT	3	Trade payables	12,916	431	No major difference	0.31
		VIG HK	3	Other payables	146,901	4,900	No major difference	3.48
		VT TW	3	Other payables	10,618	354	No major difference	0.25
		VT SZWT	3	Sales	133,652	4,326	No major difference	2.45
		VT JY	3	Sales	132,447	4,295	No major difference	2.43
		VT JY	3	Purchase	391,083	12,651	No major difference	7.17
		VT SZWT	3	Purchase	59,350	1,921	No major difference	1.09
		VT TW	3	Purchase	29,091	941	No major difference	0.53
5	VT JY	VT SZWT	3	Trade receivables	5,576	186	No major difference	0.13
		VIG HK	3	Other payables	89,939	3,000	No major difference	2.13
		VT SZWT	3	Sales	11,145	364	No major difference	0.20

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details				
				Financial Statement Accounts	Amount	Amount (US$)	Transaction Terms	% of Total Sales or Assets
6	VT TW	VT USA	3	Trade receivables	$ 114,315	$ 3,813	No major difference	2.71
		VT DE	3	Trade receivables	6,923	231	No major difference	0.16
		VT SZ	3	Trade receivables	10,706	357	No major difference	0.25
		VT USA	3	Sales	173,316	5,612	No major difference	3.18
		VT DE	3	Sales	14,399	467	No major difference	0.26
7	VT DE	VT UK	3	Sales	3,646	118	No major difference	0.07

Note 1: The parent company is indicated by “0”, while all other numbers indicate subsidiaries.

Note 2: No. 1 represents the transactions from parent company to subsidiary.
No. 2 represents the transactions from subsidiary to parent company.
No. 3 represents the transactions between subsidiaries

Note 3: All intercompany transactions have been eliminated on consolidation.

(Concluded)