GETAC TECHNOLOGY CORP. 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.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Getac Technology Corp. (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2019 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of Getac Technology Corp. and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Getac Technology Corp. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

GETAC TECHNOLOGY CORP.
By

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Hwang, Ming-Hang, Chairman
February 27, 2020

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000247

To the Board of Directors and Stockholders of Getac Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Getac Technology Corp. 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, based on our audits and the reports of other independent accountants, as described in the *Other matter – Reference to audits of other independent accountants,* section of our report, 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 generally accepted auditing standards in the Republic of China (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 *Independent accountant'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. Based on our audits and reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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 key audit matters in relation to the consolidated financial statements for the year ended December 31, 2019 are outlined as follows:

Evaluation of inventories

Description

Refer to Note 4(13) for the accounting policies on evaluation of inventories, Note 5(2) for the critical accounting estimates and assumptions on evaluation of inventories and Note 6(6) for the details of inventories.

The Group is engaged in the research, development, manufacture and sales of notebook computers, handheld equipment for military and industrial computer system, structure parts for electronic, automotive and home appliance industries, and aerospace fasteners. Due to the rapid technological innovations and market competition, there is a higher risk of inventory losses due to slow-moving inventory and obsolescence. As inventories are stated at the lower of cost and net realisable value, the determination of net realisable value of inventories is subject to subjective judgment and uncertainties. Thus, we considered the evaluation of inventories as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter: Sampled and validated inventory line items from the inventory aging report and agreed quantities and amounts to inventory sub-ledger and examined the appropriateness of categorization within the inventory aging report; verified the classification of obsolete inventories; and sampled and validated the net realisable value of slow-moving and obsolete inventories against respective historical information for diminution in inventory value in order to ensure the reasonableness of provision for inventory loss.

Recognition of sales revenue

Description

Refer to Note 4(32) for the accounting policies on recognition of sales revenue, and Note 6(26) for the details of operating revenue. Sales revenue is the main operating activity and relevant to the Group's financial performance. The Group sells different kinds of products with various transaction terms, which require judgment in determining the timing of the transfer of control of goods. Thus, we considered recognition of sales revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter: Obtained an understanding of and evaluated internal controls over the recognition of sales revenue, and tested the operating effectiveness of related control activities; sampled and validated transaction terms, performance obligations, prices, orders, shipping documents and assessed appropriateness of amount and timing of revenue recognition; sampled transactions from a specific period of time prior to and after the balance sheet date; and validated respective transaction terms and shipping documents in order to ensure sales revenue are recognised in the proper period.

Other matter – Reference to audits of other independent accountants

We did not audit the financial statements of the consolidated subsidiary, Getac Inc., for the year ended December 31, 2018, as well as the financial statements of certain investments accounted for under the equity method for the years ended December 31, 2019 and 2018. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 in relation to the consolidated subsidiary and investees was based solely on the reports of other independent accountants. Total assets of Getac Inc. amounted to NT$1,362,223 thousand, constituting 5% of the total consolidated assets as of December 31, 2018, and sales revenue amounted to NT$6,082,914 thousand, constituting 25% of the total consolidated net sales revenue for the year then ended. The balances of related investments accounted for under the equity method was NT$653,403 thousand and NT$883,937 thousand, constituting 2% and 3% of the total consolidated assets as of December 31, 2019 and 2018, respectively, and comprehensive (loss) income from these investments accounted for under the equity method amounted to (NT$193,818) thousand and

NT$62,002 thousand, constituting (10%) and 3% of the total consolidated comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Getac Technology Corp. as at and for the years ended December 31, 2019 and 2018.

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.

Independent accountant'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 a 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 judgment and maintain professional skepticism throughout the audit. We also:

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

Wen, Fang-Yu	Cheng, Ya-Huei

for and on behalf of PricewaterhouseCoopers, Taiwan

February 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.

GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 5,492,175	18	$ 5,180,581	18
1110	Financial assets at fair value through profit or loss – current	6(2)	3,955	-	2,196	-
1136	Current financial assets at amortised cost, net	6(4)	1,023,992	3	991,575	4
1150	Notes receivable – net	6(5)	4,516	-	1,611	-
1170	Accounts receivable – net	6(5)	6,262,898	21	5,296,727	19
1180	Accounts receivable – related parties	6(5) and 7	92,618	-	20,482	-
1200	Other receivables	7	58,768	-	295,365	1
130X	Inventories – net	6(6)	5,140,640	17	4,814,346	17
1410	Prepayments		482,178	2	353,372	1
11XX	**Total current assets**		18,561,740	61	16,956,255	60
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	651,745	2	525,475	2
1550	Investments accounted for under equity method	6(7)	936,227	3	1,189,925	4
1600	Property, plant and equipment - net	6(8) and 8	7,251,930	24	7,346,793	26
1755	Right-of-use assets	6(9) and 8	1,039,929	3	-	-
1760	Investment property - net	6(11)	588,265	2	456,221	2
1780	Intangible assets	6(12)(13)	737,021	2	726,794	3
1840	Deferred income tax assets		441,871	2	281,491	1
1900	Other non-current assets	6(14)	398,867	1	680,736	2
15XX	**Total non-current assets**		12,045,855	39	11,207,435	40
1XXX	**TOTAL ASSETS**		$ 30,607,595	100	$ 28,163,690	100

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GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(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(15)	$ 558,406	2	$ 111,420	-
2120	Financial liabilities at fair value through profit or loss - current	6(16)	4,122	-	1,025	-
2130	Contract liabilities - current	6(26) and 7	461,139	2	258,980	1
2150	Notes payable		2,714	-	2,999	-
2170	Accounts payable		4,411,487	14	4,145,996	15
2180	Accounts payable - related parties	7	48,081	-	59,656	-
2200	Other payables	6(17) and 7	3,105,930	10	3,060,912	11
2230	Current income tax liabilities		335,583	1	390,975	1
2250	Provisions for liabilities - current	6(21)	216,764	1	216,209	1
2280	Lease liabilities - current		141,765	-	-	-
2320	Long-term liabilities, current portion	6(18)	222,516	1	305,806	1
2365	Refund liabilities - current		804,525	3	270,874	1
2399	Other current liabilities		28,449	-	209,673	1
21XX	**Total current liabilities**		10,341,481	34	9,034,525	32
	Non-current liabilities					
2527	Contract liabilities - non-current	6(26)	570,698	2	405,764	1
2540	Long-term borrowings	6(18)	1,850,373	6	1,819,561	7
2550	Provisions for liabilities - non-current	6(21)	414,784	1	390,354	1
2570	Deferred income tax liabilities		170,076	1	7,077	-
2580	Lease liabilities - non-current		388,052	1	-	-
2600	Other non-current liabilities	6(19)	199,391	1	184,368	1
25XX	**Total non-current liabilities**		3,593,374	12	2,807,124	10
2XXX	**Total liabilities**		13,934,855	46	11,841,649	42
	Equity attributable to owners of the parent					
	Share capital	6(22)				
3110	Common stock		5,830,022	19	5,791,652	21
	Capital surplus	6(23)				
3200	Capital surplus		3,083,657	10	2,938,630	11
	Retained earnings	6(24)				
3310	Legal reserve		1,739,599	6	1,518,353	5
3320	Special reserve		412,996	1	318,032	1
3350	Unappropriated retained earnings		4,652,080	15	4,579,845	16
	Other equity	6(25)				
3400	Other equity interest		(741,624)	(2)	(393,336)	(2)
31XX	**Total equity attributable to owners of the parent**		14,976,730	49	14,753,176	52
36XX	**Non-controlling interest**		1,696,010	5	1,568,865	6
3XXX	**Total equity**		16,672,740	54	16,322,041	58
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events After The Balance Sheet Date	11				
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 30,607,595	100	$ 28,163,690	100

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

GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARINGS PER SHARE)

			Years ended December 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating Revenues**	6(26) and 7	$ 26,952,910	100	$ 24,693,836	100
5000	**Operating Costs**	6(6)(31)(32)	(19,311,825)	(72)	(17,746,433)	(72)
5900	**Gross Profit**		7,641,085	28	6,947,403	28
	Operating Expenses	6(31)(32)				
6100	Selling expenses		(2,022,318)	(7)	(1,812,987)	(7)
6200	Administrative expenses		(1,407,365)	(5)	(1,344,057)	(5)
6300	Research and development expenses		(1,287,905)	(5)	(1,189,967)	(5)
6000	**Total operating expenses**		(4,717,588)	(17)	(4,347,011)	(17)
6500	**Other income and expenses - net**	6(27)	52,319	-	51,830	-
6900	**Operating profit**		2,975,816	11	2,652,222	11
	Non-operating income and expenses					
7010	Other income	6(28)	171,129	1	201,209	1
7020	Other gains and losses	6(29)	18,410	-	136,610	-
7050	Finance costs	6(30)	(42,208)	-	(27,773)	-
7060	Share of (losses) profit of associates and joint ventures accounted for under equity method	6(7)	(175,772)	(1)	64,604	-
7000	**Total non-operating income and expenses**		(28,441)	-	374,650	1
7900	**Profit before income tax**		2,947,375	11	3,026,872	12
7950	Income tax expense	6(33)	(577,447)	(2)	(608,495)	(2)
8200	**Profit for the year**		$ 2,369,928	9	$ 2,418,377	10

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GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARINGS PER SHARE)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
	Other comprehensive income (net)					
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit obligations		($ 11,023)	-	($ 7,661)	-
8316	Unrealised value gain (loss) on equity instrument at fair value through comprehensive income	6(3)	90,549	-	(72,186)	(1)
8320	Share of other comprehensive loss of associates and joint ventures	6(7)	(4,185)	-	(32,406)	-
8349	Income tax benefit related to items that will not be reclassified subsequently		1,737	-	3,470	-
8310	**Other comprehensive income (loss) that will not be reclassified to profit or loss**		77,078	-	(108,783)	(1)
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations	6(25)	(454,524)	(2)	(13,814)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures	6(7)	(12,689)	-	917	-
8399	Income tax benefit related to items that may be reclassified subsequently	6(33)	4,397	-	1,648	-
8360	**Other comprehensive loss that may be reclassified to profit or loss**		(462,816)	(2)	(11,249)	-
8300	**Other comprehensive loss for the year, net of tax**		($ 385,738)	(2)	($ 120,032)	(1)
8500	**Total comprehensive income for the year**		$ 1,984,190	7	$ 2,298,345	9
	Profit attributable to:					
8610	Owners of the parent		$ 2,129,188	8	$ 2,212,459	9
8620	Non-controlling interest		$ 240,740	1	$ 205,918	1
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 1,777,895	6	$ 2,106,545	8
8720	Non-controlling interest		$ 206,295	1	$ 191,800	1
	Basic earnings per share	6(34)				
9750	**Net income attributable to owners of the parent**			$ 3.67		$ 3.83
	Diluted earnings per share	6(34)				
9850	**Net income attributable to owners of the parent**			$ 3.59		$ 3.78

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

GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent											
				Retained Earnings			Other Equity Interest						
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
Year ended December 31, 2018													
Balance at January 1, 2018		$ 5,715,502	$ 2,575,181	$ 1,327,339	$ 19,660	$ 4,339,118	($ 187,569)	$ -	($ 110,804)	($ 94,902)	$ 13,583,525	$ 1,441,203	$ 15,024,728
Retrospective application and effect of retrospective restatement		-	-	-	-	5,089	-	(115,893)	110,804	-	-	-	-
Balance at January 1 after adjustments		5,715,502	2,575,181	1,327,339	19,660	4,344,207	(187,569)	(115,893)	-	(94,902)	13,583,525	1,441,203	15,024,728
Net income for the year		-	-	-	-	2,212,459	-	-	-	-	2,212,459	205,918	2,418,377
Other comprehensive (loss) income for the year	6(25)	-	-	-	-	(3,242)	2,091	(104,763)	-	-	(105,914)	(14,118)	(120,032)
Total comprehensive income (loss)		-	-	-	-	2,209,217	2,091	(104,763)	-	-	2,106,545	191,800	2,298,345
Appropriations of 2017 earnings	6(24)												
Legal reserve		-	-	191,014	-	(191,014)	-	-	-	-	-	-	-
Special reserve		-	-	-	298,372	(298,372)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,445,665)	-	-	-	-	(1,445,665)	-	(1,445,665)
Exercise of employee stock options	6(20)(22)	15,740	1,616	-	-	-	-	-	-	-	17,356	-	17,356
Change in associates and joint ventures accounted for under equity method	6(23)	-	504	-	-	(12,798)	-	12,798	-	-	504	-	504
Compensation cost of share-based payment	6(20)	-	51,481	-	-	-	-	-	-	-	51,481	-	51,481
Issue of shares	6(22)	107,440	331,990	-	-	-	-	-	-	-	439,430	-	439,430
Treasury stock retired		(47,030)	(22,142)	-	-	(25,730)	-	-	-	94,902	-	-	-
Cash dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(64,138)	(64,138)
Balance at December 31, 2018		$ 5,791,652	$ 2,938,630	$ 1,518,353	$ 318,032	$ 4,579,845	($ 185,478)	($ 207,858)	$ -	$ -	$ 14,753,176	$ 1,568,865	$ 16,322,041
Year ended December 31, 2019													
Balance at January 1, 2019		$ 5,791,652	$ 2,938,630	$ 1,518,353	$ 318,032	$ 4,579,692	($ 185,478)	($ 207,858)	$ -	$ -	$ 14,753,023	$ 1,568,865	$ 16,321,888
Net income for the year		-	-	-	-	2,129,188	-	-	-	-	2,129,188	240,740	2,369,928
Other comprehensive (loss) income for the year	6(25)	-	-	-	-	(7,683)	(429,795)	86,185	-	-	(351,293)	(34,445)	(385,738)
Total comprehensive income (loss)		-	-	-	-	2,121,505	(429,795)	86,185	-	-	1,777,895	206,295	1,984,190
Appropriations of 2018 earnings	6(24)												
Legal reserve		-	-	221,246	-	(221,246)	-	-	-	-	-	-	-
Special reserve		-	-	-	94,964	(94,964)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,737,585)	-	-	-	-	(1,737,585)	-	(1,737,585)
Exercise of employee stock options	6(20)(22)	38,370	79,819	-	-	-	-	-	-	-	118,189	-	118,189
Change in associates and joint ventures accounted for under equity method	6(23)	-	1,945	-	-	4,678	-	(4,678)	-	-	1,945	-	1,945
Compensation cost of share-based payment	6(20)	-	63,263	-	-	-	-	-	-	-	63,263	1,022	64,285
Cash dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(80,172)	(80,172)
Balance at December 31, 2019		$ 5,830,022	$ 3,083,657	$ 1,739,599	$ 412,996	$ 4,652,080	($ 615,273)	($ 126,351)	$ -	$ -	$ 14,976,730	$ 1,696,010	$ 16,672,740

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

GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,947,375	$ 3,026,872
Adjustments			
Adjustments to reconcile profit (loss)			
(Reversal of) provision for expected credit loss		(1,320)	2,976
Depreciation	6(8)(9)(11)(31)	1,046,491	821,775
Amortization on intangible assets	6(12)(31)	40,465	41,294
Amortization on long-term prepaid rents	6(14)	-	14,133
Loss (gain) on valuation of financial assets and liabilities at fair value through profit and loss	6(2)(16)(29)	1,338	(4,117)
Interest expense	6(30)	42,208	27,773
Interest income	6(28)	(70,214)	(62,624)
Dividend income	6(28)	(16,593)	(11,131)
Gain on disposal of property, plant and equipment	6(8)(29)	(10,958)	(20,304)
Share of loss (profit) of associates and joint ventures accounted for under equity method	6(7)	175,772	(64,604)
Compensation cost of share-based payment	6(22)	64,285	51,481
Gain on disposal of investments	6(29)	-	(88,618)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable – net		(2,905)	(1,577)
Accounts receivable - net		(963,418)	353,723
Accounts receivable - related parties		(73,568)	37,422
Other receivables		253,757	(41,015)
Inventories		(326,294)	(731,950)
Prepayments		(138,564)	24,999
Other non-current assets		39,310	10,088
Changes in operating liabilities			
Contract liabilities		147,083	150,023
Notes payable		(285)	1,061
Accounts payable		265,491	333,703
Accounts payable - related parties		(11,575)	18,257
Other payables		44,705	274,443
Provisions for liabilities		24,985	157,787
Refund liabilities		533,651	39,640
Other current liabilities		38,786	(87,855)
Other non-current liabilities		6,196	902
Cash inflow generated from operations		4,056,204	4,274,557
Interest paid		(47,817)	(34,361)
Interest received		69,325	70,880
Dividends received		65,135	30,708
Income tax paid		(658,338)	(560,792)
Net cash flows from operating activities		3,484,509	3,780,992

(Continued)

GETAC TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Years ended December 31 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets measured at amortized cost-current		($ 32,417)	($ 5,814)
Acquisition of financial assets at fair value through other comprehensive income – non-current		(49,952)	(50,370)
Proceeds from capital return of financial assets measured at cost – non-current		9,031	4,374
Increase in long-term investments accounted for under equity method		(11,850)	-
Acquisition of property, plant and equipment	6(37)	(1,495,664)	(1,472,620)
Proceeds from disposal of property, plant and equipment		33,354	50,464
Acquisition of intangible assets	6(12)	(38,009)	(23,797)
(Increase) decrease in refundable deposits		(7,236)	5,169
Decrease (increase) in financial assets measured at amortized cost – non-current		18,531	(6,940)
Cash received through merger	6(35)	-	12,980
Net cash flows used in investing activities		(1,574,212)	(1,486,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(38)	446,986	(254,668)
Increase in long-term borrowings		403,330	641,232
(Decrease) increase in deposits received		(2,196)	9,691
Repayment of long-term borrowings	6(38)	(455,808)	(438,924)
Repayment of lease liabilities	6(9)	(114,087)	-
Proceeds from exercise of employee stock options		118,189	17,356
Cash dividends paid		(1,737,585)	(1,445,665)
Cash dividends paid to non-controlling interest		(80,172)	(64,138)
Net cash flows used in financing activities		(1,421,343)	(1,535,116)
Effects of changes in foreign exchange rates		(177,360)	(18,614)
Net increase in cash and cash equivalents		311,594	740,708
Cash and cash equivalents at beginning of year		5,180,581	4,439,873
Cash and cash equivalents at end of year		$ 5,492,175	$ 5,180,581

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

GETAC TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Getac Technology Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, development, manufacture and sales of notebook computers, hardware, software for military and industrial computer system, structure parts or mold, and aerospace fasteners.

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 February 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. The quantitative impact would be disclosed when the assessment is complete.

IFRS 16, ‘Leases’

A. 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.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’). Accordingly, on January 1, 2019, ‘right-of-use asset’ and lease liability were increased by $1,101,967 and $537,660, respectively and prepayments, investment accounted for under equity method, other non-current assets and retained earnings were decreased by $9,758, $153, $554,549 and $153, respectively.

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

(a) 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.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

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

(d) The use of hindsight in determining the lease term in assessing whether the Group will exercise an extension option or not to exercise a termination option.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 0.25%~3.54%.

E. 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:

Item	Amount
Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$ 563,592
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$ 563,592
Incremental borrowing interest rate at the date of initial application	0.25%~3.54%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 537,660

(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 2020 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 Material'	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 reform'	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	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" and the 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, these consolidated financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income.

(c) 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 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 unrealized 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.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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
Getac Technology Corp.	Pacific Royale Ltd.	Investment holdings	100	100	
〃	Fong Yang Technology Corporation	Data management, info software, e-communication product wholesale and retail	100	100	
〃	Hot Link Technology Ltd.	Investment holdings	100	100	
〃	Mitac Precision Technology Corporation	Electronic equipment and mold related wholesale and retail	100	100	
〃	Fong Guan Investment Ltd.	Investment holdings	100	100	
〃	National Aerospace Fasteners Corporation	Manufacturing, processing, agency and sale of aerospace fasteners and structure parts for airplane and ship use	39.09	39.09	Note 2
〃	WHP Workflow Solutions, Inc.	Software design and development	80.30	80.30	Note 1
Pacific Royale Ltd.	Getac Inc.	Selling, providing technical service, repair and maintenance of computers and related products for military and industrial use	100	100	
〃	Integration Technology Ltd.	Investment holdings	100	100	
〃	Victory Star Developments Ltd.	Investment holdings	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
Pacific Royale Ltd.	Talent View Ltd.	Investment holdings	100	100	
〃	Running Power Ltd.	Investment holdings	100	100	
〃	Getac (UK) Ltd.	Sales and repair of computers and related products	100	100	
〃	Getac Technology GmbH	Sales of computers and related products	100	100	
〃	WHP Workflow Solutions, Inc.	Software design and development	19.70	19.70	Note 1
Pacific Royale Ltd. and its subsidiaries	Getac Technology (Kunshan) Co., Ltd.	Manufacture and sales of notebooks and related products	100	100	
〃	Fon Yang Logistic (Kunshan) Ltd.	Agency of domestic/foreign freight transport and import/export declaration and import/export trade	100	100	
〃	Getac (SuZhou) Mobile Ltd.	Sales and repair of computers and its peripherals, commercial portable global positioning system, electronic parts, mold production equipment and office equipment, commission agent and import/export trade	100	100	
〃	Getac Video Solutions Inc.	Sales of smart mobile surveillance solution (including device hardware, software, cloud technologies and consulting services)	100	100	
Hot Link Technology Ltd.	Master China Ltd.	Investment holdings	100	100	
〃	Pacific Metal Developments Ltd.	Investment holdings and trading	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
Hot Link Technology Ltd.	Mainpower International Ltd.	Investment holdings	86.72	86.72	Combined ownership
〃	ACE Continental Industries Ltd.	Investment holdings and trading	100	100	
〃	Bellingham Investments Ltd.	Investment holdings	100	100	
〃	Getac Precision Technologies (Hong Kong) Limited	Investment holdings	100	100	
〃	Mitac Technology Kyoto Corporation	Import/export electronic products, provide technical consulting maintenance, and repair services	100	100	
〃	Mitac Precision Developments Ltd.	Investment holdings and trading	100	100	
〃	Mass Bridge Ltd.	Investment holdings	100	100	
Hot Link Technology Ltd. and its subsidiaries	Mitac Precision Technology (Kunshan) Co., Ltd.	Design and manufacture of computer chassis and its components, precision plastic injection mold, molding parts and molding equipment processing sales, and maintenance and repair services of own products	100	100	
〃	SuZhou Mitac Precision Technology Co., Ltd.	Design and manufacture of computer chassis and its components, precision plastic injection mold, molding parts, stamping parts, molding equipment processing, design and repair services, and steel plate cutting, etc	72.56	72.56	Combined ownership

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Description
Hot Link Technology Ltd. and its subsidiaries	Mitac Precision Technology (Vietnam) Co., Ltd.	Manufacturing of printer and its components, DVD, cell phone, digital camera, PCB etc.	100	100	
〃	Mitac Precision Technology (Shunde) Ltd.	Design and manufacture of computer chassis and its components, precision plastic injection mold, molding parts, stamping parts and molding equipment processing, design and repair services and steel plate cutting, etc	100	100	
〃	Getac Precision Technology (Changshu) Co., Ltd.	Manufacturing of magnesium alloy	100	100	
〃	Mitac Precision Technology (HANOI) Co., Ltd.	Manufacturing of printer and related products	100	100	
〃	Getac Precision Technology Vietnam Co., Ltd.	Manufacturing of personal computers, communication equipment, automobile electronic devices, precision punching dies, casting/forging raw parts for automobiles and motorcycles, and magnesium alloy castings	100	100	
National Aerospace Fasteners Corporation	Nafco Group Ltd.	Investment holdings	100	100	
Nafco Group Ltd.	Nafco Holdings Ltd.	Investment holdings	100	100	
Nafco Holdings Ltd.	Suzhou Nafco Precision Ltd.	Production of components for airplane and engine use	100	100	

Note 1: The Group acquired 68.13% of the capital shares of WHP Workflow Solutions Inc. through stock exchange on February 6, 2018 and WHP Workflow Solutions Inc. has been included in the consolidated financial statements since the Group obtained control over it.

Note 2: National Aerospace Fasteners Corporation was included in the consolidated financial statements as the Group has substantial control over it.

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

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

E. Restricted ability to transfer funds from subsidiaries to parent company: 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 $1,696,010 and $1,568,865, 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 businss	Amount	Ownership (%)	Amount	Ownership (%)
Mainpower International Ltd.	British Virgin Islands	$ 213,902	13.28%	$ 211,978	13.28%
SuZhou Mitac Precision Technology Co., Ltd.	China	314,689	16.33% (Note)	311,869	16.33% (Note)
National Aerospace Fasteners Corporation	Taiwan	1,167,419	60.91%	1,045,018	60.91%

Note: Mainpower International Ltd. owned shares of SuZhou Mitac Precision Technology Co., Ltd. as of December 31, 2019 and 2018, with a shareholding ratio of 83.67% for both years. The remaining of shares were non-controlling interests.

Summarised financial information of the subsidiaries:

Balance sheets

	Mainpower International Ltd.	
	December 31, 2019	December 31, 2018
Current assets	$ 441	$ 450
Non-current assets	1,612,371	1,597,924
Current liabilities	(2,105)	(2,157)
Non-current liabilities	-	-
Total net assets	$ 1,610,707	$ 1,596,217

Balance sheets

	SuZhou Mitac Precision Technology Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	$ 1,710,072	$ 1,429,228
Non-current assets	1,179,878	1,239,785
Current liabilities	(941,764)	(759,014)
Non-current liabilities	(21,125)	(206)
Total net assets	$ 1,927,061	$ 1,909,793

	National Aerospace Fasteners Corporation	
	December 31, 2019	December 31, 2018
Current assets	$ 1,447,070	$ 1,329,000
Non-current assets	3,535,478	3,264,424
Current liabilities	(1,133,102)	(1,051,690)
Non-current liabilities	(1,934,144)	(1,827,392)
Total net assets	$ 1,915,302	$ 1,714,342

Statements of comprehensive income

	Mainpower International Ltd.	
	Years ended December 31,	
	2019	2018
Revenue	$ -	$ -
Profit before income tax	81,640	68,837
Income tax expense	-	-
Profit for the year from continuing operations	81,640	68,837
Loss from discontinued operations	-	-
Profit for the year	81,640	68,837
Other comprehensive loss, net of tax	(69,255)	(28,457)
Total comprehensive income for the year	$ 12,385	$ 40,380
Comprehensive income attributable to non-controlling interest	$ 1,924	$ 5,363
Dividends paid to non-controlling interest	$ -	$ -

Statements of comprehensive income

	SuZhou Mitac Precision Technology Co., Ltd.	
	Years ended December 31,	
	2019	2018
Revenue	$ 2,366,521	$ 2,054,063
Profit before income tax	119,563	113,196
Income tax expense	(22,001)	(30,929)
Profit for the year from continuing operations	97,562	82,267
Loss from discontinued operations	-	-
Profit for the year	97,562	82,267
Other comprehensive loss, net of tax	(80,294)	(33,945)
Total comprehensive income for the year	$ 17,268	$ 48,322
Comprehensive income attributable to non-controlling interest	$ 2,820	$ 7,891
Dividends paid to non-controlling interest	$ -	$ -

	National Aerospace Fasteners Corporation	
	Years ended December 31,	
	2019	2018
Revenue	$ 2,816,190	$ 2,279,430
Profit before income tax	457,838	388,140
Income tax expense	(107,014)	(87,136)
Profit for the year from continuing operations	350,824	301,004
Loss from discontinued operations	-	-
Profit for the year	350,824	301,004
Other comprehensive loss, net of tax	(19,925)	(7,873)
Total comprehensive income for the year	$ 330,899	$ 293,131
Comprehensive income attributable to non-controlling interest	$ 201,551	$ 178,546
Dividends paid to non-controlling interest	($ 80,172)	($ 64,138)

Statements of cash flows

	Mainpower International Ltd.	
	Years ended December 31,	
	2019	2018
Net cash used in operating activities	($ 136)	$ -
Net cash provided by investing activities	-	-
Net cash provided by financing activities	-	-
Effect of exchange rates on cash and cash equivalents	127	15
(Decrease) increase in cash and cash equivalents	(9)	15
Cash and cash equivalents, beginning of year	449	434
Cash and cash equivalents, end of year	$ 440	$ 449

	SuZhou Mitac Precision Technology Co., Ltd.	
	Years ended December 31,	
	2019	2018
Net cash provided by operating activities	$ 80,579	$ 273,133
Net cash used in investing activities	(65,542)	(382,412)
Net cash provided by financing activities	1,127	-
Effect of exchange rates on cash and cash equivalents	(32,465)	(3,417)
Decrease in cash and cash equivalents	(16,301)	(112,696)
Cash and cash equivalents, beginning of year	204,774	317,470
Cash and cash equivalents, end of year	$ 188,473	$ 204,774

	National Aerospace Fasteners Corporation	
	Years ended December 31,	
	2019	2018
Net cash provided by operating activities	$ 528,724	$ 290,408
Net cash used in investing activities	(462,637)	(442,394)
Net cash (used in) provided by financing activities	(79,409)	178,749
Effect of exchange rates on cash and cash equivalents	(20,329)	2,605
(Decrease) increase in cash and cash equivalents	(33,651)	29,368
Cash and cash equivalents, beginning of year	158,010	128,642
Cash and cash equivalents, end of year	$ 124,359	$ 158,010

(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

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

i. Assets and liabilities for each balance sheet presented are translated at the spot exchange rate prevailing at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5)Classification of current and non-current items

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 settle 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 settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled 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)Cash equivalents

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. Time deposits with maturity period over three months not meeting the definition of cash equivalents are classified as financial assets at amortised cost.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8)Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(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 fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9)Financial assets at amortised cost

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.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10)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.

(11)Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost , 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.

(12)Derecognition of financial assets

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

(13)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.

(14)Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership. The capital surplus was transferred proportionally to profit or loss when the associates are subsequently disposed.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15)Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

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	6 years ～ 55 years
Machinery and equipment	3 years ～ 12 years
Office equipment	3 years ～ 10 years
Other equipment	3 years ～ 10 years

(16)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 the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

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 amount of the initial measurement of lease liability.

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.

(17)Operating leases (lessee)

Prior to 2019

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.

(18)Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 50 years.

(19)Intangible assets

A. Computer software

Computer software expenditures are stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Goodwill

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

C. Special technology

Separately acquired special technology is stated at historical cost. Special technology acquired in a business combination are recognised at fair value at the acquisition date and amortised using the straight-line method over their estimated useful lives of 7 years.

D. Patents

Patents are amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(20)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 to sell 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 amortized historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use 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.

(21)Borrowings

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.

(22)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.

(23)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.

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.

(24)Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25)Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26)Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(27)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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense 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 high-quality 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' bonus and directors' and supervisors' remuneration

Employees' bonus 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. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

(28)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-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.

(29)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. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income 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 income 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 nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income 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 utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(30)Share capital

A. Ordinary shares are classified as equity. The classification of preferred shares is determined according to the special rights attached to preferred shares based on the substance of the contract and the definition of financial liabilities and equity instruments. Preferred shares are classified as liabilities when they have the basic characteristics of financial liabilities; otherwise, they 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, and is included in equity attributable to the Company's equity holders.

(31)Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(32)Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells notebook computers, hardware, and software for military and industrial computer systems, molds and aerospace fasteners products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from sales is recognised based on the price specified in the contract, net of the estimated sales returns as well as sales discounts and allowances. A refund liability is recognised for expected sales discounts 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 5 months. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(c) The Group's obligation to provide maintenance 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.

B. Sales of services

The Group provides cloud storage and software computing as well as warranty extension service. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised on a straight-line basis during the service period. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(33) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) 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.

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. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, the carrying amount of inventories was $5,140,640.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 944	$ 828
Checking accounts and demand deposits	3,502,447	3,533,944
Time deposits	1,988,784	1,645,809
Total	$ 5,492,175	$ 5,180,581

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. The Group has no cash and cash equivalents pledged to others as collateral.

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

	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	$ -	$ -
Valuation adjustment	3,955	2,196
Total	$ 3,955	$ 2,196

A. The Group recognised net gain (loss) of $1,759 and ($245) on financial assets mandatorily measured at fair value through profit or loss for the years ended December 31, 2019 and 2018, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2019		
		Contract Terms	
Item	Notional Amount (in thousands)	Strike Rate	Settlement Date
Purchases of forward foreign exchange	CNY 70,623	7.0151~7.1669 (Note)	2020.01.09~2020.03.19

Note : Advance booking CNY to sell USD.

	December 31, 2018			
			Contract Terms	
Item	Notional Amount (in thousands)		Strike Rate	Settlement Date
Sales of forward foreign exchange	EUR	1,000	35.238 (Note 1)	2019.01.25
"	GBP	3,320	1.2755~1.2955 (Note 2)	2019.01.29~ 2019.02.26

Note 1: Advance booking EUR to buy NTD.

Note 2: Advance booking GBP to buy USD.

The Group signed forward exchange in order to hedge foreign exchange risk from the prices of imports and exports; however, the Group did not apply hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3)Financial assets at fair value through other comprehensive income

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Listed stocks	$ 478,228	$ 483,428
Unlisted stocks	275,525	235,581
	753,753	719,009
Valuation adjustments	(102,008)	(193,534)
Total	$ 651,745	$ 525,475

A. Above equity instruments were held for medium and long-term investments, therefore they were classified as financial assets at fair value through other comprehensive income.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 90,549	($ 72,186)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4)Financial assets at amortised cost

	December 31, 2019	December 31, 2018
Current items:		
Time deposits-over 3 months	$ 1,023,992	$ 991,575

A. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5)Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 4,516	$ 1,611
Accounts receivable	$ 6,276,463	$ 5,313,043
Accounts receivable-related parties	94,049	20,482
Less: Allowance for uncollectible accounts	(14,996)	(16,316)
	$ 6,355,516	$ 5,317,209

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 6,044,360	$ 4,516	$ 5,115,256	$ 1,611
1 to 90 days	323,280	-	210,169	-
91 to 180 days	1,995	-	7,612	-
Over 180 days	877	-	488	-
	$ 6,370,512	$ 4,516	$ 5,333,525	$ 1,611

The above ageing analysis was based on past 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 $5,615,516.

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

D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $4,516 and $1,611, and accounts receivable were $6,370,512 and $5,333,525, respectively.

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

(6)Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 3,407,707	$ 2,434,995
Work in process	438,645	470,100
Finished goods	1,244,489	1,852,446
In-transit inventories	49,799	56,805
Total	$ 5,140,640	$ 4,814,346

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of goods sold	$ 19,192,631	$ 17,655,356
Loss on decline in market price and obsolete and slow-moving inventories	119,194	91,077
Others	17,001	78,382
	$ 19,328,826	$ 17,824,815

(7)Investments accounted for under equity method

	December 31, 2019	December 31, 2018
Waffer Technology Corp.	$ 653,403	$ 883,937
Lian Jie Investment Co., Ltd.	109,415	109,211
Advanced Medical Design	63,516	57,346
Lian Jie Investment Co., Ltd II.	50,399	55,554
Harbinger Ruyi II	39,501	38,656
Harbinger Ruyi	19,993	28,223
Harbinger II	-	16,998
	$ 936,227	$ 1,189,925

A. Associates:

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio December 31, 2019	Shareholding ratio December 31, 2018	Method of measurement
Waffer Technology Corp.	Taiwan	35.91%	36.21%	Equity method
Lian Jie Investment Co., Ltd.	Taiwan	49.98%	49.98%	Equity method

(b) The summarized financial information of the associates that are material to the Group is shown below:

Balance sheets

	Waffer Technology Corp.	
	December 31, 2019	December 31, 2018
Current assets	$ 1,769,235	$ 2,669,642
Non-current assets	2,101,902	1,998,202
Current liabilities	(1,918,615)	(2,246,939)
Non-current liabilities	(225,193)	(92,583)
Total net assets	$ 1,727,329	$ 2,328,322
Share in associate's net assets	$ 620,356	$ 850,890
Goodwill	33,047	33,047
Carrying amount of the associate	$ 653,403	$ 883,937

	Lian Jie Investment Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	$ 5,963	$ 5,739
Non-current assets	213,138	212,841
Current liabilities	(80)	(80)
Non-current liabilities	-	-
Total net assets	$ 219,021	$ 218,500
Share in associate's net assets	$ 109,415	$ 109,211
Goodwill	-	-
Carrying amount of the associate	$ 109,415	$ 109,211

Statements of comprehensive income

	Waffer Technology Corp.	
	Years ended December 31,	
	2019	2018
Revenue	$ 2,187,850	$ 3,816,875
(Loss) profit for the year from continuing operations	($ 504,037)	$ 168,263
Profit or loss for the year from discontinued operations	-	-
Other comprehensive (loss) income, net of tax	(34,836)	3,109
Total comprehensive (loss) income	($ 538,873)	$ 171,372
Dividends received from associates	$ 30,117	$ 18,028

	Lian Jie Investment Co., Ltd.	
	Years ended December 31,	
	2019	2018
Revenue	$ 4,560	$ 3,433
Profit for the year from continuing operations	$ 4,469	$ 3,435
Profit or loss for the year from discontinued operations	-	-
Other comprehensive loss, net of tax	(4,062)	(47,055)
Total comprehensive income (loss)	$ 407	($ 43,620)
Dividends received from associates	$ -	$ -

(c) The Group’s share of the operating results are summarized below:

As of December 31, 2019 and 2018, the carrying amount of the Group’s individually immaterial associates amounted to $173,409 and $196,777, respectively.

	Years ended December 31,	
	2019	2018
Profit for the year from continuing operations	$ 8,811	$ 14,184
Profit or loss for the year from discontinued operations	-	-
Other comprehensive loss, net of tax	(14,621)	(23,295)
Total comprehensive loss	($ 5,810)	($ 9,111)

(d) The Group’s material associate, Waffer Technology Corp., has quoted market prices. As of December 31, 2019 and 2018, the fair value was $820,145 and $1,086,465, respectively.

(e) On March 31, 2019, a deflagration accident occurred in Waffer Technology (Kunshan) Limited, a subsidiary in Mainland China of Waffer Technology Corp. The Kunshan local government strengthened and implemented safety production and fire safety after the accident. As a result, production activities of Waffer Technology (Kunshan) Limited were suspended and the resumption date will depend on the progress of government operations. The company offered preferential treatment options to employees who will resign as well as those who will stay. As of December 31, 2019, the expense on resignation pay was $46,323.

B. The share of (loss) profit of associates and joint ventures accounted for under the equity method was ($175,772) and $64,604, and other comprehensive loss ($16,874) and ($31,489) was recognised for the years ended December 31, 2019 and 2018, respectively.

(8)Property, plant and equipment

	2019						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1							
Cost	$ 1,263,704	$ 3,522,295	$ 4,950,705	$ 189,671	$ 3,684,050	$ 1,270,624	$ 14,881,049
Accumulated depreciation and impairment	(60,803)	(1,201,581)	(3,427,025)	(141,852)	(2,702,995)	-	(7,534,256)
	$ 1,202,901	$ 2,320,714	$ 1,523,680	$ 47,819	$ 981,055	$ 1,270,624	$ 7,346,793
Opening net book amount as at January 1	$ 1,202,901	$ 2,320,714	$ 1,523,680	$ 47,819	$ 981,055	$ 1,270,624	$ 7,346,793
Additions	-	9,374	327,924	28,529	485,726	317,257	1,168,810
Disposals	-	(156)	(5,535)	(12)	(4,897)	(11,796)	(22,396)
Transfers	-	508,174	198,118	6,165	76,898	(1,025,387)	(236,032)
Depreciation charge	-	(124,527)	(332,575)	(20,128)	(380,170)	-	(857,400)
Net exchange differences	-	(66,915)	(42,787)	(494)	(34,230)	(3,419)	(147,845)
Closing net book amount as at December 31	$ 1,202,901	$ 2,646,664	$ 1,668,825	$ 61,879	$ 1,124,382	$ 547,279	$ 7,251,930
At December 31							
Cost	$ 1,263,704	$ 3,848,070	$ 5,177,509	$ 206,014	$ 3,148,092	$ 547,279	$ 14,190,668
Accumulated depreciation and impairment	(60,803)	(1,201,406)	(3,508,684)	(144,135)	(2,023,710)	-	(6,938,738)
	$ 1,202,901	$ 2,646,664	$ 1,668,825	$ 61,879	$ 1,124,382	$ 547,279	$ 7,251,930

	2018						
	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1							
Cost	$ 1,263,704	$ 3,781,698	$ 4,809,840	$ 158,803	$ 3,050,404	$ 652,158	$ 13,716,607
Accumulated depreciation and impairment	(60,803)	(1,110,906)	(3,186,986)	(130,742)	(2,410,866)	-	(6,900,303)
	$ 1,202,901	$ 2,670,792	$ 1,622,854	$ 28,061	$ 639,538	$ 652,158	$ 6,816,304
Opening net book amount as at January 1	$ 1,202,901	$ 2,670,792	$ 1,622,854	$ 28,061	$ 639,538	$ 652,158	$ 6,816,304
Additions	-	540	129,811	28,025	356,967	965,840	1,481,183
Acquired from business combination	-	-	-	1,342	137	-	1,479
Disposals	-	-	(11,862)	(30)	(7,464)	-	(19,356)
Transfers	-	(231,921)	149,122	6,240	304,988	(342,366)	(113,937)
Depreciation charge	-	(120,403)	(351,265)	(15,955)	(303,943)	-	(791,566)
Net exchange differences	-	1,706	(14,980)	136	(9,168)	(5,008)	(27,314)
Closing net book amount as at December 31	$ 1,202,901	$ 2,320,714	$ 1,523,680	$ 47,819	$ 981,055	$ 1,270,624	$ 7,346,793
At December 31							
Cost	$ 1,263,704	$ 3,522,295	$ 4,950,705	$ 189,671	$ 3,684,050	$ 1,270,624	$ 14,881,049
Accumulated depreciation and impairment	(60,803)	(1,201,581)	(3,427,025)	(141,852)	(2,702,995)	-	(7,534,256)
	$ 1,202,901	$ 2,320,714	$ 1,523,680	$ 47,819	$ 981,055	$ 1,270,624	$ 7,346,793

A. The capitalised interest were $4,809 and $7,579 for the years ended December 31, 2019 and 2018, respectively.

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

(9)Leasing arrangements－lessee

Effective 2019

A. The Group leases various assets including land, buildings and structures, business vehicles and office equipment. Rental contracts are typically made for periods of 2 to 50 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 buildings and structures may not be used for subleasing to others.

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	Depreciation charge
Land	$ 467,203	$ 14,130
Buildings	554,516	121,651
Machinery and equipment	8,881	2,077
Business vehicles	4,473	4,022
Office equipment	4,856	1,206
	$ 1,039,929	$ 143,086

C. For the year ended December 31, 2019, the additions to right-of-use assets was $122,828.

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	$ 8,581

E. For the year ended December 31, 2019, the Group’s total cash outflow for leases was $122,668.

F. Some of the Group’s lease contracts contain variable lease payment terms, with the payments subject to adjustments based on the Consumer Price Index.

(10)Leasing arrangements – lessor

Effective 2019

A. The Group leases various assets including factories and buildings. Rental contracts are typically made for periods of 4 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the year ended December 31, 2019, the Group recognised rental income in the amount of $129,748, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments under the operating lease is as follows:

	December 31, 2019
2020	$ 109,119
2021	110,734
2022	114,953
2023	84,011
Total	$ 418,817

(11)Investment property

	2019		
	Land	Buildings and Structures	Total
At January 1			
Cost	$ 19,866	$ 917,082	$ 936,948
Accumulated depreciation and impairment	(2,611)	(478,116)	(480,727)
	$ 17,255	$ 438,966	$ 456,221
Opening net book amount as at January 1	$ 17,255	$ 438,966	$ 456,221
Reclassifications	-	200,246	200,246
Depreciation charge	-	(46,005)	(46,005)
Net exchange differences	-	(22,197)	(22,197)
Closing net book amount as at December 31	$ 17,255	$ 571,010	$ 588,265
At December 31			
Cost	$ 19,866	$ 1,074,985	$ 1,094,851
Accumulated depreciation and impairment	(2,611)	(503,975)	(506,586)
	$ 17,255	$ 571,010	$ 588,265

	2018		
	Land	Buildings and Structures	Total
At January 1			
Cost	$ 19,866	$ 697,336	$ 717,202
Accumulated depreciation and impairment	(2,611)	(445,719)	(448,330)
	$ 17,255	$ 251,617	$ 268,872
Opening net book amount as at January 1	$ 17,255	$ 251,617	$ 268,872
Disposals	-	(10,804)	(10,804)
Reclassifications	-	231,921	231,921
Depreciation charge	-	(30,209)	(30,209)
Net exchange differences	-	(3,559)	(3,559)
Closing net book amount as at December 31	$ 17,255	$ 438,966	$ 456,221
At December 31			
Cost	$ 19,866	$ 917,082	$ 936,948
Accumulated depreciation and impairment	(2,611)	(478,116)	(480,727)
	$ 17,255	$ 438,966	$ 456,221

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,	
	2019	2018
Rental income from investment property	$ 129,748	$ 82,039
Direct operating expenses arising from the investment property that generated rental income in the year	($ 77,429)	$ 30,376

B. The fair value of investment property held by the Group were $987,097 and $802,938 as of December 31, 2019 and 2018, respectively. The fair values as of December 31, 2019 and 2018 were valued by independent appraisers. Valuations were made using the comparative method, income approach and cost approach which is categorised within Level 3 in the fair value hierarchy. Key assumption is in the following table.

	December 31, 2019	December 31, 2018
Capitalization rate	1.36%	1.45%

(12)Intangible assets

	2019				
	Computer software	Goodwill	Acquired special technology	Patent	Total
At January 1					
Cost	$ 178,355	$ 606,458	$ 102,886	$ -	$ 887,699
Accumulated amortisation	(147,504)	-	(13,401)	-	(160,905)
	$ 30,851	$ 606,458	$ 89,485	$ -	$ 726,794
Opening net book amount as at January 1	$ 30,851	$ 606,458	$ 89,485	$ -	$ 726,794
Additions	30,806	-	-	7,203	38,009
Reclassifications	-	28,118	-	-	28,118
Amortisation charge	(25,478)	-	(14,565)	(422)	(40,465)
Net exchange differences	(370)	(13,211)	(352)	(1,502)	(15,435)
Closing net book amount as at December 31	$ 35,809	$ 621,365	$ 74,568	$ 5,279	$ 737,021
At December 31					
Cost	$ 142,559	$ 621,365	$ 102,383	$ 7,000	$ 873,307
Accumulated amortisation	(106,750)	-	(27,815)	(1,721)	(136,286)
	$ 35,809	$ 621,365	$ 74,568	$ 5,279	$ 737,021

	2018			
	Computer software	Goodwill	Acquired special technology	Total
At January 1				
Cost	$ 154,193	$ 86,907	$ -	$ 241,100
Accumulated amortisation	(119,069)	-	-	(119,069)
	$ 35,124	$ 86,907	$ -	$ 122,031
Opening net book amount as at January 1	$ 35,124	$ 86,907	$ -	$ 122,031
Additions	23,797	-	-	23,797
Acquired from business combinations	-	495,464	101,952	597,416
Amortisation charge	(27,943)	-	(13,351)	(41,294)
Net exchange differences	(127)	24,087	884	24,844
Closing net book amount as at December 31	$ 30,851	$ 606,458	$ 89,485	$ 726,794
At December 31				
Cost	$ 178,355	$ 606,458	$ 102,886	$ 887,699
Accumulated amortisation	(147,504)	-	(13,401)	(160,905)
	$ 30,851	$ 606,458	$ 89,485	$ 726,794

A. Details of amortisation of intangible assets are as follows:

	Years ended December 31,	
	2019	2018
Operating costs	$ 8,879	$ 20,117
Selling expenses	1,395	536
Administrative expenses	8,503	4,612
Research and development expenses	21,688	16,029
	$ 40,465	$ 41,294

B. Goodwill attributes to following the Group’s cash-generating units identified according to operating segment:

	December 31, 2019			
	Electronic parts	Structure parts	Aerospace fasteners	Total
Goodwill	$ 534,217	$ 32,774	$ 54,374	$ 621,365

	December 31, 2018			
	Electronic parts	Structure parts	Aerospace fasteners	Total
Goodwill	$ 518,507	$ 33,577	$ 54,374	$ 606,458

(13)Impairment of non-financial assets

Goodwill attributes to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

A. Operating revenue growth rate calculated with sales forecast with reference to industry and market-related information.

B. Gross profit rate calculated with historical data with reference to sales forecast.

C. Operating expense rate calculated with historical data with reference to sales forecast.

D. Discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(14)Other non-current assets

	December 31, 2019	December 31, 2018
Long-term rental prepayment	$ -	$ 554,549
Guarantee deposits paid	48,115	40,879
Pledge deposits	1,000	29,415
Prepayment on machinery and equipment	323,285	-
Others	26,467	55,893
Overdue receivables	19,849	127,507
Allowance for uncollectible accounts - overdue receivables	(19,849)	(127,507)
	$ 398,867	$ 680,736

A.The Group entered into land use right and plant leasing contracts in Mainland China and Vietnam during 2004 to 2016, with a lease term of 10 to 50 years. The leases had been fully paid on the contract date. The rental expense recognised for the year ended December 31, 2018 was $14,133.

B. Details of deposits pledged to others as collateral are provided in Note 8.

(15)Short-term borrowings

	December 31, 2019	Interest rate range
Type of borrowings		
Unsecured bank loans	$ 558,406	0.88%~2.63%

	December 31, 2018	Interest rate range
Type of borrowings		
Unsecured bank loans	$ 111,420	0.95%~3.42%

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

	December 31, 2019	December 31, 2018
Current items		
Financial liabilities held for trading		
Non-hedging derivatives	$ -	$ -
	-	-
Valuation adjustment	4,122	1,025
Total	$ 4,122	$ 1,025

A. The Group recognised net (loss) gain of ($3,097) and $4,362 on financial liabilities held for trading for the years ended December 31, 2019 and 2018, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2019		
		Contract Terms	
Item	Notional Amount (in thousands)	Strike Rate	Settlement Date
Sales of forward foreign exchange	EUR 9,600	1.1091~1.1209 (Note 1)	2020.01.22~2020.03.27
"	USD 6,000	29.937~29.954 (Note 2)	2020.01.30~2020.01.31
"	GBP 1,700	1.2901~1.2965 (Note 3)	2020.01.22~2020.02.27

Note 1: Advance booking EUR to buy USD.
Note 2: Advance booking USD to buy NTD.
Note 3: Advance booking GBP to buy USD.

	December 31, 2018		
		Contract Terms	
Item	Notional Amount (in thousands)	Strike Rate	Settlement Date
Sales of forward foreign exchange	EUR 3,000	1.1422~1.1516 (Note 1)	2019.02.26~2019.03.27
"	EUR 2,000	34.981~34.984 (Note 2)	2019.02.26

Note 1: Advance booking EUR to buy USD.
Note 2: Advance booking EUR to buy NTD.

The Group signed forward exchange to hedge foreign exchange risk from the prices of imports and exports; however, the Group did not apply hedge accounting.

(17)Other payables

	December 31, 2019	December 31, 2018
Salary, bonus and remuneration payable	$ 1,281,322	$ 1,275,999
Payables on machinery and equipment	69,149	72,718
Others	1,755,459	1,712,195
	$ 3,105,930	$ 3,060,912

(18)Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2019
Long-term bank borrowings			
Secured borrowings	Repayable monthly until December 2036	Land, Buildings	$ 919,616
Secured borrowings	Repayable monthly until September 2033	Land, Buildings	141,710
Secured borrowings	Repayable monthly until May 2025	Land, Buildings	220,000
Secured borrowings	Repayable monthly until April 2025	Land, Buildings	308,232
Secured borrowings	Repayable monthly until September 2026	Machinery and equipment	119,489
Secured borrowings	Repayable monthly until November 2026	Machinery and equipment	5,866
Unsecured borrowings	Repayable monthly until October 2024		117,976
Unsecured borrowings	Repayable every 3 months until December 2021 (Note)		90,000
Unsecured borrowings	Repayable every 3 months until December 2021 (Note)		150,000
Subtotal			2,072,889
Less: Current portion			(222,516)
			$ 1,850,373
Interest rate range			0.7%~1.4%

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2018
Long-term bank borrowings			
Secured borrowings	Repayable monthly until December 2036	Land, Buildings	$ 1,030,000
Secured borrowings	Repayable monthly until September 2033	Land, Buildings	150,944
Secured borrowings	Repayable monthly until May 2025	Land, Buildings	220,000
Secured borrowings	Repayable monthly until April 2025	Land, Buildings	308,232
Unsecured borrowings	Repayable every 3 months until September 2019		42,857
Unsecured borrowings	Repayable every 6 months until August 2019		133,334
Unsecured borrowings	Repayable every 3 months until August 2020 (Note)		140,000
Unsecured borrowings	Repayable every 3 months until December 2020		100,000
Subtotal			2,125,367
Less: Current portion			(305,806)
			$ 1,819,561
Interest rate range			1.23%~1.4%

Note: Key performance indicators for bank loans.

The subsidiary, National Aerospace Fasteners Corporation, entered into a medium term agreement of loan facilities with the banks. During the term of the borrowings, the subsidiary is obliged to maintain certain liquidity ratios, percentage of borrowings carrying interests in tangible net assets and times interest earned as agreed-upon mutually in the annual consolidated financial statements.

(19)Pensions

A. (a) The Company and the subsidiary, National Aerospace Fasteners Corporation, have defined benefit pension plans in accordance with the Labor Standards Act, covering all regular employees for services provided prior to July 1, 2005, and employees who choose to remain in the defined benefit pension plan subsequent to the enforcement of the Labor Pension Act on July 1, 2005. Under the defined benefit pension plans, employees are entitled to two base points for every year of service for the first 15 years and one base point for each additional year thereafter, up to a maximum of 45 base points. The pension payment to employees is computed based on years of service and average salaries or wages of the last six months prior to approved retirement. The Company and the subsidiary contribute an amount equal to 2% of salaries and wages paid each month to a pension fund. The pension fund is administered by a pension fund monitoring committee (the "Committee") and deposited under the

Committee's name in the Bank of Taiwan. Also, the Company and the subsidiary would assess the balance in the aforementioned labor pension reserve account by December 31 every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and the subsidiary will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

a. The Company

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 274,382)	($ 261,480)
Fair value of plan assets	111,031	105,932
Net defined benefit liability	($ 163,351)	($ 155,548)

b. The subsidiary, National Aerospace Fasteners Corporation

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 43,414)	($ 38,445)
Fair value of plan assets	44,708	40,977
Net defined benefit asset	$ 1,294	$ 2,532

(c) Movements in net defined benefit liabilities are as follows:

a. The Company

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	($ 261,480)	$ 105,932	($ 155,548)
Current service cost	(485)	-	(485)
Interest (expense) income	(2,942)	1,209	(1,733)
	(264,907)	107,141	(157,766)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,768	3,768
Change in demographic assumptions	(603)	-	(603)
Change in financial assumptions	(11,059)	-	(11,059)
Experience adjustments	(791)	-	(791)
	(12,453)	3,768	(8,685)
Pension fund appropriation	-	3,100	3,100
Paid pension	2,978	(2,978)	-
Balance at December 31	($ 274,382)	$ 111,031	($ 163,351)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 254,988)	$ 105,296	($ 149,692)
Current service cost	(1,037)	-	(1,037)
Interest (expense) income	(3,187)	1,335	(1,852)
	(259,212)	106,631	(152,581)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,880	2,880
Change in demographic assumptions	(3,807)	-	(3,807)
Change in financial assumptions	(3,717)	-	(3,717)
Experience adjustments	(1,419)	-	(1,419)
	(8,943)	2,880	(6,063)
Pension fund appropriation	-	3,096	3,096
Paid pension	6,675	(6,675)	-
Balance at December 31	($ 261,480)	$ 105,932	($ 155,548)

b. The subsidiary, National Aerospace Fasteners Corporation

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2019			
Balance at January 1	($ 38,445)	$ 40,977	$ 2,532
Current service cost	(809)	-	(809)
Interest (expense) income	(384)	408	24
	(1,193)	408	(785)
Remeasurements:			
Change in financial assumptions	(1,393)	-	(1,393)
Experience adjustments	(2,383)	1,438	(945)
	(3,776)	1,438	(2,338)
Pension fund appropriation	-	1,885	1,885
Balance at December 31	($ 43,414)	$ 44,708	$ 1,294

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2018			
Balance at January 1	($ 33,776)	$ 39,075	$ 5,299
Current service cost	(342)	-	(342)
Past service cost	(1,527)		(1,527)
Interest (expense) income	(405)	469	64
	(2,274)	469	(1,805)
Remeasurements:			
Change in financial assumptions	(847)	-	(847)
Experience adjustments	(1,548)	1,116	(432)
	(2,395)	1,116	(1,279)
Pension fund appropriation	-	317	317
Balance at December 31	($ 38,445)	$ 40,977	$ 2,532

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and the subsidiary's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and the subsidiary have no right to participate in managing and operating that fund and hence the Company and the subsidiary are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

a. The Company

	Years ended December 31, 2019	2018
Discount rate	0.75%	1.125%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience

Mortality Table.

b. The subsidiary, National Aerospace Fasteners Corporation

	Years ended December 31,	
	2019	2018
Discount rate	0.70%	1.00%
Future salary increases	2.75%	2.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

a. The Company

	Discount rate		Futures salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 7,445)	$ 7,739	$ 7,448	($ 7,206)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 7,470)	$ 7,775	$ 7,511	($ 7,256)

b. The subsidiary, National Aerospace Fasteners Corporation

	Discount rate		Futures salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 1,164)	$ 1,213	$ 1,090	($ 1,055)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 1,055)	$ 1,100	$ 995	($ 961)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to $2,218.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	12,872
1-2 year(s)		22,242
2-5 years		27,092
Over 5 years		54,784
	$	116,990

B. (a) Effective July 1, 2005, the Company and its domestic subsidiary have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $53,228 and $39,342, respectively.

(b) The Company's Mainland China subsidiaries have a defined contribution plan. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China. Under the scheme, retirement benefits of existing and retired employees are to be provided by the government-managed fund and the subsidiaries have no further obligations beyond the monthly contributions. The pension costs under the defined contribution pension plan for the years ended December 31, 2019 and 2018 were $134,383 and $127,147, respectively.

(c) Other overseas subsidiaries have defined contribution plans for contributions to an independent fund administered by the government in accordance with local regulations that are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the subsidiaries has no further obligations. The pension costs under the defined contribution pension plans of the subsidiaries for the years ended December 31, 2019 and 2018 were $9,242 and $11,161, respectively.

(20)Share-based payment

A. As of December 31, 2019, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Sixth employee stock options	November 7, 2013	10,300	6 years	2 years' service vested 50% 3 years' service vested 75% 4 years' service vested 100%
Seventh employee stock options	July 26, 2017	20,000	6 years	2 years' service vested 50% 3 years' service vested 75% 4 years' service vested 100%
Eighth employee stock options	October 11, 2018	20,000	6 years	2 years' service vested 50% 3 years' service vested 75% 4 years' service vested 100%

B. Details of the sixth employee stock options are set forth below:

Details of sixth employee stock options for the years ended December 31, 2019 and 2018 are set forth below:

	2019		2018	
	No. of options (in thousands of shares)	Weighted-average exercise price (in NT dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in NT dollars)
Options outstanding at January 1	600	$ 10.60	2,174	$ 11.20
Options exercised	(600)	10.31	(1,574)	11.03
Options outstanding at December 31	-	-	600	10.60
Options outstanding at December 31	-	-	600	10.60

C. The Company estimated the fair value of sixth employee stock options as of grant date under the Black-Scholes option model. The weighted-average parameters used in the estimation of fair value are as follows:

	Grant date-November 7, 2013
Exercise price (in dollars)	$15
Ratio of cash dividends	0%
Expected price volatility	36.83%~41.97%
Risk-free interest ratio	0.78%~1.09%
Expected option life (years)	2.2~4.1
Fair value per share (in dollars)	$3.76~$4.6

D. Details of the seventh employee stock options are set forth below:

(a) Details of the seventh employee stock options for the years ended December 31, 2019 and 2018 are set forth below:

	2019		2018	
	No. of options (in thousands of shares)	Weighted average exercise price (in NT dollars)	No. of options (in thousands of shares)	Weighted average exercise price (in NT dollars)
Options outstanding at January 1	19,940	$ 37.00	19,940	$ 39.10
Options exercised	(3,237)	34.60	-	-
Options forfeited	(1,280)	-	-	-
Options outstanding at December 31	15,423	34.60	19,940	37.00
Options exercisable at December 31	6,093	34.60	-	-

(b) Information on the seventh employee stock options outstanding as of December 31, 2019 is as follows:

	Options outstanding at end of the year			Options exercisable at end of the year	
Range of exercise price	No. of options (in thousands of shares)	Expected weighted average residual years	Weighted average exercise price	No. of options (in thousands of shares)	Weighted average exercise price
$34.60	15,423	3.57 years	$34.60	6,093	$34.60

E. The Company estimated the fair value of seventh stock options as of grant date under the Black-Scholes option model. The weighted-average parameters used in the estimation of fair value are as follows:

	Grant date-July 26, 2017
Exercise price (in dollars)	$42.25
Ratio of cash dividends	5%
Expected price volatility	34.39%
Risk-free interest ratio	0.7091%~0.7678%
Expected option life (years)	5.42
Fair value per share (in dollars)	$7.2428~$7.5272

F. Details of the eighth employee stock options are set forth below:

(a) Details of the eighth employee stock options for the year ended December 31, 2019 are set forth below:

	2019	
	No. of options (in thousands of shares)	Weighted average exercise price (in dollars)
Options outstanding at January 1	20,000	$ 35.55
Options forfeited	(530)	-
Options outstanding at December 31	19,470	33.20
Options exercisable at December 31	-	-

(b) Information on the eighth compensatory employee stock options outstanding as of December 31, 2019 is as follows:

	Options outstanding at end of the year			Options exercisable at end of the year	
Range of exercise price	No. of options (in thousands of shares)	Expected weighted-average residual years	Weighted-average exercise price	No. of options (in thousands of shares)	Weighted-average exercise price
$33.20	19,470	4.78 years	$33.20	-	-

G. The Company estimated the fair value of eighth stock options as of grant date under the Black-Scholes option model. The weighted-average parameters used in the estimation of fair value are as follows:

	Grant date-October 11, 2018
Exercise price (in dollars)	$35.55
Ratio of cash dividends	5%
Expected price volatility	30.66%
Risk-free interest ratio	0.6981%~0.7450%
Expected option life (years)	6
Fair value per share (in dollars)	$5.2256~5.4049

H. For the year ended December 31, 2019, the share-based payment arrangements of the subsidiary, National Aerospace Fastener Corporation, were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options	December 13, 2019	3,560	6 years	2 years' service vested 50% 3 years' service vested 75% 4 years' service vested 100%

The abovementioned share-based payment arrangements are equity-settled. Details of the share-based payment arrangements are as follows:

	2019		
	No. of options	Weighted-average exercise price (in dollars)	
Options outstanding at January 1	-	$	-
Options granted	3,560		91.4
Options outstanding at December 31	3,560		91.4
Options exercisable at December 31	-		-

The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2019		
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	
December 13, 2019	December 13, 2025	3,560	$	91.4

The fair value of stock options of the subsidiary, National Aerospace Fastener Corporation, granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	December 13, 2019	91.4	91.4	31.90%~ 34.04% (Note)	4~5 years	-	0.56%~ 0.59%	$23.65~ $28.04

Note: Expected price volatility rate was a fluctuation extent of the stock price in the future period. The future period used to estimate expected price volatility rate was measured based on the stock option expected life equivalent period prior to the measurement date.

I. Expenses incurred on the Group's share-based payment transactions with equity-settled for the years ended December 31, 2019 and 2018 was $64,285 and $51,481, respectively.

(21)Provisions (warranty)

		2019		2018
At January 1	$	606,563	$	448,776
Additional provisions		180,278		265,970
Used during the year	(	154,009)	(	126,261)
Exchange differences	(	1,284)		18,078
At December 31	$	631,548	$	606,563

Analysis of total provisions:

		December 31, 2019		December 31, 2018
Current	$	216,764	$	216,209
Non-current	$	414,784	$	390,354

The Group provides warranties on rugged notebook products sold. Provision for warranty is estimated based on historical warranty data of rugged computer products.

(22)Share capital

A. As of December 31, 2019, the Company had an authorized capital of $8,500,000, consisting of 850 million shares of common stock (including 80 million shares reserved for employee stock options and 50 million shares reserved for convertible bonds issued by the Company), and an issued capital of $5,830,022 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2019	2018
At January 1	579,165	566,847
Employee stock options exercised	3,837	1,574
Issuance of shares	-	10,744
At December 31	583,002	579,165

B. On November 9, 2017, the Board of Directors resolved to increase the capital by issuing new shares of 10,744,000 shares with a par value of $10 per share to obtain control over WHP Workflow Solutions, Inc.. Please refer to Note 6 (35), and the record date for issuing new shares was February 6, 2018. The registration for issuing new shares had been completed.

(23)Capital surplus

	2019				
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in net equity of associates and joint ventures accounted for under equity method	Recognition of changes in the subsidiary's equity	Employee stock options
At January 1	$ 2,712,672	$ 113,722	$ 12,962	$ 24,666	$ 74,608
Employee stock options exercised	106,024	-	-	-	(26,205)
Compensation cost of employee stock options	-	-	-	-	63,263
Recognition of changes in equities of associates	-	-	1,945	-	-
At December 31	$ 2,818,696	$ 113,722	$ 14,907	$ 24,666	$ 111,666

	2018				
	Share premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in net equity of associates and joint ventures accounted for under equity method	Recognition of changes in the subsidiary's equity	Employee stock options
At January 1	$ 2,393,968	$ 113,722	$ 12,458	$ 24,666	$ 30,367
Employee stock options exercised	8,856	-	-	-	(7,240)
Compensation cost of employee stock options	-	-	-	-	51,481
Recognition of changes in equities of associates	-	-	504	-	-
Retirement of treasury shares	(22,142)	-	-	-	-
Issuance of shares	331,990	-	-	-	-
At December 31	$ 2,712,672	$ 113,722	$ 12,962	$ 24,666	$ 74,608

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(24)Retained earnings

A. Under the Company's Articles of Incorporation, in addition to offsetting prior years' losses after paying all taxes as required by law, 10% of the Company's profit at the closing of each fiscal year shall first be set aside as legal reserve, and special reserve shall be set aside or reversed according to laws, the remainder plus undistributed earnings carried over from previous years shall be allocated at the board's proposal. Proposal for allocation in the form of newly issued shares shall be subject to shareholders' resolution. The Company may, in accordance with the provision of Paragraph 5 of Article 240 of the Company Act, by a resolution adopted by a majority vote of a meeting of the board of directors attended by two-thirds or more of the total number of the directors, distribute dividends and bonuses in form of cash, and submit a report to a shareholders meeting.

At least 10% of dividends proposed must in the form of cash dividend. However, the actual percentage of cash dividends may be adjusted and resolved during board of directors meetings depending on the Company's financial structure, future fund needs, and profitability.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose.

The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. (a) 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.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriations of 2019 and 2018 earnings had been resolved at the Board of Directors' meeting on February 27, 2020 and shareholders' meeting on May 31, 2019, respectively. Details are summarized below:

	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)(Note)
Legal reserve	$ 212,603		$ 221,246	
Special reserve	328,627		94,964	
Cash dividends	1,632,879	$ 2.8	1,737,585	$ 2.99831757
Total	$ 2,174,109		$ 2,053,795	

Note: It is under the resolution of the shareholder's meeting. The dividend rate was adjusted due to changes in the number of shares with distribution right.

(25)Other equity items

	2019		
	Unrealised gain (loss) on valuation	Currency translation	Total
At January 1	($ 207,858)	($ 185,478)	($ 393,336)
Revaluation			
–Group	90,549	-	90,549
–Associates	(4,364)	-	(4,364)
Currency translation differences:			
–Group	-	(418,824)	(418,824)
–Group tax	-	1,719	1,719
–Associates	-	(12,690)	(12,690)
Disposal of financial assets at fair value through other comprehensive income			
–Associates	(4,678)	-	(4,678)
At December 31	($ 126,351)	($ 615,273)	($ 741,624)

	2018		
	Unrealised gain (loss) on valuation	Currency translation	Total
At January 1	($ 115,893)	($ 187,569)	($ 303,462)
Revaluation			
–Group	(72,186)	-	(72,186)
–Associates	(32,577)	-	(32,577)
Currency translation differences:			
–Group	-	529	529
–Group tax	-	645	645
–Associates	-	917	917
Disposal of financial assets at fair value through other comprehensive income	12,798	-	12,798
At December 31	($ 207,858)	($ 185,478)	($ 393,336)

(26)Operating revenue

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers	$ 26,952,910	$ 24,693,836

A. Disaggregation of revenue from contracts

The Group’s revenue is subdivided into the following major business units:

2019	Electronic parts	Structure parts	Aerospace fasteners	Total
Revenue from external customer contracts	$ 12,384,972	$ 11,751,749	$ 2,816,189	$ 26,952,910

2018	Electronic parts	Structure parts	Aerospace fasteners	Total
Revenue from external customer contracts	$ 12,165,359	$ 10,249,047	$ 2,279,430	$ 24,693,836

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities	$ 1,031,837	$ 664,744	$ 423,423

	Years ended December 31, 2019	Years ended December 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 220,750	$ 198,152

Contract liabilities mainly comprised of extension warranty contract and cloud service revenue, which are provided by electronic parts segment to customers.

(27)Other income and expenses–net

	Years ended December 31, 2019	Years ended December 31, 2018
Other income		
Rental income from investment property	$ 129,748	$ 82,039
Other expenses		
Depreciation charges on investment property	(46,005)	(30,209)
Operating expense on investment property	(31,424)	-
	$ 52,319	$ 51,830

(28)Other income

	Years ended December 31, 2019	Years ended December 31, 2018
Interest income:		
Interest income from bank deposits	$ 70,214	$ 62,624
Dividend income	16,593	11,131
Other income - others	84,322	127,454
	$ 171,129	$ 201,209

(29)Other gains and losses

	Years ended December 31, 2019	Years ended December 31, 2018
Gain on disposal of property, plant and equipment	$ 10,958	$ 20,304
Gain on disposals of investments (Note 6(35))	-	88,618
Net currency exchange gain	17,963	46,478
Net (loss) gain on financial assets at fair value through profit or loss	(1,338)	4,117
Miscellaneous disbursements	(9,173)	(22,907)
	$ 18,410	$ 136,610

(30)Finance costs

	Years ended December 31, 2019	Years ended December 31, 2018
Interest expense:		
Bank loan	$ 33,627	$ 27,773
Leased liabilities	8,581	-
	$ 42,208	$ 27,773

(31)Expenses by nature

	Years ended December 31, 2019	Years ended December 31, 2018
Employee benefit expense	$ 5,503,182	$ 4,919,986
Depreciation charges	1,046,491	821,775
Amortisation charges	40,465	41,294
	$ 6,590,138	$ 5,783,055

(32)Employee benefit expense

	Years ended December 31, 2019	Years ended December 31, 2018
Wages and salaries	$ 4,674,419	$ 4,286,486
Labour and health insurance fees	397,232	301,695
Pension costs	199,856	182,343
Other personnel expenses	231,675	149,462
	$ 5,503,182	$ 4,919,986

A. In accordance with the Company's Articles of Incorporation, where the Company accrues annual net income, if any, the Company shall distribute more than 1% but less than 10% of which as employees' compensation and no more than 1% of which as directors' and supervisors' remuneration with the resolution of Board of Directors. However, annual net income should be firstly reserved to offset the Company's accumulated deficit prior to the distribution of compensation and remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation were accrued at \$127,198 and \$131,012, respectively; while directors' and supervisors' remuneration were both accrued at \$5,300. The aforementioned amounts were recognised in salary expenses.

The employees' compensation of \$127,198 and directors' remuneration of \$5,300 for 2019 as resolved by the Board of Directors on February 27, 2020 were in agreement with those amounts recognised in the 2019 financial statements.

The employees' compensation of \$131,012 and directors' and supervisors' remuneration of \$5,300 for 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

For the years ended December 31, 2019 and 2018, the employees' compensation and directors' and supervisors' remuneration were recognised based on the fixed amount and ratio of the profit accrued in the period.

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

(33)Income tax

A. Income tax expense

	Years ended December 31, 2019	Years ended December 31, 2018
Current tax:		
Current tax on profits for the year	$ 600,186	$ 747,530
Tax on unappropriated earnings	9,748	5,297
Prior year income tax over estimation	(41,240)	(37,645)
Total current tax	$ 568,694	$ 715,182
Deferred tax:		
Origination and reversal of temporary differences	8,753	(75,600)
Impact of change in tax rate	-	(31,087)
Total deferred tax	$ 8,753	($ 106,687)
Income tax expense	$ 577,447	$ 608,495

B. 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	$ 792,322	$ 828,076
Tax exempt income by tax regulation	(2,712)	(30,731)
Expenses disallowed by tax regulation	175	10,499
Temporary differences not recognised as deferred tax liability	(134,812)	(135,914)
Tax on unappropriated earnings	9,748	5,297
Change in assessment of realisation of deferred tax assets	(46,034)	-
Prior year income tax over estimation	(41,240)	(37,645)
Impact of change in tax rate	-	(31,087)
Income tax expense	$ 577,447	$ 608,495

C. The income tax credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2019	2018
Currency translation differences	($ 4,397)	($ 1,648)
Remeasurement of defined benefit obligations	(1,737)	(3,470)
	($ 6,134)	($ 5,118)

D. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred tax assets:				
Temporary differences:				
Provision for market value decline and obsolescence of inventories	$ 92,582	$ 12,864	$ -	$ 105,446
Unrealised warranty expense	121,313	4,997	-	126,310
Unrealised pension	30,174	(2,668)	1,737	29,243
Unrealised gross profit	4,438	44,803	-	49,241
Unrealised expenses	-	31,279	-	31,279
Tax losses	-	46,034	-	46,034
Others	32,984	16,937	4,397	54,318
Subtotal	$ 281,491	$ 154,246	$ 6,134	$ 441,871
-Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	($ 585)	$ 585	$ -	$ -
Unrealised pension	(627)	(2,590)	-	(3,217)
Book-tax difference on machinery and equipment	-	(117,197)	-	(117,197)
Others	(5,865)	(43,797)	-	(49,662)
Subtotal	($ 7,077)	($ 162,999)	$ -	($ 170,076)
Total	$ 274,414	($ 8,753)	$ 6,134	$ 271,795

	Year ended December 31, 2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
-Deferred tax assets:				
Temporary differences:				
Provision for market value decline and obsolescence of inventories	$ 80,933	$ 11,649	$ -	$ 92,582
Unrealised warranty expense	76,292	45,021	-	121,313
Unrealised pension	24,706	1,998	3,470	30,174
Others	26,061	9,713	1,648	37,422
Subtotal	$ 207,992	$ 68,381	$ 5,118	$ 281,491
-Deferred tax liabilities:				
Temporary differences:				
Unrealised exchange gain	($ 12,440)	$ 11,855	$ -	($ 585)
Unrealised pension	(627)	-	-	(627)
Others	(32,316)	26,451	-	(5,865)
Subtotal	($ 45,383)	$ 38,306	$ -	($ 7,077)
Total	$ 162,609	$ 106,687	$ 5,118	$ 274,414

E. The Company did not recognise taxable temporary differences relating to several subsidiaries investment as deferred tax liabilities. As of December 31, 2019 and 2018, the unrecognised deferred tax liabilities were $6,494,996 and $6,073,259, respectively.

F. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

G. The income tax returns of the subsidiary, National Aerospace Fasteners Corporation, through 2017 have been assessed and approved by the Tax Authority.

H. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's and domestic subsidiaries' applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(34)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 earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,129,188	580,457	$ 3.67
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	2,129,188	580,457	
Less:Effects of potential dilutive common shares issued by the investee accounted for under the equity method	(11)	-	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	9,107	
Employees' compensation	-	3,167	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,129,177	592,731	$ 3.59

	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	$ 2,212,459	577,527	$ 3.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	2,212,459	577,527	
Less:Effects of potential dilutive common shares issued by the investee accounted for under the equity method	(9)	-	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	3,458	
Employees' compensation	-	3,882	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,212,450	584,867	$ 3.78

(35)Business combinations

A. In an effort to integrate the Group's resources, lower operating costs, expand scale of business and hold on to the market share by bolstering competitive edge, the Group obtained control over WHP Workflow Solutions, Inc. after acquiring 68.13% equity interest through share exchange on February 6, 2018. The acquiree is engaged in software design and development in the United States.

B. The following table summarises the consideration paid for WHP Workflow Solutions, Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

		February 6, 2018
Purchase consideration		
Equity instruments	$	439,430
Fair value of equity interest in WHP Workflow Solutions, Inc. held before the business combination		182,858
		622,288
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		12,980
Accounts receivable		54,355
Property, plant and equipment		1,479
Deferred tax assets		13,038
Other non-current assets		4,901
Intangible assets		101,952
Accounts payable	(	2,373)
Other payables	(	2,277)
Contract liabilities	(	57,231)
Total identifiable net assets		126,824
Goodwill	$	495,464

C. The fair value totaling $439,430 of the 10,744 thousand ordinary shares issued as part of the consideration paid for WHP Workflow Solutions, Inc. was based on the published share price on February 6, 2018.

D. The Group recognised a gain of $88,618 as a result of measuring at fair value its 31.87% equity interest in WHP Workflow Solutions, Inc. held before the business combination.

E. The operating revenue included in the consolidated statement of comprehensive income since February 6, 2018 contributed by WHP Workflow Solutions, Inc. was $26,462. WHP Workflow Solutions, Inc. also contributed profit before income tax of $7,095 over the same period. Had WHP Workflow Solutions, Inc. been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show operating revenue of $24,694,748 and profit before income tax of $3,025,328.

(36)Operating leases

Prior to 2019

The Group leases buildings to others under non-cancellable operating lease agreements. The rental income of $82,039 was recognised for these leases in profit or loss for the year ended December 31, 2018. These leases had terms expiring between 2015~2023. The future aggregate minimum lease payments receivables are as follows:

	December 31, 2018
Not later than one year	$ 102,796
Later than one year but not later than five years	434,180
	$ 536,976

(37)Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31, 2019	Years ended December 31, 2018
Purchase of property, plant and equipment	$ 1,168,810	$ 1,481,183
Add: Opening balance of payable on machinery and equipment	72,718	64,155
Add: Ending balance of prepayment on machinery and equipment	323,285	-
Less: Ending balance of payable on machinery and equipment	(69,149)	(72,718)
Cash paid during the year	$ 1,495,664	$ 1,472,620

(38)Changes in liabilities from financing activities

2019	Short-term borrowngs	Long-term borrowngs	Lease liabilities	Deposits received
January 1	$ 111,420	$ 2,125,367	$ 537,660	$ 26,324
Changes in cash flow	446,986	(52,478)	(122,668)	(2,196)
Changes in other non-cash items	-	-	114,825	-
December 31	$ 558,406	$ 2,072,889	$ 529,817	$ 24,128

2018	Short-term borrowngs	Long-term borrowngs	Deposits received
January 1	$ 366,088	$ 1,923,060	$ 16,634
Changes in cash flow	(254,668)	202,307	-
December 31	$ 111,420	$ 2,125,367	$ 16,634

7. RELATED PARTY TRANSACTIONS

(1)Names of related parties and relationship

Names of related parties	Relationship with the Group
Mitac International Corp.	Entity having significant influence on the Group
Mitac Computing Technology Corporation	Associate of the entity in the same group having significant influence on the Group
Mitac Computer (Kunshan) Co., Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Computer (Shunde) Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Innovation (Kunshan) Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Information Technology Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Logistics Corporation	Associate of the entity in the same group having significant influence on the Group
Mitac Research (Shanghai) Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Technology (Kunshan) Co., Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Europe Ltd.	Associate of the entity in the same group having significant influence on the Group
Mitac Digital Technology	Associate of the entity in the same group having significant influence on the Group
Mitac Logistic Service (KunShan) Ltd.	Associate of the entity in the same group having significant influence on the Group
Mio Technology (Suzhou) Ltd.	Associate of the entity in the same group having significant influence on the Group
Hyve Design Solutions (Taiwan) Corporation	Associate of the entity in the same group having significant influence on the Group
Waffer Technology Corp.	Associate
Waffer International Ltd.	Subsidiary of associate
Waffer Technology (Maanshan) Limited	Subsidiary of associate
Waffer Technology (Kunshan) Ltd.	Subsidiary of associate
Advanced Medical Design Co., Ltd.	Associate
Lien Hwa Industrial Corporation	The Company’s director
Lien Hwa Property Development Corporation	Substantive related party
Synnex Technology International Corp.	Substantive related party
Mitac Information Technology Corp.	Substantive related party
BestCom Infotech Corp.	Substantive related party
Synnex Australia Pty Ltd.	Substantive related party
Synnex New Zealand Ltd.	Substantive related party
Mitac Communication Co., Ltd.	Substantive related party

(2)Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2019	2018
Other related parties	$ 251,841	$ 27,801
Entities having significant influence on the Group	125,377	78,457
Associates	24,077	54,633
	$ 401,295	$ 160,891

(a) The selling prices to related parties are determined based on the market price in the region of the related party .

(b) The term of credit for domestic related party was 90 days after offsetting certain receivables and payables.

(c) The term of credit for overseas related parties was 150 days after offsetting certain receivables and payables.

(d) The term of credit for third party customers were approximately 150 days after delivery.

B. Purchases

	Years ended December 31,	
	2019	2018
Other related parties	$ 137,403	$ 114,298
Associates	37,195	83,840
Entities having significant influence on the Group	118	-
	$ 174,716	$ 198,138

(a) The prices on purchases from related parties are determined based on the market price in the region of the related party.

(b) The term of payment for overseas and domestic related parties was 150 days and 90 days after offsetting certain receivables and payables, respectively.

(c) The term of payment for third party suppliers was approximately 120 days after delivery.

C. Receivables from related parties

(a) Accounts receivable

	December 31, 2019	December 31, 2018
Other related parties	$ 53,047	$ 4,506
Entities having significant influence on the Group	39,570	15,976
Associates	1	-
	$ 92,618	$ 20,482

(b) Other receivables

	December 31, 2019	December 31, 2018
Associate-Waffer Technology Corp.	$ 311	$ -
Other related parties	21	228
Associate-Waffer Technology (Kunshan) Ltd.	1,798	26,654
Entities having significant influence on the Group	3,165	806
	$ 5,295	$ 27,688

It mainly refers to rental receivables and dividend receivables.

D. Accounts payable

(a) Accounts payable

	December 31, 2019	December 31, 2018
Other related parties	$ 37,520	$ 43,713
Associates	10,447	15,943
Entities having significant influence on the Group	114	-
	$ 48,081	$ 59,656

(b) Other payables

	December 31, 2019	December 31, 2018
Associates - Waffer Technology Corp.	$ 3	$ 265,154
Entities having significant influence on the Group	7,916	33,876
Other related parties	2,972	135
	$ 10,891	$ 299,165

Other payables arose from payments on behalf of others and miscellaneous payable.

(c) Contract liabilities

	December 31, 2019	December 31, 2018
Other related party	$ 42	$ -

E. Rental income and expense

(a) Rental expense

	Item	Year ended December 31, 2018
Other related party-Lien Hwa Industrial Corporation	Office	$ 57,024
Entities having significant influence on the Group	Office and plant	21,294
		$ 78,318

(b) Rental income

	Item	Years ended December 31, 2019	Years ended December 31, 2018
Associate-Mitac Computer (Kunshan) Co., Ltd.	Office and plant	$ 11,509	$ 209
Associate-Waffer Technology (Kunshan) Ltd.	Office and plant	18,662	20,998
Entities having significant influence on the Group	Office and plant	436	-
Associates	Office and plant	372	429
		$ 30,979	$ 21,636

F. Property transactions

(a) Acquisition of property, plant and equipment

	Years ended December 31, 2019	Years ended December 31, 2018
Other related parties	$ 1,084	$ 246

(b) Disposal of property, plant and equipment

	Years ended December 31, 2019		Years ended December 31, 2018	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Associate	$ 211	$ 211	$ 2,620	$ 324

G. Leasing arrangements－lessee

(a) The Group leases buildings and equipment from Lien Hwa Property Development Corporation, Mitac International Corp. and Mitac Computer (Kunshan) Co., Ltd. Rental contracts are typically made for periods of 4 to 5 years. Rents are paid before the end of month.

(b) Acquisition of right-of-use assets

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by $408,804.

(c) Lease liabilities

i. Ending balance

	December 31, 2019
Entities having significant influence on the Group-Mitac Computer (Kunshan) Co., Ltd.	$ 63,676
Entities having significant influence on the Group-Mitac International Corp.	38,270
Other related parties-Lien Hwa Property Development Corporation	226,609
Total	$ 328,555

ii. Interest expense

	Year ended December 31, 2019
Entities having significant influence on the Group	$ 2,246
Other related parties	3,216
Total	$ 5,462

H. Others

		Years ended December 31,	
	Transaction item	2019	2018
Entities having significant influence on the Group	Other expenses	$ 138,702	$ 149,746
Other related parties	Other expenses	20,219	14,451
Associates	Other expenses	1,750	52
		$ 160,671	$ 164,249

On December 31, 2019, the Group's other advance receipts, the nature of which was miscellaneous, from substantive related parties amounted to $145.

(3)Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 156,177	$ 160,067
Termination benefits	973	1,102
Total	$ 157,150	$ 161,169

8. PLEDGED ASSETS

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

Pledged asset	Book value December 31, 2019	Book value December 31, 2018	Purpose
Property, plant and equipment			
Land	$ 1,202,901	$ 1,202,901	Long-term loans
Buildings	885,991	495,276	Long-term loans
Unfinished construction	275,525	629,727	Long-term loans
Machinery and equipment	164,515	-	Long-term loans
Other equipment	11,499	-	Long-term loans
Pledged time deposits (shown as financial assets at amortised cost-current and other non-current assets)	10,884	29,415	Customs duties

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

On June 5, 2019, Panasonic Corporation sued Getac Technology Corporation and Getac Inc. (Collectively, "Getac") in the United States District Court for the Central District of California, accusing Getac's K120 product of infringing Panasonic's four U.S. Design Patents; Panasonic Corporation has amended the claim on October 23, 2019 and dropped its infringement allegation involving one of the patents. We have engaged King & Spalding LLP to handle the case in behalf of Getac.

(2) Commitments

A. As of December 31, 2019 and 2018, the subsidiary, National Aerospace Fasteners Corporation, has outstanding construction and equipment purchase contracts totaling $577,216, and $490,416, of which $294,828 and $200,055 remains unpaid, respectively.

B. Operating lease agreements

Prior to 2019

The Group rents factories and office buildings through non-cancellable operating lease agreements. The lease terms are from 1 to 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 118,901
Later than one year but not later than five years	432,898
Later than five years	11,793
Total	$ 563,592

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Due to the outbreak of COVID-19 in mainland China, China government officially announced the extension of Lunar New Year holidays, which resulted in the decrease in workdays and operations of the Group was partially affected by the human resource arrangement and breakages in supply chains. The Group has adjusted its operating strategy and set up a COVID-19 response team to reduce the impact on the operations. Along with the response of China government in loosening its epidemic restrictions, the ratio of work resumption has been gradually improved. However, the subsequent impact on the operations will be depending on the recovery of supply chains and development of the epidemic. As of the reporting date, the impact cannot be reliably estimated.

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 and to maintain an optimal capital structure to reduce the cost of capital, and to provide returns to the shareholders. In order to maintain a healthy capital structure, the Group considers future operating capital needs, capital expenditures and dividend expenditures through financial analysis, monitoring the Group's capital structure in order to fulfill capital management objectives.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 3,955	$ 2,196
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	651,745	525,475
Financial assets at amortised cost /Loans and receivables		
Cash and cash equivalents	5,492,175	5,180,581
Notes receivable	4,516	1,611
Accounts receivable	6,355,516	5,317,209
Other receivables	58,768	295,365
Guarantee deposits paid	48,115	40,879
Financial assets at amortised cost - current	1,023,992	991,575
Financial assets at amortised cost - non-current	10,884	-
Other financial assets - non -current	-	29,415
	$ 13,649,666	$ 12,384,306
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 4,122	$ 1,025
Financial liabilities at amortised cost		
Short-term borrowings	558,406	111,420
Notes payable	2,714	2,999
Accounts payable	4,459,568	4,205,652
Other payables	3,105,930	3,060,912
Long-term borrowings (including current portion)	2,072,889	2,125,367
Refund liability	804,525	270,874
Guarantee deposits received	24,128	26,324
	$ 11,032,282	$ 9,804,573
Lease liabilities	$ 529,817	$ -

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 minimize potential adverse effects on the Group's financial position and financial performance.

(b) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and (16).

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, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. 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. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury.

iii. 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 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		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	$ 83,101	29.98	$ 2,491,368
USD:RMB	129,813	6.9762	3,891,794
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	78,577	29.98	2,355,738
USD:RMB	106,569	6.9762	3,194,939

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	$ 104,324	30.715	$ 3,204,312
USD:RMB	135,451	6.8632	4,160,377
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	84,886	30.715	2,607,273
USD:RMB	112,707	6.8632	3,461,796

iv. Total exchange gain, 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 $17,963 and $46,478, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 24,163	$ -
USD:RMB	1%	38,918	-
Financial liabilities			
Monetary items			
USD:NTD	1%	23,029	-
USD:RMB	1%	31,949	-

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 32,043	$ -
USD:RMB	1%	41,604	-
Financial liabilities			
Monetary items			
USD:NTD	1%	26,073	-
USD:RMB	1%	34,618	-

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

ii. The Group’s investments in equity securities comprise domestic and foreign stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2019 and 2018 would have increased/decreased by $6,517 and $5,255, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. During the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were denominated in the New Taiwan Dollars (NTD) and United States Dollars (USD).

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If annual interest rates on denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the s years ended December 31, 2019 and 2018 would have been $4,146 and $4,250 lower/higher, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(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. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding accounts and notes receivable.

ii. According to the Group's credit policy, each operating entities manages individual customer and analyse its credit risk, in particular evaluation of factors undermine the customers' repayment such as the customers' financial status and historical transactions as well as monitoring the usage of credit facilities on a regular basis. For banks and financial institutions, only well-rated parties are accepted.

iii. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.

iv. The Group adopts the assumption under IFRS 9, that is, there has been no significant increase in credit risk on that financial assets since initial recognition when the contract payments are not past due or past due up to 90 days.

v. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2019, the Group’s written-off financial assets that are still under recourse procedures amounted to $0.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the loss rate methodology is as follows:

	Not past due	1~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2019					
Expected loss rate	0%~0.03%	0%~0.03%	100%	100%	
Total book value	$ 6,044,360	$ 323,280	$ 1,995	$ 877	$ 6,370,512
Loss allowance	$ 1,813	$ 10,311	$ 1,995	$ 877	$ 14,996

	Not past due	1~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2018					
Expected loss rate	0%~0.03%	0%~3%	100%	100%	
Total book value	$ 5,115,256	$ 210,169	$ 7,612	$ 488	$ 5,333,525
Loss allowance	$ 1,566	$ 6,650	$ 7,612	$ 488	$ 16,316

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

		2019
		Accounts receivable
At January 1	$	16,316
Reversal of impairment loss	(	1,320)
At December 31	$	14,996

		2018
		Accounts receivable
At January 1_IAS 39	$	13,318
Adjustments under new standards		-
At January 1_IFRS 9		13,318
Provision for impairment loss		2,976
Effect of exchange exchange		22
At December 31	$	16,316

(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.

ii.The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2019		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years
Short-term borrowings	$	558,406	$	-	$	-	$	-
Notes payable		2,714		-		-		-
Accounts payable		4,459,568		-		-		-
Other payables		3,105,930		-		-		-
Refund liability		804,525		-		-		-
Long-term borrowings (including current portion)		247,390		331,108		721,687		924,118
Other financial liabilities		1,732		2,118		15,162		5,116
Lease liabilities		143,011		152,698		236,705		8,255

Non-derivative financial liabilities:

December 31, 2018		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years
Short-term borrowings	$	111,420	$	-	$	-	$	-
Notes payable		2,999						
Accounts payable		4,205,652		-		-		-
Other payables		3,060,912						
Refund liability		270,874		-		-		-
Long-term borrowings (including current portion)		331,345		267,381		595,493		1,100,808
Other financial liabilities		2,804		8,518		14,731		271

Derivative financial liabilities:

December 31, 2019		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years
Forward exchange contracts	$	4,122	$	-	$	-	$	-

December 31, 2018		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years
Forward exchange contracts	$	1,025	$	-	$	-	$	-

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques 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. The fair value of the Group's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in unlisted stocks and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2019 and 2018 is as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 3,955	$ -	$ 3,955
Financial assets at fair value through other comprehensive income				
Equity securities	381,639	-	270,106	651,745
Total	$ 381,639	$ 3,955	$ 270,106	$ 655,700
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 4,122	$ -	$ 4,122

December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 2,196	$ -	$ 2,196
Financial assets at fair value through other comprehensive income				
Equity securities	282,081	-	243,394	525,475
Total	$ 282,081	$ 2,196	$ 243,394	$ 527,671
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 1,025	$ -	$ 1,025

E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed shares, used closing price as market quoted price.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

F. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	Equity securities 2019
January 1, 2019	$ 243,394
Acquired in the period	49,952
Settled in the period	(9,031)
Losses recognised in other comprehensive income	(14,209)
December 31, 2019	$ 270,106

	Equity securities 2018
January 1, 2018	$ -
IFRS 9 transition adjustment	188,405
Acquired in the period	50,370
Capital return in the period	(4,374)
Gains recognised in other comprehensive income	7,812
Effect of exchange rate changes	1,181
December 31, 2018	$ 243,394

H. There was no other transfer into and out of Level 3 except for the transfer into financial assets at fair value through other comprehensive income under IFRS 9 on January 1, 2018.

I. Investment segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 270,106	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 243,394	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

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): Please refer to table 3.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), and 6(16).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Major transactions with the investee in Mainland China:

(a) Purchases (including processing expenditure)

	Years ended December 31,			
	2019		2018	
Name of investee in Mainland China	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Getac Technology (KunShan) Co., Ltd.	$ 2,693,997	44%	$ 2,821,868	44%
Mitac Precision Technology (KunShan) Co., Ltd.	263,635	4%	422,012	6%
	$ 2,957,632	48%	$ 3,243,880	50%

i. The notebooks and related products were assembled by Getac Technology (KunShan) Co., Ltd. The processing charges were based on cost plus an agreed upon percentage markup. The payment term is 150 days after offsetting certain receivables and payables.

ii. The Company purchases indirectly from Mitac Precision Technology（Kunshan）Co., Ltd. with reference to international and local market prices. The payment term is 150 days after balancing the accounts at net amount of receivables and payables.

iii. The purchase prices to third party customers are negotiated based on local market conditions. The payment term is approximately 90 days after purchase date.

(b) For the years ended December 31, 2019 and 2018, the Company's sales to the investees in Mainland China were $252,076 and $209,310, respectively.

(c) Property transactions:

For the years ended December 31, 2019 and 2018, the Company purchased machinery and mold equipment through ACE Continental Industries Ltd. from investee companies in Mainland China amounted to $6,734 and $25,902, respectively.

(d) Accounts receivable:

As of December 31, 2019 and 2018, the Company's accounts receivable from investees in Mainland China were $32,545 and $64,333, respectively.

(e) Accounts payable:

Name of investee in Mainland China	December 31, 2019 Amount	December 31, 2019 Percentage of accounts payable	December 31, 2018 Amount	December 31, 2018 Percentage of accounts payable
Getac Technology (KunShan) Co., Ltd.	$ 1,966,420	65%	$ 1,904,245	63%
Mitac Precision Technology (Kunshan) Co., Ltd.	71,276	2%	62,464	2%
	$ 2,037,696	67%	$ 1,966,709	65%

(f) Other receivables

Name of investee in Mainland China	December 31, 2019 Amount	December 31, 2019 Percentage of other receivables	December 31, 2018 Amount	December 31, 2018 Percentage of other receivables
Getac Technology (KunShan) Co., Ltd.	$ 1,684	4%	$ -	-
Mitac Precision Technology (Kunshan) Co., Ltd.	2,234	6%	160	-
	$ 3,918	10%	$ 160	-

(g) Loans to others: Please refer to table 1.

(h) Endorsements and guarantees provided by the Company to Mainland China subsidiaries: None.

(i) Other significant transactions which affect current income or financial condition: None.

14. SEGMENT INFORMATION

(1)General information

The Group considers the business from a product perspective; the Group is primarily engaged in manufacturing and sales of information products such as computers and portable devices for military use and industrial use, parts for the electronics, automobiles and appliances, as well as all types of fastenings meeting aerospace specification.

(2) Measurement of segment information

The accounting policies for preparing operating segment information are the same as the significant accounting polices summarized in Note 4. The Group evaluates the performance of operating segments based on a measure of profit (loss) after tax from continuing operations of their individual financial statements prepared by operating segments.

(3)Segment information

The segment information provided to the Chief Operating Decision-Maker on the reportable segments for the years ended December 31, 2019 and 2018 is as follows:

Year ended December 31, 2019

	Electronic parts	Structure parts	Aerospace fasteners	Consolidation
Revenue from external customers	$ 12,384,971	$ 11,751,749	$ 2,816,190	$ 26,952,910
Segment income	$ 1,291,228	$ 727,876	$ 350,824	$ 2,369,928
Segment income (loss), including:				
Interest income	$ 9,566	$ 58,772	$ 1,876	$ 70,214
Interest expense	(8,955)	(2,334)	(30,919)	(42,208)
Depreciation and amortisation	(255,008)	(593,276)	(238,672)	(1,086,956)
Investment income or loss accounted for under equity method	5,536	(181,308)	-	(175,772)
Income tax expense	(266,698)	(203,735)	(107,014)	(577,447)

Year ended December 31, 2018

	Electronic parts	Structure parts	Aerospace fasteners	Consolidation
Revenue from external customers	$ 12,165,359	$ 10,249,047	$ 2,279,430	$ 24,693,836
Segment income	$ 1,294,889	$ 822,484	$ 301,004	$ 2,418,377
Segment income (loss), including:				
Interest income	$ 9,978	$ 52,418	$ 228	$ 62,624
Interest expense	(5,616)	(381)	(21,776)	(27,773)
Depreciation and amortisation	(170,788)	(502,610)	(189,671)	(863,069)
Investment income or loss accounted for under equity method	3,690	60,914	-	64,604
Income tax expense	(310,095)	(221,264)	(87,136)	(618,495)

(4)Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	Revenue from external customers			
	Years ended December 31,			
	2019		2018	
China	$	9,086,727	$	7,279,618
America		7,591,990		7,244,368
Europe		4,415,650		4,437,097
Others		5,858,543		5,732,753
	$	26,952,910	$	24,693,836

	Non-current assets			
	December 31,			
	2019		2018	
China	$	3,571,795	$	3,840,518
Taiwan		4,178,153		3,251,816
Vietnam		1,513,041		1,477,905
Others		752,023		640,305
	$	10,015,012	$	9,210,544

(5)Information on products

	Years ended December 31,			
	2019		2018	
Electronic parts	$	12,384,971	$	12,165,359
Structure parts		11,751,749		10,249,047
Aerospace fasteners		2,816,190		2,279,430
	$	26,952,910	$	24,693,836

(6)Major customer information

Single customers accounting for more than 10% of the sales revenue on the Group's consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018:

Customer	Year ended December 31, 2019	
Customer L	$	3,728,839
Customer O	$	3,212,772

Customer	Year ended December 31, 2018	
Customer L	$	3,495,795

Getac Technology Corp. 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	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019 (Note 4)	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)
1	Pacific Royale Ltd.	Getac (UK) Ltd.	Affiliate receivables	Y	$ 53,882	$ 27,552	$ 27,552	0.0%	2	$ -	Working capital financing	$ -	None	$ -	$ 4,474,306	$ 4,474,306
1	Pacific Royale Ltd.	Mitac Precision Developments Ltd.	Affiliate receivables	Y	960,750	944,370	944,370	0.0%	2	-	Working capital financing	-	None	-	4,474,306	4,474,306
2	Hot Link Technology Ltd.	Pacific Royale Ltd.	Affiliate receivables	Y	710,650	698,534	698,534	0.0%	2	-	Working capital financing	-	None	-	13,591,766	13,591,766
3	Pacific Metal Developments Ltd.	Mitac Precision Developments Ltd.	Affiliate receivables	Y	1,006,460	954,863	954,863	0.0%	2	-	Working capital financing	-	None	-	2,484,324	2,484,324
4	ACE Continental Industries Ltd.	Pacific Royale Ltd.	Affiliate receivables	Y	79,000	74,950	74,950	0.0%	2	-	Working capital financing	-	None	-	798,982	798,982
4	ACE Continental Industries Ltd.	Hot Link Technology Ltd.	Affiliate receivables	Y	113,004	107,928	107,928	0.0%	2	-	Working capital financing	-	None	-	798,982	798,982
5	Mitac Precision Developments Ltd.	Fong Guan Investments Ltd.	Affiliate receivables	Y	58,460	55,463	55,463	0.0%	2	-	Working capital financing	-	None	-	264,591	264,591
5	Mitac Precision Developments Ltd.	Mitac Precision Technology (Vietnam) Co., Ltd.	Affiliate receivables	Y	948,000	899,400	764,490	0.0%	2	-	Working capital financing	-	None	-	3,307,389	3,307,389
5	Mitac Precision Developments Ltd.	Getac Precision Technology Vietnam Co., Ltd.	Affiliate receivables	Y	1,067,550	1,049,300	938,374	0.0%	2	-	Working capital financing	-	None	-	3,307,389	3,307,389
6	Talent View Ltd.	Mitac Precision Developments Ltd.	Affiliate receivables	Y	594,080	563,624	506,662	0.0%	2	-	Working capital financing	-	None	-	764,523	764,523
7	Mitac Computer (Shunde) Ltd.	Getac Technology (Kunshan) Co., Ltd.	Affiliate receivables	Y	252,963	236,361	236,361	2.0%	2	-	Working capital financing	-	None	-	1,057,552	1,057,552
8	WHP Workflow Solutions, Inc.	Getac Video Solutions Inc.	Affiliate receivables	Y	30,895	14,990	14,990	2.5%	2	-	Working capital financing	-	None	-	55,796	55,796

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019 (Note 4)	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)
9	National Aerospace Fasteners Corporation	Suzhou Nation Precision Ltd.	Other receivables	Y	$ 205,088	$ 205,088	$ 105,126	3.0%	1	Sales $34,430 Purchase $235,586	-	-	None	-	$ 235,586	$ 383,060

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:(1) Having business relationship.
(2) In need of short-term financing.

Note3:(1)Pacific Royale Ltd./Hot Link Technology Ltd./Pacific Metal Developments Ltd./ACE Continental Industries Ltd./ Talent View Ltd./Mitac Computer (Shunde) Ltd./WHP Workflow Solutions Inc. has policy of maximum loans to others:
(a) Foreign companies with 100% voting rights directly or indirectly owned by the ultimate parent company:
the borrowing amount for each borrowing company and total borrowing amount should not be higher than 150% of the Company’s net assets on the latest financial statements audited or reviewed by independent accountants.
(b) The total borrowing amount must not exceed 150% of the net value disclosed in the Company’s latest financial statements which has been audited or reviewed by accountants.
(2)Mitac Precision Developments Ltd. has policy of maximum loans to others:
(a)The borrowing amount for each borrowing entity and total borrowing amount should not be higher than 40% of the net assets on the latest financial statements audited or reviewed by independent accountants.
(b) Foreign companies with 100% voting rights directly or indirectly owned by the ultimate parent company:
the borrowing amount for each borrowing company and total borrowing amount should not be higher than 500% of the Company’s net assets on the latest financial statements audited or reviewed by independent accountants.
(c) The total borrowing amount must not exceed 500% of the net value disclosed in the Company’s latest financial statements which has been audited or reviewed by accountants.
(3)The amount of an individual loan granted by the Company to National Aerospace Fasteners Corporation or business with business relationship with the Companyshall not exceed the business transaction amount in the past year between the parties. The limit of National Aerospace Fasteners Corporation on Individual loans granted to a single party and ceiling on total loans granted are 20% of the net equity of National Aerospace Fasteners Corporation as of December 31, 2019.

Note 4:Amount as resolved by the Board of Directors.

Getac Technology Corp. 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	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	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 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
0	Getac Technology Corp.	Getac Inc.	Note 4	$ 7,488,365	$ 17,955	$ 17,630	$ 16,795	-	0.12	$ 7,488,365	Y	N	N
0	Getac Technology Corp.	Getac Technology Gmbh	Note 4	7,488,365	554,049	551,514	323,781	-	3.68	7,488,365	Y	N	N
1	National Aerospace Fasteners Corporation	Suzhou Nation Precision Ltd.	Note 4	957,651	18,931	18,931	-	-	0.99	957,651	Y	N	Y

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:(1)The maximum amount of endorsements and guarantees provided by the Company should not be higher than 50% of the net assets on the latest financial statements audited or reviewed by independent accountants.

(2)The maximum amount of endorsements and guarantees provided by National Aerospace Fasteners Corporation should not be higher than 50% of the net assets on the latest financial statements audited or reviewed by independent accountants.

Note 3:Having business relationship.

Note 4:The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Getac Technology Corp. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2019				
Securities held by	Marketable securities	Securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Note
Getac Technology Corp.	Stock	Mitac Holdings Corp.	Indirect investee company accounted for under the equity method	Financial assets at fair value through other compiehensive income-non-current	9,196,417	$ 266,696	0.85%	$ 266,696	
Getac Technology Corp.	Stock	Harbinger VI Venture Capital Corp.	None	Financial assets at fair value through other compiehensive income-non-current	3,745,020	42,927	13.28%	42,927	
Getac Technology Corp.	Stock	Harbinger VII Venture Capital Corp.	None	Financial assets at fair value through other compiehensive income-non-current	10,000,000	114,690	9.39%	114,690	
Getac Technology Corp.	Stock	Hsin Chu Golf Country Club	None	Financial assets at fair value through other compiehensive income-non-current	1	2,400	0.12%	2,400	
Getac Technology Corp.	Stock	JVP VIII, L.P.	None	Financial assets at fair value through other compiehensive income-non-current	-	21,898	1.16%	21,898	
Getac Technology Corp.	Stock	Harbinger VIII Venture Capital Corp.	None	Financial assets at fair value through other comprehensive income-noncurrent	7,500,000	72,232	11.57%	72,232	
Pacific Royale Ltd.	Stock	Mitac Holdings Corp.	Pacific Royale Ltd.'s indirect investee accounted for using equity method	Financial assets at fair value through other compiehensive income-non-current	3,963,556	114,943	0.37%	114,943	
Pacific Royale Ltd.	Stock	Fortune Greater China Fund II, L.P.	None	Financial assets at fair value through other compiehensive income-non-current	1,330,000	15,959	7.41%	15,959	
National Aerospace Fasteners Corporation	Stock	Mokoh & Assoicates, Inc.	None	Financial assets at fair value through other compiehensive income-non-current	700,000	-	0.51%	-	Closed
National Aerospace Fasteners Corporation	Stock	Shintori Restaurant Co., Ltd.	None	Financial assets at fair value through other compiehensive income-non-current	20,307	-	2.75%	-	Closed

Getac Technology Corp. 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 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		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)
Getac Technology Corp.	Getac Inc.	The Company's second-tier subsidiary	Sales	$ 4,888,340	42%	Note 1	Note 2	Note 1	$ 67,503	5%
Getac Technology Corp.	Getac (UK) Ltd.	The Company's second-tier subsidiary	Sales	496,894	4%	Note 1	Note 2	Note 1	129,603	10%
Getac Technology Corp.	Getac Technology GmbH	The Company's second-tier subsidiary	Sales	1,179,692	10%	Note 1	Note 2	Note 1	191,278	14%
Getac Technology Corp.	Mitac Technology (Kyoto) Corporation	The Company's second-tier subsidiary	Sales	351,234	3%	Note 1	Note 2	Note 1	32,609	2%
Getac Technology Corp.	Getac Technology (Kunshan) Co., Ltd.	The Company's third-tier subsidiary	Purchases	2,693,997	45%	Note 3	Note 5	Note 3	(1,966,420)	65%
Getac Technology Corp.	Mitac Precision Developments Ltd.	The Company's second-tier subsidiary	Purchases	263,635	4%	Note 3	Note 4	Note 3	(71,276)	2%
Getac Technology Corp.	Getac (SuZhou) Mobile Ltd.	The Company's second-tier subsidiary	Sales	250,489	2%	Note 1	Note 2	Note 1	31,323	2%
Getac Technology Corp.	Getac Video Solutions INC.	The Company's third-tier subsidiary	Sales	177,549	2%	Note 1	Note 2	Note 1	94,916	7%
Getac Video Solutions INC.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Purchases	177,549	73%	Note 3	Note 4	Note 3	(94,916)	51%
Getac Inc.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Purchases	4,888,340	100%	Note 3	Note 4	Note 3	(67,503)	84%
Getac (UK) Ltd.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Purchases	496,894	95%	Note 3	Note 4	Note 3	(129,603)	99%
Getac Technology GmbH	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Purchases	1,179,692	100%	Note 3	Note 4	Note 3	(191,278)	100%
Mitac Technology (Kyoto) Corporation	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Purchases	351,234	74%	Note 3	Note 4	Note 3	(32,609)	48%
Getac Technology (Kunshan) Co., Ltd.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Sales	2,693,997	100%	Note 1	Note 5	Note 1	1,966,420	100%
Mitac Precision Developments Ltd.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Sales	263,635	4%	Note 1	Note 2	Note 1	71,276	4%
Getac (SuZhou) Mobile Ltd.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	Purchases	250,489	55%	Note 3	Note 4	Note 3	(31,323)	46%
Mitac Precision Technology (Kunshan) Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	Sales	3,155,401	53%	Note 1	Note 2	Note 1	1,254,107	54%
Mitac Precision Developments Ltd.	Mitac Precision Technology (Kunshan) Co., Ltd.	Affiliated company	Purchases	3,155,401	52%	Note 3	Note 4	Note 3	(1,254,107)	55%
Mitac Precision Technology (Kunshan) Co., Ltd.	Getac Technology (Kunshan) Co., Ltd.	Affiliated company	Sales	173,340	3%	Note 1	Note 2	Note 1	80,124	3%
Getac Technology (Kunshan) Co., Ltd.	Mitac Precision Technology (Kunshan) Co., Ltd.	Affiliated company	Purchases	173,340	3%	Note 3	Note 4	Note 3	(80,124)	5%
Suzhou Mitac Precision Technology Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	Sales	724,485	31%	Note 1	Note 2	Note 1	303,886	33%
Mitac Precision Developments Ltd.	Suzhou Mitac Precision Technology Co., Ltd.	Affiliated company	Purchases	724,485	12%	Note 3	Note 4	Note 3	(303,886)	13%
Getac Precision Technology (ChangShu) Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	Sales	539,581	36%	Note 1	Note 2	Note 1	157,538	30%
Mitac Precision Developments Ltd.	Getac Precision Technology (ChangShu) Co., Ltd.	Affiliated company	Purchases	539,581	9%	Note 3	Note 4	Note 3	(157,538)	7%
Mitac Precision Developments Ltd.	Getac Precision Technology (ChangShu) Co., Ltd.	Affiliated company	Sales	141,814	2%	Note 1	Note 2	Note 1	54,168	3%

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Notes/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)
Getac Precision Technology (ChangShu) Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	Purchases	$ 141,814	21%	Note 3	Note 4	Note 3	($ 54,168)	21%
Mitac Precision Technology (Vietnam) Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	Sales	134,499	12%	Note 1	Note 2	Note 1	108,915	33%
Mitac Precision Developments Ltd.	Mitac Precision Technology (Vietnam) Co., Ltd.	Affiliated company	Purchases	134,499	2%	Note 3	Note 4	Note 3	(108,915)	5%
Mitac Precision Technology (Vietnam) Co., Ltd.	Getac Precision Technology Vietnam Co., Ltd.	Affiliated company	Sales	151,673	14%	Note 1	Note 2	Note 1	51,848	16%
Getac Precision Technology Vietnam Co., Ltd.	Mitac Precision Technology (Vietnam) Co., Ltd.	Affiliated company	Purchases	151,673	21%	Note 3	Note 4	Note 3	(51,848)	27%
Getac Precision Technology Vietnam Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	Sales	1,492,965	93%	Note 1	Note 2	Note 1	529,944	96%
Mitac Precision Developments Ltd.	Getac Precision Technology Vietnam Co., Ltd.	Affiliated company	Purchases	1,492,965	25%	Note 3	Note 4	Note 3	(529,944)	23%
Mitac Precision Developments Ltd.	Mitac Technology (Kyoto) Corporation	Affiliated company	Sales	103,568	2%	Note 1	Note 2	Note 1	35,823	2%
Mitac Technology (Kyoto) Corporation	Mitac Precision Developments Ltd.	Affiliated company	Purchases	103,568	22%	Note 3	Note 4	Note 3	(35,823)	53%
Suzhou Mitac Precision Technology Co., Ltd.	Mitac Precision Technology (Kunshan) Co., Ltd.	Affiliated company	Sales	130,480	6%	Note 1	Note 2	Note 1	85,618	9%
Mitac Precision Technology (Kunshan) Co., Ltd.	Suzhou Mitac Precision Technology Co., Ltd.	Affiliated company	Purchases	(130,480)	4%	Note 3	Note 4	Note 3	(85,618)	5%
Suzhou Nafco Precision Ltd.	National Aerospace Fasteners Corporation	National Aerospace Fasteners Corporation’s subsidiary	Sales	235,586	36%	Note 1	Note 2	Note 1	58,762	38%
National Aerospace Fasteners Corporation	Suzhou Nafco Precision Ltd.	Suzhou Nafco Precision Ltd. ’s parent company	Purchases	235,586	28%	Note 3	Note 4	Note 3	(58,762)	19%

Note 1:The collection periods of overseas and domestic related parties are 150 days and 90 days after offsetting certain receivables and payables, respectively.
The collection period of third party customers is approximately 150 days after shipping date.
Note 2:The selling price for sales to related parties is based on the market value of the goods.
Note 3:The payment periods to overseas and domestic related parties are 150 days and 90 days after offsetting certain receivables and payables, respectively.
The payment period to third party suppliers is approximately 120 days after shipping date.
Note 4:The purchase price on purchases from other related parties is based on the market value of the goods.
Note 5:The processing charges are based on cost plus an agreed upon percentage markup.

Getac Technology Corp. and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Getac Technology Corp.	Getac Technology GmbH	The Company's second-tier subsidiary	191,278	5.54	-	-	123,198	-
Getac Technology Corp.	Getac (UK) Ltd.	The Company's second-tier subsidiary	129,603	4.07	-	-	25,073	-
Getac Technology (Kunshan) Co., Ltd.	Getac Technology Corp.	The Company's indirect wholly-owned subsidiary	1,966,420	1.39	-	-	262,325	-
Mitac Precision Technology (Kunshan) Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	1,254,107	3.37	-	-	208,528	-
Suzhou Mitac Precision Technology Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	303,886	2.72	-	-	111,530	-
Mitac Precision Technology (Vietnam) Co., Ltd.	Mitac Precision Developments Limited	Affiliated company	108,915	1.52	-	-	4,240	-
Mitac Precision Developments Limited	Getac Precision Technology Vietnam Co., Ltd.	Affiliated company	116,622	0.97	-	-	62,347	-
Getac Precision Technology (ChangShu) Co., Ltd.	Mitac Precision Developments Ltd.	Affiliated company	157,538	4.54	-	-	-	-
Getac Precision Technology Vietnam Co., Ltd.	Mitac Precision Developments Limited	Affiliated company	529,944	4.33	-	-	81,513	-

Getac Technology Corp. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Getac Technology Corp.	Getac Inc.	1	Sales	$ 4,888,340	Note 4	18%
0	Getac Technology Corp.	Getac (UK) Ltd.	1	Sales	496,894	Note 4	2%
0	Getac Technology Corp.	Getac (UK) Ltd.	1	Accounts receivable	129,603	Note 4	0%
0	Getac Technology Corp.	Getac Technology GmbH	1	Sales	1,179,692	Note 4	4%
0	Getac Technology Corp.	Getac Technology GmbH	1	Accounts receivable	191,278	Note 4	1%
0	Getac Technology Corp.	Mitac Technology(Kyoto) Co., Ltd.	1	Sales	351,234	Note 4	1%
0	Getac Technology Corp.	Getac (SuZhou) Mobile Ltd.	1	Sales	250,489	Note 4	1%
0	Getac Technology Corp.	Getac Video Solutions INC.	1	Sales	177,549	Note 4	1%
1	Pacific Royale Ltd.	Mitac Precision Developments Ltd.	3	Other receivables	944,370	Operation	3%
3	Getac Technology (Kunshan) Co., Ltd.	Getac Technology Corp.	2	Sales	2,693,997	Note 4	10%
3	Getac Technology (Kunshan) Co., Ltd.	Getac Technology Corp.	2	Accounts receivable	1,966,420	Note 4	6%
4	Hot Link Technology Ltd.	Pacific Royale Ltd.	3	Other receivables	698,534	Operation	2%
8	Suzhou Mitac Precision Technology Co., Ltd.	Mitac Precision Developments Ltd.	3	Sales	724,485	Note 4	3%
8	Suzhou Mitac Precision Technology Co., Ltd.	Mitac Precision Developments Ltd.	3	Accounts receivable	303,886	Note 4	1%
8	Suzhou Mitac Precision Technology Co., Ltd.	Mitac Precision Technology (Kunshan) Co., Ltd.	3	Sales	130,480	Note 4	0%
9	Mitac Precision Technology (Kunshan) Co., Ltd.	Mitac Precision Developments Ltd.	3	Sales	3,155,401	Note 4	12%
9	Mitac Precision Technology (Kunshan) Co., Ltd.	Mitac Precision Developments Ltd.	3	Accounts receivable	1,254,107	Note 4	4%
9	Mitac Precision Technology (Kunshan) Co., Ltd.	Getac Technology (Kunshan) Co., Ltd.	3	Sales	173,340	Note 4	1%
10	Pacific Metal Developments Ltd.	Mitac Precision Developments Ltd.	3	Other receivables	954,863	Operation	3%
15	Mitac Precision Developments Ltd.	Getac Precision Technology Vietnam Co., Ltd.	3	Other receivables	1,049,300	Operation	3%
15	Mitac Precision Developments Ltd.	Mitac Precision Technology (Vietnam) Co., Ltd.	3	Other receivables	899,400	Operation	3%
15	Mitac Precision Developments Ltd.	Getac Technology Corp.	2	Sales	263,635	Note 4	1%
15	Mitac Precision Developments Ltd.	Getac Precision Technology (ChangShu) Co., Ltd.	3	Sales	141,814	Note 4	1%
15	Mitac Precision Developments Ltd.	Getac Precision Technology Vietnam Co., Ltd.	3	Accounts receivable	116,622	Note 4	0%
16	Getac Precision Technology Vietnam Co., Ltd.	Mitac Precision Developments Ltd.	3	Accounts receivable	529,944	Note 4	2%
16	Getac Precision Technology Vietnam Co., Ltd.	Mitac Precision Developments Ltd.	3	Sales	1,492,965	Note 4	6%
18	ACE Continental Industries Ltd.	Hot Link Technology Ltd.	3	Other receivables	107,928	Operation	0%
21	Mitac Precision Technology (Vietnam) Co., Ltd.	Getac Precision Technology Vietnam Co., Ltd.	3	Sales	151,673	Note 4	1%
21	Mitac Precision Technology (Vietnam) Co., Ltd.	Mitac Precision Developments Ltd.	3	Sales	134,499	Note 4	0%
21	Mitac Precision Technology (Vietnam) Co., Ltd.	Mitac Precision Developments Ltd.	3	Accounts receivable	108,915	Note 4	0%
23	Getac Precision Technology (ChangShu) Co., Ltd.	Mitac Precision Developments Ltd.	3	Sales	539,581	Note 4	2%
23	Getac Precision Technology (ChangShu) Co., Ltd.	Mitac Precision Developments Ltd.	3	Accounts receivable	157,538	Note 4	1%
24	Talent View Ltd.	Mitac Precision Developments Ltd.	3	Other receivables	563,624	Operation	2%
25	Shzhou Nafco Precision Ltd.	National Aerospace Fasteners Corporation	3	Sales	235,586	Note 4	1%
26	Mitac Computer (Shunde) Ltd.	Getac Technology (Kunshan) Co., Ltd.	3	Other receivables	236,361	Operation	1%

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:The relationship with the transaction parties are as follows:

(1)The Company to the consolidated subsidiary.

(2)The consolidated subsidiary to the Company.

(3)The consolidated subsidiary to the consolidated subsidiary.

Note 3:Ratio of asset/liability is divided by consolidated total assets, and ratio of gain/loss accounts is divided by consolidated sales revenue.

Note 4:The collection period on balances from overseas related parties is 150 days after offsetting certain receivables and payables.

The selling prices on sales to related parties are based on the market value of the goods.

Note 5:Only transaction amounts exceeding $100 million or 20 percent of the Company’s capital are disclosed.

Getac Technology Corp. and Subsidiaries

Information on investees (not including investees in Mainland China)

Year ended December 31, 2019

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee	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	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Getac Technology Corp.	Pacific Royale Ltd.	British Virgin Islands	Investment holdings	$ 1,752,325	$ 1,752,325	54,220,869	100	$ 2,842,210	$ 153,328	$ 153,328	
Getac Technology Corp.	Lian Jie Investment Co., Ltd.	Taiwan	Investment holdings	113,056	113,056	11,305,650	49.98	109,415	4,470	2,234	
Getac Technology Corp.	Fong Yang Technology Co., Ltd.	Taiwan	Data management, info software, e-communication product wholesale and retail	11,000	11,000	1,100,000	100	10,917	(9)	(9)	
Getac Technology Corp.	Hot Link Technology Ltd.	British Virgin Islands	Investment holdings	3,628,378	3,628,378	110,776,211	100	9,033,489	815,796	815,796	
Getac Technology Corp.	Waffer Technology Corp.	Taiwan	Manufacture and sales of Magnesium alloy thixomolding	496,228	496,228	40,522,289	24.03	475,986	(504,037)	(121,390)	Note 1
Getac Technology Corp.	Mitac Precision Technology Corporation	Taiwan	Wholesale and retail of electric equipment and mold	100	100	10,000	100	6	-	-	
Getac Technology Corp.	Fong Guan Investments Ltd.	Taiwan	Investment holdings	200,500	200,500	20,050,000	100	140,734	(58,619)	(58,619)	
Getac Technology Corp.	National Aerospace Fasteners Corporation	Taiwan	Manufacture, processing, agency, and sales of source control bolts and structural parts for aircraft and ship	394,919	394,919	20,578,174	39.09	802,257	350,824	136,882	

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee	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	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Getac Technology Corp.	Advanced Medical Design Co., Ltd.	Taiwan	Manufacturing and wholesale of medical applicances	$ 61,850	$ 50,000	2,185,000	48.56	$ 63,516	$ 16,438	7,457	
Getac Technology Corp.	Lian Jie Investment Co., Ltd. II	Taiwan	Investment holdings	48,750	48,750	4,875,000	48.75	50,399	(3,463)	(1,688)	
Getac Technology Corp.	WHP Workflow Solutions, Inc.	U.S.A.	Software design and development	478,651	478,651	314,600	80.30	524,085	7,030	(3,080)	
Fong Guan Investments Ltd.	Waffer Technology Corp.	Taiwan	Manufacture and sales of Magnesium alloy thixomolding	200,000	200,000	20,000,000	11.86	205,034	(504,037)		Note 2
Fong Yang Technology Co., Ltd.	Waffer Technology Corp.	Taiwan	Manufacture and sales of Magnesium alloy thixomolding	86	86	5,000	-	72	(504,037)		
Fong Yang Technology Co., Ltd.	National Aerospace Fasteners Corporation	Taiwan	Manufacture, processing, agency, and sales of source control bolts and structural parts for aircraft and ship	2	2	92	-	2	350,824		
Pacific Royale Ltd.	Getac Inc.	U.S.A.	Selling, providing technical service, repair and maintenance of computers and related products for military and industrial use	86,881	86,881	1,600,000	100	111,780	60,638		
Pacific Royale Ltd.	Integration Technology Ltd.	British Virgin Islands	Investment holdings	63,395	63,395	2,000,001	100	72,813	1,692		
Pacific Royale Ltd.	Master China Ltd.	British Virgin Islands	Investment holdings	427,367	427,367	13,550,000	N/A	406,229	315,104		Preferred stock

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Pacific Royale Ltd.	Talent View Ltd.	British Virgin Islands	Investment holdings	$ 536,601	$ 536,601	17,000,001	100	$ 509,674	$ 14		
Pacific Royale Ltd.	Victory Star Developments Ltd.	British Virgin Islands	Investment holdings	327,580	327,580	9,900,001	100	1,297,758	123,181		
Pacific Royale Ltd.	Running Power Ltd.	British Virgin Islands	Investment holdings	29,490	29,490	1,000,001	100	(165,655)	(53,419)		
Pacific Royale Ltd.	Getac (UK) Ltd.	U.K	Sales and repair of computer, software and relevant products	26,850	26,850	350,000	100	13,810	9,394		
Pacific Royale Ltd.	Harbinger Ruyi Venture Limited	British Virgin Islands	Investment holdings	31,520	31,520	1,000,000	28.57	19,993	(2,256)		
Pacific Royale Ltd.	Getac Technology GmbH	Germany	Sales of computer, software and relevant products	16,377	16,377	1	100	36,944	11,390		
Pacific Royale Ltd.	Harbinger Ruyi II Venture Limited	British Virgin Islands	Investment holdings	49,320	49,320	15,000	48.39	39,501	(1,908)		
Pacific Royale Ltd.	WHP Workflow Solutions, Inc.	U.S.A.	Software design and development	79,381	79,381	77,179	19.70	113,410	7,030		
Running Power Ltd.	Getac Vedio Solutions INC.	U.S.A.	Sales of smart mobile surveillance solution (including device hardware, software, cloud technologies and consulting services)	29,640	29,640	1,000,000	100	(168,977)	(53,419)		
Hot Link Technology Ltd.	Master China Ltd.	British Virgin Islands	Investment holdings	571,813	571,813	9,900,001	100	2,539,394	315,104		
Hot Link Technology Ltd.	Pacific Metal Developments Ltd.	British Virgin Islands	Investment holdings and trading	1,287,555	1,287,555	38,900,000	100	1,656,216	38,929		

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Hot Link Technology Ltd.	Mainpower International Ltd.	British Virgin Islands	Investment holdings	$ 1,147,343	$ 1,147,343	35,912,843	87	$ 1,396,806	$ 81,640		
Hot Link Technology Ltd.	ACE Continental Industries Ltd.	British Virgin Islands	Investment holdings and trading	648,709	648,709	20,000,001	100	532,655	118,663		
Hot Link Technology Ltd.	Bellingham Investments Ltd.	Samoa	Investment holdings	143,264	143,264	1	100	2,156	48		
Hot Link Technology Ltd.	Getac Precision Techonologies (Hong Kong) Ltd.	H.K	Investment holdings	505,167	505,167	15,200,001	100	1,343,597	110,748		
Hot Link Technology Ltd.	Mitac Technology Kyoto Corporation	Japan	Import/export electronic product, provide technical consulting, maintenance and repair services	32,290	32,290	1,800	100	20,956	1,390		
Hot Link Technology Ltd.	Mitac Precision Developments Ltd.	British Virgin Islands	Investment holdings	599,800	599,800	20,000,001	100	661,478	24,027		
Hot Link Technology Ltd.	Mass Bridge Ltd.	British Virgin Islands	Investment holdings	177,529	177,529	5,500,001	100	313,978	136,522		
ACE Continental Industries Ltd.	Mitac Precision Technology (Vietnam) Co., Ltd.	Vietnam	Manufacture of printer and its components, DVD, cell phone, digital camera and PCB	648,709	648,709	N/A	100	362,118	118,692		
Mitac Precision Technology (Vietnam) Co., Ltd.	Mitac Precision Technology (HA NOI) Co., Ltd.	Vietnam	Manufacture of printer and related products	15,853	15,853	N/A	100	5,469	(93)		

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at December 31, 2019: Number of shares	Shares held as at December 31, 2019: Ownership (%)	Shares held as at December 31, 2019: Book value	Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
Mass Bridge Ltd.	Getac Precision Technology Vietnam Co., Ltd.	Vietnam	Manufacture of personal computers, communication equipment, automobile electronic devices, precision punching dies, casting/forging raw parts for automobiles and motorcycles, and magnesium alloy castings	$ 177,529	$ 177,529	N/A	100	$ 313,297	$ 136,512		
National Aerospace Fasteners Corporation	Nafco Group Ltd.	British Virgin Islands	Investment holdings	405,897	405,897	13,000,000	100	415,923	71,643		
Nafco Group Ltd.	Nafco Holdings Ltd.	British Virgin Islands	Investment holdings	405,897	405,897	13,000,000	100	421,703	71,643		

Getac Technology Corp. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2019

Table 8

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 （Note 3）	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							
Getac Technology (Kunshan) Co., Ltd.	Manufacture and sale of notebooks and related products	$ 327,580	3	$ 327,580	$ -	$ -	$ 327,580	$ 123,181	100	$ 123,181	$ 1,297,652	$ -	
Mitac Precision Technology (KunShan) Co., Ltd.	Design and manufacture of computer chassis and its components, precision plastic injection mold, molding parts and molding equipment processing, sales and maintenance and repair services of own products.	784,629	3	652,267	-	-	652,267	315,194	100	315,194	2,944,778	-	
Mitac Precision Technology (Shunde) Ltd.	Design and manufacture of computer chassis and its components, precision plastic injection mold, molding parts stamping parts, molding equipment processing, design and repair services, and steel plate cutting, etc.	429,248	3	957,846	-	-	957,846	38,317	100	38,317	700,122	-	

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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019 (Note 3)	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
Suzhou Mitac Precision Technology Co., Ltd.	Design and manufacture of computer chassis and its components, precision plastic injection mold, molding parts and molding equipment processing, sales and maintenance and repair services of own products.	$ 1,589,287	3	$ 112,776	$ -	$ -	$ 112,776	$ 97,563	72.56	$ 70,792	$ 1,398,275	$ -	
Fon Yang Logistic (Kunshan) Ltd.	Agency of domestic/foreign freight transport and import/export declaration and import/export trade	31,255	3	-	-	-	-	101	100	101	32,568	-	
Getac (SuZhou) Mobile Ltd.	Design and manufacture of computers and its peripherals, commercial portable global positioning system, electronic parts, mold production equipment, whole sales of office equipment and spare parts, commission agent, import/export trade and maintenance and repair services of the products.	32,140	3	4,781	-	-	4,781	1,581	100	1,581	38,992	-	
Getac Precision Technology (ChangShu) Co., Ltd.	Manufacture of magnesium alloy	479,154	3	-	-	-	-	110,741	100	110,741	1,310,799	-	
Suzhou Nafco Precision Ltd.	Production of components for airplane and engine use	405,897	3	405,897	-	-	405,897	71,643	100	71,643	421,703	-	

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
Getac Technology Corp.	$ 2,494,019	$ 4,140,465	$ 8,986,038
National Aerospace Fasteners Corporation	405,897	390,468	1,149,181

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

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

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

(a) Through investing in Pacific Royale Ltd. and its subsidiaries in a third area, which then invest in Getac Technology (Kunshan) Co., Ltd., Fon Yang Logistic (Kunshan) Ltd. ,Getac (SuZhou) Mobile Ltd. , and Mitac Precision Technology (KunShan) Co., Ltd.

(b) Through investing in Hot Link Technology Ltd. and its subsidiaries in a third area, which then invest in Mitac Precision Technology (KunShan) Co., Ltd., Mitac Precision Technology (Shunde) Ltd., Mitac Precision Technology (SuZhou) Ltd. and Getac Precision Metallic Technologies (ChangShu) Ltd..

(c)Through investing in a third area establish Nafco Holdings Ltd.,which then invests in Suzhou Nafco Precision Ltd.

Note 2: Recognition methods of investment income (loss) are classified into two categories as follows:

(1) It should be indicated if the company is in the process of incorporation and have no profit or loss yet.

(2) Basis for recognising investment income (loss) is as follows:

(a) The financial statements of Getac Technology (KunShan) Co., Ltd., Mitac Precision Technology (KunShan) Co., Ltd., Mitac Precision Technology (SuZhou) Ltd., and Getac Precision Technology (ChangShu) Co., Ltd. were audited by their R.O.C. parent company's CPA.

(b)The financial statements of Suzhou Nafco Precision Ltd., were audited by National Aerospace Fasteners Corporation's CPA.

(3) The financial statements of other companies except those stated in Note 2 (2) (a) and (b) were not audited by a CPA.

Note 3: The difference between the disclosed accumulated amount of remittance from Taiwan to Mainland China for investment approved by the Investment Commission of the Ministry of Economic Affair and the recognised amount comes from the remitted USD1,200 thousand from Mainland China to Taiwan in 2002 and USD12,000 thousand that has not been remitted from the liquidated subsidiaries in Mainland China.