PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Patec Precision Industry Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Patec Precision Industry Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and 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. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and ROC GAAS for our audit of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The most significant key audit matters in our audit of the consolidated financial statements of the current period are as follows:

Recognition of overseas warehouse operating revenue

Description

Refer to Note 4(28) for accounting policy on revenue recognition.

The Group's Mainland China subsidiary, Wuxi Jingxin Precision Machining Co. Ltd. (referred herein as "Wuxi Jingxin"), stored inventories in warehouses which were under the custody of foreign third parties and checked and accepted by custodians in order to meet the requirements of overseas sales customers. The custodians regularly send inventory reports to Wuxi Jingxin to verify the quantities, and Wuxi Jingxin recognises operating revenue based on actual used inventories by customers which are shown in the inventory reports provided by custodians.

As a result of the multi-location of the Company's warehouses in Europe, which involved manual verification, we considered the recognition of overseas warehouse operating revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. We obtained an understanding and evaluated Wuxi Jingxin's procedures on overseas warehouse operating revenue, and selected samples to check the accuracy of operating revenue recognition.
2. We obtained the inventory reports as at balance sheet date, and checked whether the timing of revenue recognition was reasonable.
3. We performed confirmation procedures for significant warehouse locations.

Existence of press machine revenue

Description

Refer to Note 4(28) for accounting policy on revenue recognition.

The Group's Singapore subsidiary, PATEC PTE. LTD (referred herein as "PATEC"), is mainly engaged in the sale of press machines. Due to the nature of its business, the related transaction terms and revenue recognition are assessed based on individual contracts, and PATEC's current revenue from sales of press machines to its counterparties had increased/decreased compared to previous year. As a result, we considered the existence of press machine revenue of PATEC as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. We assessed the internal control surrounding the sales of press machines during the current year.
2. We checked the related industry information in relation to current counterparties.
3. We checked the contracts which were entered with customers, and verified the acceptance reports which had been approved by customers and the related collection and transaction records.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chen, Chin-Chang

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan
March 27, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

			December 31, 2019		December 31, 2018	
	Assets	Notes	AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 472,198	20	$ 320,589	15
1136	Financial assets at amortised cost-current	6(1)(8)	218,665	9	51,994	3
1170	Accounts receivable, net	6(2)	520,221	23	738,775	34
1200	Other receivables		2,145	-	27,455	1
130X	Inventories	6(3)	436,619	19	542,055	25
1410	Prepayments		66,163	3	63,926	3
11XX	**Total current assets**		1,716,011	74	1,744,794	81
	Non-current assets					
1600	Property, plant and equipment, net	6(4) and 8	249,421	11	311,078	15
1755	Right-of-use assets	6(5) and 8	305,338	13	-	-
1780	Intangible assets		4,961	-	5,033	-
1840	Deferred tax assets	6(20)	24,304	1	22,696	1
1990	Other non-current assets	8	17,251	1	70,781	3
15XX	**Total non-current assets**		601,275	26	409,588	19
1XXX	**Total assets**		$ 2,317,286	100	$ 2,154,382	100

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PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(6)	$ 405,857	18	$ 211,996	10
2130	Contract liabilities-current	6(15)	8,688	-	59,188	3
2170	Accounts payable		167,432	7	231,259	11
2200	Other payables	6(8)	78,415	4	74,601	3
2230	Current income tax liabilities		5,938	-	1,064	-
2280	Lease liabilities-current		23,754	1	-	-
2320	Long-term liabilities, current portion	6(7)	-	-	168,106	8
2355	Current lease obligations payable	6(9)	-	-	2,835	-
2399	Other current liabilities		31,599	1	32,706	1
21XX	**Total current liabilities**		721,683	31	781,755	36
	Non-current liabilities					
2570	Deferred tax liabilities	6(20)	24,612	1	11,216	1
2580	Lease liabilities-non-current		229,436	10	-	-
2610	Long-term notes and accounts payable	6(9)	-	-	5,418	-
2670	Other non-current liabilities	6(10)	12,748	1	5,740	-
25XX	**Total non-current liabilities**		266,796	12	22,374	1
2XXX	**Total liabilities**		988,479	43	804,129	37
	Equity					
	Equity attributable to owners of the parent					
	Share capital					
3110	Ordinary share	6(12)	448,268	19	410,964	19
	Capital surplus	6(7)(13)				
3200	Capital surplus		372,244	16	372,244	18
	Retained earnings	6(14)				
3320	Special reserve		81,706	4	59,408	3
3350	Unappropriated retained earnings		411,037	18	436,784	20
	Other equity interest					
3400	Other equity interest		(134,066)	(6)	(81,706)	(4)
3500	**Treasury stocks**	6(12)	(36,097)	(2)	(36,097)	(2)
31XX	**Total equity attributable to owners of the parent**		1,143,092	49	1,161,597	54
36XX	**Non-controlling interest**		185,715	8	188,656	9
3XXX	**Total equity**		1,328,807	57	1,350,253	63
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 2,317,286	100	$ 2,154,382	100

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(15)	$ 1,795,565	100	$ 2,191,727	100
5000	**Operating costs**	6(3)(19)	(1,357,944)	(76)	(1,582,969)	(72)
5900	**Gross profit**		437,621	24	608,758	28
	Operating expenses	6(19)(22)				
6100	Selling expenses		(74,501)	(4)	(88,479)	(4)
6200	Administrative expenses		(195,155)	(11)	(221,090)	(10)
6300	Research and development expenses		(52,964)	(3)	(79,453)	(4)
6450	Impairment loss determined in accordance with IFRS 9		(1,981)	-	(352)	-
6000	**Total operating expenses**		(324,601)	(18)	(389,374)	(18)
6900	**Operating profit**		113,020	6	219,384	10
	Non-operating income and expenses					
7010	Other income	6(16)	18,718	1	11,816	1
7020	Other gains and losses	6(17)	(7,261)	-	5,046	-
7050	Finance costs	6(18)	(12,605)	(1)	(12,661)	(1)
7000	**Total non-operating income and expenses**		(1,148)	-	4,201	-
7900	**Profit before income tax**		111,872	6	223,585	10
7950	Income tax expense	6(20)	(59,576)	(3)	(59,499)	(3)
8200	**Profit for the year**		$ 52,296	3	$ 164,086	7
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans		($ 1,519)	-	($ 1,053)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	380	-	263	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(56,265)	(3)	(24,522)	(1)
8300	**Other comprehensive loss for the year**		($ 57,404)	(3)	($ 25,312)	(1)
8500	**Total comprehensive (loss) income**		($ 5,108)	-	$ 138,774	6
	Profit attributable to:					
8610	Owners of parent		$ 38,797	2	$ 144,341	6
8620	Non-controlling interest		$ 13,499	1	$ 19,745	1
	Comprehensive (loss) income attributable to:					
8710	Owners of parent		($ 14,360)	(1)	$ 121,490	5
8720	Non-controlling interest		$ 9,252	1	$ 17,284	1
	Earnings per share (in dollars)	6(21)				
9750	**Basic earnings per share**		$ 0.88		$ 3.27	
9850	**Diluted earnings per share**		$ 0.88		$ 3.03	

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
			Capital Reserves				Retained Earnings						
	Notes	Ordinary share	Additional paid-in capital	Changes in ownership interests in subsidiaries	Employee stock warrants	Stock warrants	Special reserve	Unappropriated retained earnings	Exchange difference on translation of financial statements	Treasury shares	Total	Non-controlling interest	Total
2018													
Balance at January 1, 2018		$ 383,072	$ 372,255	$ -	$ 8,697	$ 11,683	$ -	$ 409,884	($ 59,408)	($ 36,097)	$ 1,090,086	$ 170,664	$ 1,260,750
Profit for the year		-	-	-	-	-	-	144,341	-	-	144,341	19,745	164,086
Other comprehensive loss for the year		-	-	-	-	-	-	(553)	(22,298)	-	(22,851)	(2,461)	(25,312)
Total comprehensive income (loss)		-	-	-	-	-	-	143,788	(22,298)	-	121,490	17,284	138,774
Appropriations of 2017 earnings:	6(14)												
Special reserve		-	-	-	-	-	59,408	(59,408)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(28,672)	-	-	(28,672)	-	(28,672)
Stock dividends		28,672	-	-	-	-	-	(28,672)	-	-	-	-	-
Share-based payments	6(11)	4,220	13,352	-	(8,697)	-	-	-	-	-	8,875	-	8,875
Purchase of treasury shares	6(12)	-	-	-	-	-	-	-	-	(26,908)	(26,908)	-	(26,908)
Retirement of treasury shares	6(12)	(5,000)	(21,908)	-	-	-	-	-	-	26,908	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	780	780
Changes in ownership interests in subsidiaries		-	-	208	-	-	-	(136)	-	-	72	(72)	-
Redemption of convertible bonds		-	-	-	-	(3,346)	-	-	-	-	(3,346)	-	(3,346)
Balance at December 31, 2018		$ 410,964	$ 363,699	$ 208	$ -	$ 8,337	$ 59,408	$ 436,784	($ 81,706)	($ 36,097)	$ 1,161,597	$ 188,656	$ 1,350,253
2019													
Balance at January 1, 2019		$ 410,964	$ 363,699	$ 208	$ -	$ 8,337	$ 59,408	$ 436,784	($ 81,706)	($ 36,097)	$ 1,161,597	$ 188,656	$ 1,350,253
Profit for the year		-	-	-	-	-	-	38,797	-	-	38,797	13,499	52,296
Other comprehensive loss for the year		-	-	-	-	-	-	(797)	(52,360)	-	(53,157)	(4,247)	(57,404)
Total comprehensive income (loss)		-	-	-	-	-	-	38,000	(52,360)	-	(14,360)	9,252	(5,108)
Appropriations of 2018 earnings:	6(14)												
Special reserve		-	-	-	-	-	22,298	(22,298)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(4,145)	-	-	(4,145)	-	(4,145)
Stock dividends		37,304	-	-	-	-	-	(37,304)	-	-	-	-	-
Changes in non-controlling interest-cash dividends		-	-	-	-	-	-	-	-	-	-	(12,193)	(12,193)
Balance at December 31, 2019		$ 448,268	$ 363,699	$ 208	$ -	$ 8,337	$ 81,706	$ 411,037	($ 134,066)	($ 36,097)	$ 1,143,092	$ 185,715	$ 1,328,807

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 111,872	$ 223,585
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss / Provision for bad debts	12(2)	1,981	352
Gain on bond redemption	6(17)	-	(1,817)
Gain on disposal of property, plant and equipment	6(17)	(592)	(1,226)
Interest income	6(16)	(10,050)	(7,572)
Depreciation	6(4)	57,432	59,945
Depreciation of right-of-use assets	6(5)	30,515	-
Interest expense	6(18)	12,605	12,661
Net gain on financial assets or liabilities at fair value through profit or loss	6(17)	-	(964)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		216,490	(75,755)
Other receivables		25,310	(12,700)
Inventories		105,436	(60,146)
Prepayments		(2,237)	(16,841)
Changes in operating liabilities			
Contract liabilities		(50,500)	54,697
Accounts payable		(63,827)	(43,034)
Other payables		3,790	(27,716)
Other current liabilities		(1,107)	(846)
Other non-current liabilities		5,489	805
Cash inflow generated from operations		442,607	103,428
Interest received		10,050	7,572
Interest paid		(8,811)	(6,445)
Income tax paid		(42,534)	(70,700)
Net cash flows from operating activities		401,312	33,855
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets at amortised cost-current		(166,671)	134,570
Acquisition of property, plant and equipment		(27,558)	(40,920)
Proceeds from disposal of property, plant and equipment		5,710	2,131
Acquisition of ownership interests in subsidiaries		-	(86,505)
Decrease (increase) in other non-current assets		3,908	(5,159)
Net cash flows (used in) from investing activities		(184,611)	4,117

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PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(24)	$ 418,384	$ 31,685
Decrease in short-term borrowings	6(24)	(219,738)	-
Repayment of long-term borrowings	6(24)	-	(56,939)
Redemption of convertible bonds	6(24)	-	(69,000)
Repayment of convertible bonds	6(24)	(171,900)	-
Payment of lease liability	6(24)	(48,982)	-
Payment of lease payable	6(24)	-	(4,764)
Cash dividends paid	6(14)	(4,121)	(28,672)
Exercise of employee share options		-	8,875
Payments to acquire treasury shares	6(12)	-	(26,908)
Cash dividends paid to non-controllong interest		(12,193)	-
Changes in non-controlling interests		-	780
Net cash flows used in financing activities		(38,550)	(144,943)
Effect of exchange rate changes on cash and cash equivalents		(26,542)	(22,150)
Net increase (decrease) in cash and cash equivalents		151,609	(129,121)
Cash and cash equivalents at beginning of year	6(1)	320,589	449,710
Cash and cash equivalents at end of year	6(1)	$ 472,198	$ 320,589

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

PATEC PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Patec Precision Industry Co., Ltd. (the "Company") was incorporated in the Cayman Islands on June 29, 2011. Starting from June 3, 2015, the Company's stocks were officially listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in investment holdings, production and sale of press machines and parts for automobiles and motorcycles.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 27, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

i. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

ii. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ by $373,069 and ‘lease liability’ by $309,099, and decreased long-term prepaid rents (shown as other non-current assets) by $49,622, property, plant and equipment by $22,601, current lease obligations payable by $2,835 and non-current lease obligations payable (shown as long-term notes and accounts payable) by $5,418 with respect to the lease contracts of lessees on January 1, 2019.

iii. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

i. Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

ii. The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

iii. The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $7,419 was recognised in 2019.

iv. The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.

v. The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

iv. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate ranging from 0.13% to 4.4%.

v. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	306,669
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		8,253
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	314,922
Incremental borrowing interest rate at the date of initial application		0.13%~4.4%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	309,099

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2019	December 31, 2018	Description
The Company	PATEC PTE. LTD. (PATEC)	Sale of press machines	100	100	
PATEC	Press Automation Technology Pte Ltd. (PAT)	Production and sale of press machines	100	100	
PATEC	Wuxi Jingxin Precision Machining Co. Ltd. (Wuxi Jingxin)	Production and sale of products for automobiles	93	93	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
PATEC	Patec Precision Kft (KFT)	Production and sale of products for automobiles	100	100	
PATEC	Patec Medical Supplies Pte. Ltd. (Patec Medical)	Medical device and equipment	58	58	
PATEC	Bionicxp Pte. Ltd. (BIONICXP)	Application sales of manipulators	100	-	Note
PAT	PT. PATEC PRESISI ENGINEERING (PT. Patec)	Production and sale of products for automobiles and motorcycles	70	70	
Wuxi Jingxin	Wuxi Baida Precision Molding Co., Ltd. (Wuxi Baida)	Production and sale of press machines	100	100	
Wuxi Jingxin	Yancheng Jingxin Precision Machining Co. Ltd. (Yancheng Jingxin)	Production and sale of products for automobiles	100	100	
PT. Patec	PT. PDF Presisi Engineering (PT. PDF)	Production and sale of products for automobiles	89	89	
PT. Patec	PT. API Precision (PT. API)	Production and sale of products for automobiles	89	89	

Note: To meet the Group's operating policies, the Company invested in BIONICXP through the subsidiary, PATEC, in December 2018. On April 1, 2019, PATEC invested SGD 0.3 thousand and acquired a 100% equity interest of BIONICXP. Additionally, on May 30, 2019, BIONICXP increased its capital in cash amounting to SGD 100 thousand which was fully subscribed by PATEC.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2019 and 2018, the non-controlling interest amounted to $185,715 and $188,656, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2019		December 31, 2018	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Wuxi Jingxin Group	China	$ 75,980	7	$ 77,141	7
PT. PATEC Group	Indonesia	99,608	30	95,793	30

Summarized financial information of the subsidiaries:

Balance sheets

	Wuxi Jingxin Group	
	December 31,	
	2019	2018
Current assets	$ 1,144,627	$ 1,220,845
Non-current assets	153,944	129,819
Current liabilities	(143,429)	(209,916)
Non-current liabilities	(69,706)	(38,727)
Total net assets	$ 1,085,436	$ 1,102,021

	PT. PATEC Group	
	December 31,	
	2019	2018
Current assets	$ 226,961	$ 219,371
Non-current assets	185,510	201,053
Current liabilities	(78,690)	(92,616)
Non-current liabilities	(17,970)	(8,500)
Total net assets	$ 315,811	$ 319,308

Statements of comprehensive income

	Wuxi Jingxin Group	
	Years ended December 31,	
	2019	2018
Revenue	$ 1,117,898	$ 1,545,642
Profit before income tax	233,469	276,854
Income tax expense	(33,019)	(43,673)
Profit for the year	$ 200,450	$ 233,181
Total comprehensive income for the year	$ 200,450	$ 233,181
Comprehensive income attributable to non-controlling interest	$ 14,032	$ 16,323
Dividends paid to non-controlling interest	$ 12,193	$ -

	PT. PATEC Group	
	Years ended December 31,	
	2019	2018
Revenue	$ 453,585	$ 422,755
Profit before income tax	7,586	16,810
Income tax expense	(3,423)	(2,805)
Profit for the year	4,163	14,005
Other comprehensive loss	(1,138)	(790)
Total comprehensive income for the year	$ 3,025	$ 13,215
Comprehensive income attributable to non-controlling interest	$ 839	$ 3,964

Statements of cash flows

	Wuxi Jingxin Group	
	Years ended December 31,	
	2019	2018
Net cash generated from operating activities	$ 373,687	$ 59,097
Net cash used in investing activities	(166,890)	(1,634)
Net cash used in financing activities	(186,992)	(53,667)
Effect of exchange rates on cash and cash equivalents	(8,300)	(5,747)
Increase (decrease) in cash and cash equivalents	11,505	(1,951)
Cash and cash equivalents, beginning of year	222,687	224,638
Cash and cash equivalents, end of year	$ 234,192	$ 222,687

	PT. PATEC Group	
	Years ended December 31,	
	2019	2018
Net cash generated from (used in) operating activities	$ 60,985	($ 8,333)
Net cash used in investing activities	(13,305)	(1,668)
Net cash (used in) generated from financing activities	(27,819)	4,912
Effect of exchange rates on cash and cash equivalents	(1,009)	640
Increase (decrease) in cash and cash equivalents	18,852	(4,449)
Cash and cash equivalents, beginning of year	19,034	23,483
Cash and cash equivalents, end of year	$ 37,886	$ 19,034

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint agreements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) <u>Financial assets at amortised cost</u>

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	27 years
Machinery and equipment	5 ～ 10 years
Transportation equipment	5 ～ 10 years
Office equipment	3 ～ 10 years
Other equipment	5 ～ 10 years
Leasehold assets	5 ～ 10 years

(13) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and
(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Leased assets/ operating leases (lessee)

Prior to 2019

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.
(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Long-term prepaid rent

Prior to 2019

Long-term prepaid rent is the agreed-upon fee for land use paid by the Group's subsidiary in Indonesia to the Republic of Indonesia government. Long-term prepaid rent is stated initially at its cost and amortised on a straight-line basis over its lease period.

(16) Intangible assets - goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(17) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(22) Derecognition of financial liabilities

Financial liability is derecognised when the obligation under the liability specified in the contract is either discharged or cancelled or expired.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in these corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Shareholders' dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Cash dividends are recorded as liabilities. Stock dividends recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

A. The Group manufactures and sells press machines and products for automobiles and motorcycles. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales returns and allowances. Accumulated experience is used to estimate and provide for the sales returns and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales returns and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 91 to 180 days, which is consistent with the market practice, so the contract does not contain a significant financing component.

C. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Critical judgements, estimates and assumptions concerning uncertainties are addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 238	$ 928
Demand deposits	325,748	285,984
Time deposits	146,212	33,677
	$ 472,198	$ 320,589

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2019 and 2018, cash and cash equivalents amounting to $48,586 and $38,636 were pledged to others as collateral and were classified to current financial assets at amortised cost. Details are provided in Note 8.

C. The Group has deposits with maturity over three months amounting to $170,079 and $13,358, and the effective interest rate was 3.05%~3.85% and 1.75%~3.76% in 2019 and 2018, respectively. As the time deposits are not highly-liquid investments, they were classified to current financial assets at amortised cost.

(2) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable	$ 523,473	$ 740,129
Less: Allowance for bad debts	(3,252)	(1,354)
	$ 520,221	$ 738,775

A. The ageing analysis of accounts receivable is as follows:

	December 31, 2019	December 31, 2018
Not due	$ 463,804	$ 620,470
Up to 30 days	38,993	72,724
31 to 90 days	14,327	32,906
91 to 180 days	1,880	7,910
Over 181 days	4,469	6,119
	$ 523,473	$ 740,129

The above ageing analysis was based on due date.

B. As of December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $664,787.

C. The Group does not hold any collateral as security.

D. Information relating to credit risk is provided in Note 12(2).

(3) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 192,506	($ 7,109)	$ 185,397
Work in process	72,467	(62)	72,405
Finished goods	205,355	(26,538)	178,817
	$ 470,328	($ 33,709)	$ 436,619

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 229,868	($ 1,273)	$ 228,595
Work in process	126,530	(64)	126,466
Finished goods	192,045	(5,051)	186,994
	$ 548,443	($ 6,388)	$ 542,055

The cost of inventories recognised as expense for the year:

	2019	2018
Cost of inventory sold	$ 1,330,623	$ 1,582,969
Inventory write-down	27,321	-
	$ 1,357,944	$ 1,582,969

(4) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2019								
Cost	$ 63,649	$ 668,544	$ 32,706	$ 11,823	$ 11,793	$ 29,199	$ 859	$ 818,573
Accumulated depreciation	(20,272)	(436,589)	(17,132)	(9,812)	(5,752)	(17,938)	-	(507,495)
	$ 43,377	$ 231,955	$ 15,574	$ 2,011	$ 6,041	$ 11,261	$ 859	$ 311,078
2019								
Opening net book amount	$ 43,377	$ 231,955	$ 15,574	$ 2,011	$ 6,041	$ 11,261	$ 859	$ 311,078
Adjustment to restrospective application (Note)	-	(14,830)	(7,771)	-	-	-	-	(22,601)
	43,377	217,125	7,803	2,011	6,041	11,261	859	288,477
Additions	-	19,677	1	1,014	4,903	1,427	536	27,558
Disposals	-	(3,741)	-	(46)	(1,284)	(47)	-	(5,118)
Reclassifications	-	3,164	150	-	-	-	-	3,314
Depreciation charge	(2,376)	(47,678)	(2,338)	(931)	(1,913)	(2,196)	-	(57,432)
Net exchange differences	(882)	(5,949)	(31)	(30)	(271)	(174)	(41)	(7,378)
Closing net book amount	$ 40,119	$ 182,598	$ 5,585	$ 2,018	$ 7,476	$ 10,271	$ 1,354	$ 249,421
At December 31, 2019								
Cost	$ 62,252	$ 644,019	$ 21,314	$ 12,065	$ 14,117	$ 29,581	$ 1,354	$ 784,702
Accumulated depreciation	(22,133)	(461,421)	(15,729)	(10,047)	(6,641)	(19,310)	-	(535,281)
	$ 40,119	$ 182,598	$ 5,585	$ 2,018	$ 7,476	$ 10,271	$ 1,354	$ 249,421

Note: Adjustment to retrospective application about the property, plant and equipment is provided in Note 3(1)B.

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2018								
Cost	$ 61,761	$ 639,226	$ 29,626	$ 11,464	$ 8,420	$ 23,351	$ 6,946	$ 780,794
Accumulated depreciation	(17,384)	(389,947)	(13,314)	(8,845)	(4,846)	(15,556)	-	(449,892)
	$ 44,377	$ 249,279	$ 16,312	$ 2,619	$ 3,574	$ 7,795	$ 6,946	$ 330,902
2018								
Opening net book amount	$ 44,377	$ 249,279	$ 16,312	$ 2,619	$ 3,574	$ 7,795	$ 6,946	$ 330,902
Additions	-	19,885	2,517	351	645	933	19,162	43,493
Disposals	-	(607)	-	(3)	-	(295)	-	(905)
Reclassifications	-	15,322	957	151	2,928	5,711	(25,069)	-
Depreciation charge	(2,321)	(48,528)	(4,248)	(1,066)	(1,022)	(2,760)	-	(59,945)
Net exchange differences	1,321	(3,396)	36	(41)	(84)	(123)	(180)	(2,467)
Closing net book amount	$ 43,377	$ 231,955	$ 15,574	$ 2,011	$ 6,041	$ 11,261	$ 859	$ 311,078
At December 31, 2018								
Cost	$ 63,649	$ 668,544	$ 32,706	$ 11,823	$ 11,793	$ 29,199	$ 859	$ 818,573
Accumulated depreciation	(20,272)	(436,589)	(17,132)	(9,812)	(5,752)	(17,938)	-	(507,495)
	$ 43,377	$ 231,955	$ 15,574	$ 2,011	$ 6,041	$ 11,261	$ 859	$ 311,078

A. The Group leases certain machinery and automobiles, classified as machinery and transportation equipment, under finance lease. As of December 31, 2018, the carrying value of the leased assets was $22,601.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(5) Leasing arrangements - lessee

Effective 2019

A. The Group leases various assets including land, buildings, machinery and equipment, business vehicles. Rental contracts are typically made for periods of 1 to 34 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	charge
Land	$ 47,112	$ 1,464
Buildings	242,710	24,698
Machinery and equipment	9,708	1,952
Transportation equipment (Business vehicles)	5,634	2,316
Office equipment (Photocopiers)	174	85
	$ 305,338	$ 30,515

C. For the year ended December 31, 2019, the additions to right-of-use assets was $18,738.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 2,064
Expense on short-term lease contracts	7,419

E. For the year ended December 31, 2019, the Group’s total cash outflow for leases was $58,465.

(6) Short-term borrowings

Type of borrowings	December 31, 2019	December 31, 2018
Bank borrowings		
Unsecured borrowings	$ 197,430	$ 111,574
Secured borrowings	208,427	100,422
	$ 405,857	$ 211,996
Interest rate range	0.85%~6.05%	0.13%~11%

Details of assets pledged as collateral for borrowings is provided in Note 8.

(7) Bonds payable

	December 31, 2019	December 31, 2018
Bonds payable	$ -	$ 171,900
Less: Discount on bonds payable	-	(3,794)
Less: Current portion	-	(168,106)
	$ -	$ -

A. The issuance of domestic convertible bonds by the Company:

The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:

(a) The Company issued $250,000, 0% first domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (December 14, 2016 ~December 14, 2019) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on December 14, 2016.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds (the conversion price was NT$47.8 per share), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(d) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 1% of the face value as interests upon two years from the issue date.

(e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at 5 business days after the effective date: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(f) All bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued.

B. As of December 31, 2019, the bonds totaling $9,100 (face value) had been converted into 153 thousand shares of common stock. The face value of redemption amounted to $69,000. The remaining amount of $171,900 was settled.

C. Regarding the issuance of convertible bonds, the equity conversion options amounting to $12,125 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. As of December 31, 2019, capital surplus—share options amounted to $8,337. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 2.41%.

(8) Other payables

	December 31, 2019	December 31, 2018
Payables for investment	$ 17,201	$ 17,804
Expense payable and others	61,214	56,797
	$ 78,415	$ 74,601

To meet the Group's operating policies, the Board of Directors of the Company at their meeting resolved to acquire 8% equity shares of the Mainland China subsidiary, Wuxi Jingxin, from its shareholders through the subsidiary, PATEC, with the transaction price of RMB 30 million. As of December 31, 2019, the Company has paid RMB 26 million for this transaction.

(9) Lease payable

Prior to 2019

The Group leases machinery and automobiles, classified as machinery and transportation equipment, under finance lease. The lease will expire in January 2022. Under the lease contract, future minimum lease payments and their present value are as follows:

	December 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 3,321	$ 486	$ 2,835
Non-current (shown as 'long-term notes and accounts payable')			
Later than one year but not later than five years	6,032	614	5,418
	$ 9,353	$ 1,100	$ 8,253

(10) Pensions

A. Consolidated entity, PT. Patec, has a defined benefit pension plan in accordance with regulations of the Republic of Indonesia. As of December 31, 2019 and 2018, the net amount of liabilities recognised in the balance sheet was $12,748 and $5,740, respectively.

B. Other consolidated entities make monthly contributions to pension and post-retirement funds administered by the government in accordance with local pension regulations.

(11) Share-based payment

A. On February 28, 2014, the Board of Directors has resolved to issue employee stock options of 1,500 units and has set the same date as the grant date. Each employee stock option allows employees to purchase 1,000 ordinary shares.

B. The Group's share-based payment arrangement is as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2014. 2. 28	1,500 thousand shares	4 years	2-3 years service

C. Details of the share-based arrangement are as follows:

	Years ended December 31,			
	2019		2018	
	Number of options (in shares)	Weighted-average exercise price (in dollars)	Number of options (in shares)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	-	$ -	432,000	$ 23
Options exercised	-	-	(422,000)	21
Options forfeited	-	-	(10,000)	21
Options outstanding at end of the year	-	-	-	-
Options exercisable at end of the year	-	-	-	-

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Fair value at grant date (in dollars)	Exercise price (in dollars)	Expected price volatility
Employee stock options	2014. 2. 28	$ 45	$ 28	36.90%~37.31% (Note)

Expected option life	Expected dividends rate	Risk-free dividends rate	Fair value per unit (in dollars)
3~3.5 years	0%	0.83%~0.94%	$20.39~$21.12

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

(12) Share capital

A. As of December 31, 2019, the Company has 44,491 thousand shares of ordinary stock outstanding, and the paid-in capital was $448,268 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding (in thousands) are as follows:

	Years ended December 31,	
	2019	2018
At January 1	40,460	37,671
Exercise of employee share options	-	422
Stock dividends	3,731	2,867
Purchase of treasury shares	-	(500)
At December 31	44,191	40,460

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2019 Number of shares	Book value
The Company	To be reissued to employees	636	$ 36,097

Name of company holding the shares	Reason for reacquisition	December 31, 2018 Number of shares	Book value
The Company	To be reissued to employees	636	$ 36,097

(b) On August 17, 2017, the Board of Directors at their meeting resolved to purchase treasury shares during the estimated period from August 18, 2017 to October 17, 2017, and the estimated price ranged between NT$50 and NT$65. As of December 31, 2017, the Company had purchased a total of 636 thousand shares in the amount of $36,097. On January 17, 2018, the Board of Directors at their meeting resolved to purchase treasury shares. As of March 26, 2018, the Company purchased a total of 500 thousand shares in the amount of $26,908. At the same day, the Board of Directors resolved to proceed with the registration of retirement of shares, and the record date for capital reduction is March 30, 2018.

(c) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(e) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(13) Capital surplus

The Company's capital surplus arose from the paid-in capital in excess of par. Subject to the Cayman Company Rules, so long as the shares are listed on any securities exchange, the Company may use capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations to issue new shares to stockholders, provided that the Company has no accumulated deficit, as approved by the shareholders by way of a special resolution, in accordance with the Company's Articles of Incorporation.

(14) Retained earnings

A. At the end of the accounting year, if there is any retained earnings (including the unappropriated earnings of prior years), shall first be used to pay all taxes and offset prior years' operating losses (including the deficits of prior years) and then set aside special reserve (if any). The residual should be distributed based on the majority vote of the shareholders during their meeting. The ratio of appropriation of retained earnings proposed by the Board of Directors should not be less than 10% of distributable retained earnings, the dividends should be distributed to shareholders in accordance with their shareholding ratio. The amount of cash dividends should not be less than 10% of total dividend distribution.

B. As the Company is in the growth stage, the dividend policy is adopted taking into consideration the Company's capital expenditure, future expansion plans, financial plan and other plans for continuous development.

C. Dividends, bonus or other benefits to shareholders should be distributed in New Taiwan dollars.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On June 28, 2019 and 2018, the shareholders resolved the distribution of earnings for 2018 and 2017 as follows:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Cash dividend	$ 4,145	$ 0.10	$ 28,672	$ 0.75
Stock dividend	37,304	0.92	28,672	0.75
Special reserve	22,298	-	59,408	-

F. Events after balance sheet date:

On March 27, 2020, the Board of Directors proposed the distribution of earnings for 2019 as follows:

	Year ended December 31, 2019	
	Amount	Dividend per share (in dollars)
Cash dividend	$ 2,690	$ 0.06
Stock dividend	15,689	0.35
Special reserve	52,360	-

As of March 27, 2020, the abovementioned distribution of 2019 earnings has not yet been resolved by the shareholders.

G. For the information relating to employees' remuneration and directors' and supervisors' remuneration, please refer to Note 6(19).

(15) Operating revenue

A. The Group derives revenue from the transfer of goods and services at a point in time and related information is provided in Note 14.

B. As of December 31, 2019 and 2018, and January 1, 2018, the Group recognised contract liabilities in relation to contract revenue amounting to $8,688, $59,188 and $4,491, respectively.

C. For the years ended December 31, 2019 and 2018, revenue recognised that was included in the contract liability balance at the beginning of the year was $59,188 and $4,491, respectively.

(16) Other income

	Years ended December 31,	
	2019	2018
Interest income:		
Bank deposit interest	$ 10,050	$ 7,572
Other income	8,668	4,244
	$ 18,718	$ 11,816

(17) Other gains and losses

	Years ended December 31,	
	2019	2018
Net currency exchange (loss) gain	($ 7,853)	$ 708
Gain on disposal of property, plant and equipment	592	1,226
Net gain on financial assets / liabilities at fair value through profit or loss	-	964
Gain on redemption of convertible bonds	-	1,817
Miscellaneous income	-	331
	($ 7,261)	$ 5,046

(18) Finance costs

	Years ended December 31,	
	2019	2018
Interest expenses:		
Bank borrowings	$ 6,747	$ 6,445
Convertible bonds	3,794	5,616
Others	2,064	600
Finance costs	$ 12,605	$ 12,661

(19) Employee benefit expense

	Years ended December 31,	
	2019	2018
Employee benefit expense		
Wages and salaries	$ 359,742	$ 378,963
Insurance expense	10,354	13,432
Pension costs	32,376	35,731
Other personnel expenses	24,728	25,937
	$ 427,200	$ 454,063
Depreciation	$ 87,947	$ 59,945

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.1% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. The employees' compensation and directors' and supervisors' remuneration for the years ended December 31, 2019 and 2018 were estimated and accrued based on a ratio of distributable profit of current year as regulated in the Company's Articles as of the end of the reporting period. For 2019 and 2018, employees' compensation was accrued at $200 and $350, respectively; directors' and supervisors' remuneration was accrued at $700 for both years. The aforementioned amounts were recognised in salary expenses.

C. Employees' compensation and directors' and supervisors' remuneration for 2018 amounted to $250 and $700, respectively, as resolved by the Board of Directors during its meeting on March 28, 2019. The difference of $100 between the amounts resolved at the Board meeting and the amounts of $350 and $700 recognised in the 2018 financial statements, was recognised in profit or loss in 2019. The distribution of the aforementioned amounts has not been completed.

D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Components of income tax expense

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	$ 47,319	$ 49,522
Prior year income tax underestimation	89	888
Total current tax	47,408	50,410
Deferred tax:		
Origination and reversal of temporary differences	12,168	9,089
Income tax expense	$ 59,576	$ 59,499

B. The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2019	2018
Remeasurement on defined benefit obligations	($ 380)	($ 263)

C. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 36,073	$ 54,563
Prior year income tax underestimation	89	888
Effects from items disallowed by tax regulation	(4,289)	(7,847)
Taxable loss not recognised as deferred tax assets	27,703	11,895
Income tax expense	$ 59,576	$ 59,499

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate or is the rate applicable in the parent company's country.

D. Amounts of deferred tax as a result of temporary differences and loss carryforward are as follows:

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Unrealised gain on disposal of property, plant and equipment	$ 5,738	($ 421)	$ -	$ 5,317
Others	11,421	1,699	380	13,500
Loss carryforward	5,537	(50)	-	5,487
	$ 22,696	$ 1,228	$ 380	$ 24,304
Deferred tax liabilities				
Temporary differences				
Book-tax difference in the basis of finance lease	($ 2,591)	$ 273	$ -	($ 2,318)
Investment income of long-term equity investments	(2,604)	(15,293)	-	(17,897)
Others	(6,021)	1,624	-	(4,397)
	($ 11,216)	($ 13,396)	$ -	($ 24,612)

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Unrealised gain on disposal of property, plant and equipment	$ 5,558	$ 180	$ -	$ 5,738
Others	7,066	4,092	263	11,421
Loss carryforward	14,598	(9,061)	-	5,537
	$ 27,222	($ 4,789)	$ 263	$ 22,696
Deferred tax liabilities				
Temporary differences				
Book-tax difference in the basis of finance lease	($ 4,691)	$ 2,100	$ -	($ 2,591)
Investment income of long-term equity investments	(2,225)	(379)	-	(2,604)
Others	-	(6,021)	-	(6,021)
	($ 6,916)	$ 1,721	$ -	($ 11,216)

E. Expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until
2015	$ 89,747	$ 89,747	$ -	-
2016	93,958	93,958	93,958	-
2017	56,373	56,373	56,373	-
2018	62,460	62,460	62,460	-
2019	109,498	109,498	109,498	-

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until
2015	$ 89,747	$ 89,747	$ -	-
2016	93,958	93,958	93,958	-
2017	56,373	56,373	56,373	-
2018	62,460	62,460	62,460	-

(21) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (Diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 38,797	44,191	$ 0.88

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 144,341	44,147	$ 3.27
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 144,341	44,147	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	50	
Domestic convertible bonds	5,616	5,289	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 149,957	49,486	$ 3.03

The domestic convertible bonds issued by the Company have anti-dilutive effect, thus were not included in the diluted earnings per share for the year ended December 31, 2019.

(22) Operating leases

Prior to 2019

The Group leases land and buildings to others under non-cancellable operating lease agreements. The leases will expire in March 2038. The Group has recognised $34,027 as rental expense for the year ended December 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 25,120
Later than one year but not later than five years	92,704
Later than five years	188,845
	$ 306,669

(23) Supplemental cash flow information

	Years ended December 31,	
	2019	2018
Financing activities with no cash flow effects:		
Retained earning transferred to common stock	$ 37,304	$ 28,672

(24) Changes in liabilities from financing activities

	2019			
	Short-term borrowings	Lease payable	Bonds payable (including current portion)	Total
At January 1	$ 211,996	$ 309,099	$ 168,106	$ 689,201
Changes in cash flow from financing activities	198,646	(48,982)	(171,900)	(22,236)
Changes in other non-cash items	(4,785)	(6,927)	3,794	(7,918)
At December 31	$ 405,857	$ 253,190	$ -	$ 659,047

	2018				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease payable	Bonds payable (including current portion)	Total
At January 1	$ 180,311	$ 56,939	$ 9,844	$ 229,960	$ 477,054
Changes in cash flow from financing activities	31,685	(56,939)	(4,764)	(67,470)	(97,488)
Changes in other non-cash items	-	-	3,173	5,616	8,789
At December 31	$ 211,996	$ -	$ 8,253	$ 168,106	$ 388,355

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name of related party	Relationship with the Company
WEE LIANG KIANG	Chief Executive Officer of the Company

(2) Significant related party transactions

I. Endorsements and guarantees provided to related parties:

	December 31, 2019	December 31, 2018
WEE LIANG KIANG	$ 243,841	$ 130,076

The above pertains to guarantee provided by related party for the Company’s borrowings.

(3) Key management compensation

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and other short-term employee benefits	$ 29,573	$ 30,291
Post-employment benefits	1,390	1,365
	$ 30,963	$ 31,656

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
	December 31,		
Pledged asset	2019	2018	Purpose
Property, plant and equipment	$ 40,000	$ 65,824	Short-term borrowings
Right-of-use asset	61,110	-	Long-term and short-term borrowings and lease payable
Long-term prepaid rents	-	49,622	Short-term borrowings
Financial assets at amortised cost			
- current			
- time deposits	48,586	38,636	Short-term borrowings
	$ 149,696	$ 154,082	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

2019: None

For significant commitments and contingencies for 2018, please refer to Notes 6(9) and (22).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Information on appropriation of earnings is provided in Note 6(14) F.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Relevant liability and capital ratios are provided in balance sheets for each period end.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at amortised cost		
Loans and receivables		
Cash and cash equivalents	$ 472,198	$ 320,589
Financial assets at amortised cost	218,665	51,994
Accounts receivable	520,221	738,775
Other receivables	2,145	27,455
Guarantee deposits paid	15,109	19,058
	$ 1,228,338	$ 1,157,871
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 405,857	$ 211,996
Accounts payable	167,432	231,259
Other payables	78,415	74,601
Current lease obligations payable	-	2,835
Corporate bonds payable (including current portion)	-	168,106
Long-term notes and accounts payable	-	5,418
	$ 651,704	$ 694,215
Lease liability	$ 253,190	$ -

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, SGD and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019					
			Book value	Sensitivity analysis		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
EUR:RMB	$ 3,301	7.82	$ 110,975	1%	$ 1,110	$ -
USD:RMB	2,589	6.96	77,521	1%	775	-
EUR:HUF	1,129	331.15	37,959	1%	380	-
USD:SGD	605	1.34	18,109	1%	181	-
RMB:SGD	35,872	0.19	154,264	1%	1,543	-
JPY:SGD	42,985	0.01	11,483	1%	115	-
IDR:USD	67,551,981	0.00007	145,910	1%	1,459	-
Financial liabilities						
Monetary items						
IDR:USD	$ 32,765,462	0.00007	$ 70,772	1%	$ 708	$ -
USD:SGD	214	1.34	6,398	1%	64	-
JPY:SGD	41,243	0.01	11,363	1%	114	-
RMB:SGD	4,000	0.19	17,201	1%	172	-
EUR:SGD	1,256	1.51	42,224	1%	422	-
EUR:HUF	1,102	331.15	37,037	1%	370	-
USD:NTD	1,550	29.94	46,413	1%	464	-
EUR:NTD	7,040	33.62	236,669	1%	2,367	-
SGD:NTD	925	22.27	20,598	1%	206	-

	December 31, 2018					
			Book value	Sensitivity analysis		
	Foreign currency (in thousands)	Exchange rate	(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
EUR:RMB	$ 4,268	7.88	$ 149,694	1%	$ 1,497	$ -
USD: RMB	3,286	6.88	100,609	1%	1,006	-
EUR: HUF	986	320.78	34,565	1%	346	-
USD:SGD	908	1.36	27,784	1%	278	-
IDR:USD	59,470,571	0.00007	126,965	1%	1,270	-
Financial liabilities						
Monetary items						
IDR:USD	$ 36,982,117	0.00007	$ 78,954	1%	$ 790	$ -
USD:SGD	439	1.36	13,451	1%	135	-
EUR:RMB	8	7.88	280	1%	3	-
EUR:HUF	1,171	320.78	41,065	1%	411	-
USD:NTD	1,550	30.62	47,454	1%	475	-
EUR:NTD	1,760	35.07	61,726	1%	617	-
SGD:NTD	925	22.47	20,787	1%	208	-

v. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to ($7,853) and $708, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group adopts the following assumption to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

iii. If the aging of contract payments was over 365 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group classifies customers' accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.

v. The Group used the forecastability of Basel Committee on Banking Supervision to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 181 days past due	Total
At December 31, 2019						
Expected loss rate	0.03%	0.03~7.81%	0.03~7.81%	0.03%~20.20%	19.17%~100%	
Total book value	$ 463,804	$ 38,993	$ 14,327	$ 1,880	$ 4,469	$ 523,473

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 181 days past due	Total
At December 31, 2018						
Expected loss rate	0.03%~0.15%	1%~1.5%	3.31%	6.46%	14.73%~100%	
Total book value	$ 620,470	$ 72,724	$ 32,906	$ 7,910	$ 6,119	$ 740,129

vi.Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2019	2018
At January 1	$ 1,354	$ 1,442
Provision for impairment	1,981	352
Write-offs	-	(392)
Effect of foreign exchange	(83)	(48)
At December 31	$ 3,252	$ 1,354

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are invested in time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. As of December 31, 2019 and 2018, except for non-current liabilities, the Group's short-term borrowings, accounts payable and other payables are all due within one year. The balance of cash flow within one year is undiscounted and agrees with each account's balance under the balance sheets.

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2019 Non-derivative financial liabilities:	Up to 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease liability	$ 7,669	$ 21,757	$ 28,000	$ 61,365	$ 139,803

December 31, 2018 Non-derivative financial liabilities:	Up to 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bonds payable	$ -	$ 168,106	$ -	$ -	$ -
Lease payable	1,046	2,276	2,094	3,937	-

(3) Fair value information

A. Details of the fair value of the Group’s financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. The different levels that the inputs to valuation technique are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability. The fair values of the call and put options issued by the Group are included in Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company’s paid-in capital: None

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.
The Group manufactures and sells customized machinery and equipment and parts of automobiles and motorcycles from a geographic perspective and provides information for the Chief Operating Decision-Maker to review. The areas of sales and order receiving are separated into four major areas which are Singapore, China, Indonesia and Europe. The Company's Chief Operating Decision-Maker also separates into these four areas when managing finance and reviewing operating performance, therefore, Singapore, China, Indonesia and Europe shall be reportable segments.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of operating segments based on segment revenues and profit or loss after tax.

(3) Information about segments and their profit or loss

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2019					
	Singapore	Indonesia	China	Europe	Reconciliation elimination	Total
Revenue from external customers						
Machinery and maintenance service	$ 155,637	$ -	$ 10,076	$ -	$ -	$ 165,713
Parts of motorcycles	-	80,328	-	-	-	80,328
Parts of automobiles	-	373,257	1,035,919	124,215	-	1,533,391
Processing	-	-	15,532	-	-	15,532
Medical devices	601	-	-	-	-	601
	156,238	453,585	1,061,527	124,215	-	1,795,565
Inter-segment revenue	109,916	-	56,371	-	(166,287)	-
Total segment revenue	$ 266,154	$ 453,585	$ 1,117,898	$ 124,215	($ 166,287)	$ 1,795,565
Total segment profit (loss)	($ 116,393)	$ 3,025	$ 200,451	($ 13,047)	($ 21,740)	$ 52,296
Segment income (loss):						
Depreciation	($ 7,809)	($ 33,220)	($ 30,760)	($ 18,940)	$ 2,782	($ 87,947)
Income tax expense	($ 8,161)	($ 3,423)	($ 33,019)	($ 1,465)	($ 13,508)	($ 59,576)

	Year ended December 31, 2018					
	Singapore	Indonesia	China	Europe	Reconciliation and elimination	Total
Revenue from external customers						
Machinery and maintenance service	$160,705	$ -	$ 123,326	$ -	$ -	$ 284,031
Parts of motorcycles	-	102,229	-	-	-	102,229
Parts of automobiles	-	320,526	1,361,619	107,869	-	1,790,014
Processing	-	-	15,361	-	-	15,361
Medical devices	92	-	-	-	-	92
	160,797	422,755	1,500,306	107,869	-	2,191,727
Inter-segment revenue	115,873	-	45,336	-	(161,209)	-
Total segment revenue	$276,670	$422,755	$1,545,642	$107,869	($ 161,209)	$2,191,727
Total segment profit (loss)	($ 47,674)	$ 14,005	$ 233,181	($ 17,336)	($ 18,090)	$ 164,086
Segment income (loss):						
Depreciation	($ 3,713)	($ 30,770)	($ 25,108)	($ 7,436)	$ 7,082	($ 59,945)
Income tax expense	$ -	($ 2,805)	($ 43,673)	($ 1,602)	($ 11,419)	($ 59,499)

Note: Because the measurement amount of the Group's assets does not include the measurement amount of segment assets reviewed by the Chief Operating Decision-Maker, therefore, the measurement amount of assets to be disclosed is $0 in accordance with IFRS 8, 'Operating segments'.

(4) Information about segment profit or loss, assets and liabilities

The adoption of IFRS 16, 'Leases', had the following impact on the segment information for 2019.

	Singapore	Indonesia	China	Europe	Total
Depreciation expense increased	$ 85	$ 1,464	$ 10,647	$ 10,875	$ 23,071
Segment assets increased	$ 174	$ -	$ 43,165	$ 190,180	$ 233,519
Segment liabilities increased	$ 192	$ -	$ 42,934	$ 179,992	$ 223,118

(5) Reconciliation for segment income (loss)

As the Group's Chief Operating Decision-Maker evaluates segment performance and determines how to allocate resources based on segment revenue and profit or loss, sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4, therefore, no adjustment to operating profit or loss is needed.

(6) Information on products and services

Please refer to Note 14(3).

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2019 and 2018 is as follows:

	Years ended December 31,			
	2019		2018	
	Revenue	Segment	Revenue	Segment
Customer A	$ 635,935	China	$ 876,985	China
Customer B	203,043	Indonesia	164,302	Indonesia

Patec Precision Industry Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 3)	Balance at December 31, 2019 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
1	PATEC PTE. LTD.	Patec Precision Kft	Other receivables	Y	$ 25,811	$ 25,811	$ 25,811	3.00%	2	$ -	Capital needs	-	-	-	$ 145,346	$ 581,385	Note 8
1	PATEC PTE. LTD.	Bionicxp Pte. Ltd.	Other receivables	Y	4,454	4,454	4,454	3.50%	2	-	Capital needs	-	-	-	145,346	581,385	Note 8

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2019.

Note 4: The column of ‘Nature of loan’ shall fill in ‘Business transaction’ or ‘Short-term financing’.

(1) Business transaction shall fill in 1.

(2) Short-term financing shall fill in 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The limit on total financing and financing to individuals shall not be more than 40% and 10% the Company’s net asset, respectively.

Patec Precision Industry Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2019 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/guarantees to the party in Mainland China (Note 8)	Footnote
0	PATEC PRECISION INDUSTRY CO., LTD.	PATEC PTE. LTD.	2	$ 228,618	$ 179,663	$ 179,663	$ 47,735	$ -	15.72%	$ 457,237	Y	N	N	Note 3
0	PATEC PRECISION INDUSTRY CO., LTD.	Wuxi Jingxin Precision Machining Co., Ltd.	3	228,618	50,427	-	-	-	0.00%	457,237	Y	N	Y	Note 3
0	PATEC PRECISION INDUSTRY CO., LTD.	PT. PATEC PRESISI ENGINEERING	3	228,618	14,972	14,972	-	-	1.31%	457,237	Y	N	N	Note 3
0	PATEC PRECISION INDUSTRY CO., LTD.	PT. PDF Presisi Engineering	3	228,618	14,972	14,972	-	-	1.31%	457,237	Y	N	N	Note 3
0	PATEC PRECISION INDUSTRY CO., LTD.	PT. API Precision	3	228,618	14,972	14,972	14,123	-	1.31%	457,237	Y	N	N	Note 3
1	PATEC PTE. LTD.	PATEC PRECISION INDUSTRY CO., LTD.	2	290,692	89,832	44,916	40,342	-	3.09%	581,385	N	Y	N	Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: The endorsement amount guaranteed by the Company shall not exceed 40% of the Company’s net assets for the period, and the endorsement for any individual company shall not exceed 20% of the Company’s net assets for the period. If the endorsement is for business relationship, the limit shall not exceed the total transaction amount for the latest year (purchases or sales, whichever is higher). The net assets are based on the latest financial statements audited or reviewed by independent accountants.

Note 4: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. All other events involving endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Actual amount drawn down shall not exceed Limit on endorsements/guarantees provided for a single party.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Patec Precision Industry Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions （Note 1）		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 2）
Press Automation Technology Pte Ltd	PATEC PTE. LTD	Parent	Sales	97,626	5	90~150 days after monthly billings	-	-	-	0	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Patec Precision Industry Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	PATEC PRECISION INDUSTRY CO., LTD.	PATEC PTE. LTD.	1	Other payables	$ 29,641	Payments on behalf of others	1%
1	PATEC PTE.LTD.	Press Automation Technology Pte Ltd.	3	Other payables	40,001	90~150 days after monthly billings	2%
2	Press Automation Technology Pte Ltd.	PATEC PTE.LTD.	3	Sales revenue	97,626	90~150 days after monthly billings	5%
3	Wuxi Baida Precision Molding Co., Ltd.	Press Automation Techonology Pte Ltd	3	Accounts receivable	54,198	90~150 days after monthly billings	2%
3	Wuxi Baida Precision Molding Co., Ltd.	Press Automation Techonology Pte Ltd	3	Sales revenue	56,371	90~150 days after monthly billings	3%
4	PT. PDF Presisi Engineering	PT. PATEC PRESISI ENGINEERING	3	Sales revenue	26,812	90~150 days after monthly billings	1%
5	PT. API Precision	PT. PATEC PRESISI ENGINEERING	3	Sales revenue	29,367	90~150 days after monthly billings	2%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Patec Precision Industry Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2(3))	Footnote
PATEC PRECISION INDUSTRY CO., LTD.	PATEC PTE LTD.	Singapore	Holding company	$ 709,809	$ 709,809	31,287	100.00%	$ 1,453,462	$ 48,304	$ 48,304	
PATEC PTE LTD.	Ptess Automation Techonology Pte Ltd	Singapore	Assembly and sale of machinery and equipment	354,175	354,175	6,247	100.00%	284,757	(41,300)	(39,881)	
PATEC PTE LTD.	Patec Precision Kft	Hungary	Manufacturing and sale of elements of automobiles	210,643	210,643	-	100.00%	37,951	(13,047)	(12,730)	
PATEC PTE. LTD.	Patec Medical Supplies Pte.Ltd.	Singapore	Sale of medical devices	12,996	12,996	600	57.97%	11,661	(1,406)	(815)	
PATEC PTE. LTD.	Bioncixp Pte. Ltd.	Singapore	Application sales of manipulators	2,301	-	400	100.00%	(6,542)	(8,910)	(8,910)	
Ptess Automation Techonology Pte Ltd.	PT PATEC PRESISI ENGINEERING	Indonesia	Manufacturing and sale of elements of automobiles and motorcycles	139,483	139,483	4,340	70.00%	240,981	3,025	3,029	
PT PATEC PRESISI ENGINEERING	PT.PDF Presisi Engineering	Indonesia	Manufacturing and sale of elements of automobiles	37,595	37,595	1,210	88.97%	36,641	(1,408)	(1,253)	
PT PATEC PRESISI ENGINEERING	PT.API Precision	Indonesia	Manufacturing and sale of elements of automobiles	34,314	34,314	1,483	88.77%	21,092	774	687	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2019’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net profit (loss) of the investee for the year ended December 31, 2019’ column should fill in amount of net profit (loss) of the investee for this period.

(3) The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2019’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Patec Precision Industry Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Jingxin Precision Machining Co., Ltd.	Manufacturing and sale of elements of automobiles	$ 166,090	(2)	$ -	$ -	$ -	$ -	$ 200,450	93%	$ 186,937	$ 1,011,315	$ 524,786	
Wuxi Baida Precision Molding Co., Ltd.	Production and sale of press machines	43,004	(2)	-	-	-	-	15,019	93%	14,326	84,393	-	
Yancheng Jingxin Precision Machining Co., Ltd.	Manufacturing and sale of elements of automobiles	21,502	(2)	-	-	-	-	3,184	93%	2,961	24,340	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
	Not applicable		

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China..

(2) Through investing in PATEC PTE. LTD., the subsidiary in Singapore.

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column, basis for investment income (loss) recognition is the financial statements that are audited by investee companies' CPA for the year ended December 31, 2019.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.