Ginko International Co., Ltd.
and Subsidiaries

Consolidated Financial Statements

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

Address: **P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands**

Tel: **86 21 57076088**

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

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Ginko International Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Ginko International Co., Ltd. and Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue Recognition

Please refer to note 4(n) “Revenue” for the accounting policy of revenue, note 5(a) “Revenue recognition” for significant accounting assumptions, judgments, and major sources of estimation uncertainty, and note 6(m) “Refundable liabilities-current” for estimation of allowance for sales discount and sales return of the consolidated financial statements.

How the matter was addressed in our audit:

When the Group recognized revenue, it had to record sales return and allowance that were agreed upon in negotiated contracts to clients. The Group's management recognized the estimated sales return and allowance as a deduction to revenue. In addition, revenue is regarded as the main index of the Group’s financial and sales performance for investors and management, thus the correct period and amount for revenue recognition have a major impact on the consolidated financial statements. Therefore, sales revenue, return and allowance have been identified as one of the key judgmental areas for our audit.

Our principal audit procedures included:

Our key audit procedures performed above included testing the revenue cycle transactions and its relevant controls, inspecting the Group’s sales contracts and relevant documents, reviewing and assessing client’s information, conducting analytical reviews for changes of sales from major clients and product categories, adopting sales cut-off test to ensure that sales were recorded in the proper period and assessing the adequacy of the Group’s disclosures of its revenue recognition policy and other related disclosures.

The key audit procedures for the Group’s estimated sales return and allowance included assessing the hypothesis adopted by the Group's management, comparing the estimation to internal or external sources and understanding whether or not there is any major sales return and allowance after the end of the reporting period.

2. Inventories Evaluation

Please refer to note 4(h) "Inventories" for the accounting policy of inventory valuation, note 5(b) "Net realizable value of inventory" for the estimation and assumption uncertainty of the valuation of inventory, and note 6(d) "Inventories" for description of the significant account in the consolidated financial statements.

How the matter was addressed in our audit:

The Group's major operation activities are selling and producing contact lenses, lens care solutions and eye-care products. The Group’s production and research activities are based on market demand, and the products are unique in the market. The probable changes in market demand and price can cause relevant product demand to fluctuate. The inventories are evaluated by lower of cost or market value, and the Group’s management assesses the product price through internal and external relevant information. Therefore, inventory has been identified as one of the key judgmental areas for our audit.

Our principal audit procedures included:

Our key audit procedures performed included assessing whether the policies for valuation of inventory obsolescence and inventory allowance are in accordance with the rules of communique provisions, reviewing inventory aging report, analyzing the changes in inventory aging report, reviewing selling condition, and assessing the reasonableness of lower of cost or market values adopted by the Group. Thus, the reasonableness of inventory allowance valuation can be verified, and the relevant information of inventory allowance valuation is properly disclosed by the Group’s management.

3. Trade Receivables Evaluation

Please refer to note 4(g) "Financial instruments" for the accounting policy of trade receivables, note 5(c) "Impairment loss of trade receivables" for estimation and assumption uncertainty of trade receivables, and note 6(c) "Notes and trade receivables" for description of the significant account in the consolidated financial statements.

How the matter was addressed in our audit:

The Group has a broad base of customers with variable account collection terms. Therefore, the Group's management has evaluated the expected impairment loss based on historical experiences. Thus, the valuation of trade receivables has been identified as one of the key judgmental areas for our audit.

Our principal audit procedures included:

Our key audit procedures performed included assessing if the policy of trade receivables allowance has followed the rules of communique provisions, assessing the trade receivables aging report, analyzing the changes of trade receivables aging report, sending confirmation letters to sampled clients, tracing subsequent cash receipt records after year-end. Therefore, the reasonableness of the Group's trade receivables allowance and aging report can be verified, and the relevant information of trade receivables allowance valuation is properly disclosed by the Group's management.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC 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 are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are

Yu-Feng Hsu and Yuan-Chen Mei.

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Taipei, Taiwan (Republic of China)
March 27, 2020

Notes to Readers

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

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

Ginko International Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in thousands of currency)

Code	Assets	Dec 31, 2019 CNY	Dec 31, 2019 TWD	%	Dec 31, 2018 CNY	Dec 31, 2018 TWD	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 545,753	2,349,467	11	609,550	2,725,908	14
1150	Notes receivable, net (note 6(c))	5,468	23,540	-	9,724	43,485	-
1170	Trade receivables, net (note 6(c))	884,901	3,809,500	17	829,863	3,711,147	18
1181	Trade receivables from related parties (notes 6(c) and 7)	39,390	169,574	1	27,007	120,777	1
1200	Other receivables	16,061	69,141	-	21,397	95,688	-
1210	Other receivables from related parties (note 7)	185	799	-	2,188	9,783	-
130X	Inventories (note 6(d))	562,724	2,422,528	11	516,458	2,309,601	11
1410	Prepayments (note 6(e))	101,584	437,317	2	114,651	512,720	3
1476	Other financial assets (notes 6(b) and 8)	883,034	3,801,460	17	512,854	2,293,483	11
1470	Other current assets	18,090	77,878	-	27,509	123,020	1
	Total current assets	3,057,190	13,161,204	59	2,671,201	11,945,612	59
	Non-Current assets:						
1600	Property, plant and equipment (notes 6(f) and 8)	1,919,497	8,263,435	38	1,697,145	7,589,632	37
1755	Right-of-use assets (notes 6(g) and 8)	100,030	430,628	2	-	-	-
1780	Intangible assets (note 6(h))	10,038	43,216	-	11,734	52,474	-
1840	Deferred tax assets (note 6(o))	30,931	133,157	1	34,497	154,269	1
1915	Prepayments on purchase of equipment (note 9)	15,719	67,667	-	33,117	148,100	1
1932	Long-term receivables (note 6(c))	23,512	101,220	-	31,082	138,997	1
1990	Other non-current assets (notes 6(i) and 8)	10,181	43,830	-	32,974	147,460	1
	Total non-current assets	2,109,908	9,083,153	41	1,840,549	8,230,932	41
	Total assets	$ 5,167,098	22,244,357	100	4,511,750	20,176,544	100

Code	Liabilities and equity	Dec 31, 2019 CNY	Dec 31, 2019 TWD	%	Dec 31, 2018 CNY	Dec 31, 2018 TWD	%
	Current liabilities:						
2100	Short-term bank loans (notes 6(j), (w) and 8)	$ 1,407,900	6,061,008	28	1,237,314	5,533,267	28
2130	Current contract liabilities (note 6(r))	13,247	57,030	-	14,511	64,893	-
2150	Notes payable	14,950	64,360	-	15,195	67,953	-
2170	Trade payables	102,863	442,824	2	80,028	357,886	2
2180	Trade payables to related parties (note 7)	14,952	64,370	-	7,085	31,684	-
2200	Other payables (notes 6(l) and (s))	144,046	620,120	3	130,539	583,771	3
2220	Other payables to related parties (note 7)	5,858	25,223	-	3,572	15,973	-
2230	Current income tax liabilities	51,378	221,183	1	22,433	100,321	-
2280	Current lease liabilities (note 6(k))	8,725	37,555	-	-	-	-
2322	Long-term loans, current portion (notes 6(j) and (w))	17,422	75,000	-	97,496	436,000	2
2365	Current refund liabilities (note 6(c) and (m))	30,105	129,603	1	16,248	72,661	-
	Total current liabilities	1,811,446	7,798,276	35	1,624,421	7,264,409	35
	Non-current liabilities:						
2540	Long-term bank loans (notes 6(j), (w) and 8)	787,828	3,391,600	15	564,848	2,526,000	13
2570	Deferred tax liabilities (note 6(o))	4,652	20,027	-	-	-	-
2580	Non-current lease liabilities (note 6(k))	68,719	295,834	1	-	-	-
	Total non-current liabilities	861,199	3,707,461	16	564,848	2,526,000	13
	Total liabilities	2,672,645	11,505,737	51	2,189,269	9,790,409	48
	Equity attributable to owners of parent (note 6(p)):						
3110	Share capital - common stock	191,908	924,505	4	191,908	924,505	4
3200	Capital surplus	676,407	3,073,227	13	676,407	3,073,227	16
3300	Retained earnings	1,630,890	7,718,125	32	1,464,439	6,980,821	32
3410	Exchange differences on translation of foreign financial statements	(887)	(960,598)	-	(6,504)	(575,563)	-
	Equity attributable to owners of the parent	2,498,318	10,755,259	49	2,326,250	10,402,990	52
	Non-Controlling Interest:						
36XX	Non-controlling interest	(3,865)	(16,639)	-	(3,769)	(16,855)	-
	Total equity	2,494,453	10,738,620	49	2,322,481	10,386,135	52
	Total liabilities and equity	$ 5,167,098	22,244,357	100	4,511,750	20,176,544	100

See accompanying notes to financial statements.

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

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in thousands of Chinese Yuan)

		2019 Amount	%	2018 Amount	%
4000	**Operating revenue (notes 6(r) and 7)**	$ 1,829,118	100	1,620,403	100
5000	**Operating Costs (notes 6(d), (f), (n), 7 and 12)**	834,692	46	762,734	47
	Gross profit from operations	994,426	54	857,669	53
	Operating expenses (notes 6(c), (f), (g), (h), (n), (s) 7, 9, and 12):				
6100	Selling expenses	448,654	25	395,850	24
6200	General and administrative expenses	156,341	9	139,447	9
6300	Research and development expenses	43,073	2	30,630	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	(13,486)	(1)	(21,043)	(1)
	Total operating expenses	634,582	35	544,884	34
	Operating Profit	359,844	19	312,785	19
	Non-operating income and expenses (note 6(t)):				
7010	Other income	25,818	1	19,833	1
7020	Other gains and losses	18,429	1	(22,505)	(1)
7050	Financial costs	(56,678)	(3)	(39,904)	(2)
	Total non-operating income and expenses	(12,431)	(1)	(42,576)	(2)
7900	**Profit before income tax**	347,413	18	270,209	17
7950	**Income tax expense (note 6(o))**	79,169	4	90,236	6
	Net income for the year	268,244	14	179,973	11
	Other comprehensive income (loss):				
8360	**Items that may be subsequently reclassified into profit or loss**				
8361	Foreign currency translation differences for foreign operations	5,501	-	29,117	2
8399	Income tax relating to components of other comprehensive income	-	-	-	-
	Total items that may be subsequently reclassified into profit or loss	5,501	-	29,117	2
8300	**Other comprehensive income (loss), net of tax**	5,501	-	29,117	2
8500	**Total comprehensive income for the year**	$ 273,745	14	209,090	13
	Profit attributable to:				
8610	Shareholders of the parent	$ 268,224	14	182,809	11
8620	Non-controlling interest	20	-	(2,836)	-
		$ 268,244	14	179,973	11
	Comprehensive income attributable to:				
8710	Shareholders of the parent	$ 273,861	14	211,946	13
8720	Non-controlling interest	(116)	-	(2,856)	-
		$ 273,745	14	209,090	13
9710	**Basic earnings per share (expressed in Chinese Yuan) (note 6(q))**	$	2.90		1.98
9810	**Diluted earnings per share (expressed in Chinese Yuan) (note 6(q))**	$	2.89		1.97

See accompanying notes to financial statements.

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

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

		2019 Amount	%	2018 Amount	%
4000	**Operating revenue (notes 6(r) and 7)**	$ 8,180,183	100	7,389,201	100
5000	**Operating Costs (notes 6(d), (f), (n), 7 and 12)**	3,732,910	46	3,478,143	47
	Gross profit from operations	4,447,273	54	3,911,058	53
	Operating expenses (notes 6(c), (f), (g), (h), (n), (s) 7, 9, and 12):				
6100	Selling expenses	2,006,471	25	1,805,115	24
6200	General and administrative expenses	699,190	9	635,894	9
6300	Research and development expenses	192,630	2	139,674	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS 9	(60,313)	(1)	(95,959)	(1)
	Total operating expenses	2,837,978	35	2,484,724	34
	Operating Profit	1,609,295	19	1,426,334	19
	Non-operating income and expenses (note 6(t)):				
7010	Other income	115,465	1	90,438	1
7020	Other gains and losses	82,417	1	(102,624)	(1)
7050	Financial costs	(253,476)	(3)	(181,965)	(2)
	Total non-operating income and expenses	(55,594)	(1)	(194,151)	(2)
7900	**Profit before income tax**	1,553,701	18	1,232,183	17
7950	**Income tax expense (note 6(o))**	354,058	4	411,485	6
	Net income for the year	1,199,643	14	820,698	11
	Other comprehensive income (loss):				
8360	**Items that may be subsequently reclassified into profit or loss**				
8361	Foreign currency translation differences for foreign operations	(384,906)	(5)	(70,303)	(1)
8399	Income tax relating to components of other comprehensive income	-	-	-	-
	Total items that may be subsequently reclassified into profit or loss	(384,906)	(5)	(70,303)	(1)
8300	**Other comprehensive income (loss), net of tax**	(384,906)	(5)	(70,303)	(1)
8500	**Total comprehensive income for the year**	$ 814,737	9	750,395	10
	Profit attributable to:				
8610	Shareholders of the parent	$ 1,199,556	14	833,380	11
8620	Non-controlling interest	87	-	(12,682)	-
		$ 1,199,643	14	820,698	11
	Comprehensive income attributable to:				
8710	Shareholders of the parent	$ 814,608	9	763,082	10
8720	Non-controlling interest	129	-	(12,687)	-
		$ 814,737	9	750,395	10
9710	**Basic earnings per share (expressed in New Taiwan Dollars) (note 6(q))**	$ 12.98		9.01	
9810	**Diluted earnings per share (expressed in New Taiwan Dollars) (note 6(q))**	$ 12.93		8.99	

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

Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

(Expressed in thousands of currency)

	Equity attributable to owners of parent																			
					Retained Earnings															
	Share capital - Common stock		Capital surplus		Legal reserve		Special reserve		Undistributed earnings		Total		Foreign currency translation differences		Equity attributable to owners of the parent		Non-controlling interest		Total equity	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	NCY	TWD
Balance at January 1, 2018	$ 191,908	924,505	676,407	3,073,227	163,123	779,414	-	-	1,253,616	5,996,690	1,416,739	6,776,104	(35,641)	(505,265)	2,249,413	10,268,571	(913)	(4,168)	2,248,500	10,264,403
Consolidated profit for the year	-	-	-	-	-	-	-	-	182,809	833,380	182,809	833,380	-	-	182,809	833,380	(2,836)	(12,682)	179,973	820,698
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	29,137	(70,298)	29,137	(70,298)	(20)	(5)	29,117	(70,303)
Total comprehensive income, net of income tax	-	-	-	-	-	-	-	-	182,809	833,380	182,809	833,380	29,137	(70,298)	211,946	763,082	(2,856)	(12,687)	209,090	750,395
Appropriation and distribution of retained earnings:																				
Legal reserve	-	-	-	-	20,869	97,104	-	-	(20,869)	(97,104)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	35,641	505,265	(35,641)	(505,265)	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(135,109)	(628,663)	(135,109)	(628,663)	-	-	(135,109)	(628,663)	-	-	(135,109)	(628,663)
Balance at December 31, 2018	191,908	924,505	676,407	3,073,227	183,992	876,518	35,641	505,265	1,244,806	5,599,038	1,464,439	6,980,821	(6,504)	(575,563)	2,326,250	10,402,990	(3,769)	(16,855)	2,322,481	10,386,135
Consolidated profit for the year	-	-	-	-	-	-	-	-	268,224	1,199,556	268,224	1,199,556	-	-	268,224	1,199,556	20	87	268,244	1,199,643
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	5,617	(385,035)	5,617	(385,035)	(116)	129	5,501	(384,906)
Total comprehensive income, net of income tax	-	-	-	-	-	-	-	-	268,224	1,199,556	268,224	1,199,556	5,617	(385,035)	273,841	814,521	(96)	216	273,745	814,737
Appropriation and distribution of retained earnings:																				
Legal reserve	-	-	-	-	18,348	83,338	-	-	(18,348)	(83,338)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	15,477	70,298	(15,477)	(70,298)	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(101,773)	(462,252)	(101,773)	(462,252)	-	-	(101,773)	(462,252)	-	-	(101,773)	(462,252)
Balance at December 31, 2019	$ 191,908	924,505	676,407	3,073,227	202,340	959,856	51,118	575,563	1,377,432	6,182,706	1,630,890	7,718,125	(887)	(960,598)	2,498,318	10,755,259	(3,865)	(16,639)	2,494,453	10,738,620

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Ginko International Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in thousands of currency)

		2019		2018	
		CNY	TWD	CNY	TWD
Cash flows from operating activities:					
Profit before tax	$	347,413	1,553,701	270,209	1,232,183
Adjustments:					
Adjustments to reconcile profit (loss)					
Depreciation		176,769	790,550	130,765	596,292
Amortization		1,956	8,748	2,051	9,351
Amortization of prepaid rents		-	-	433	1,975
Expected credit losses (gains)		(13,486)	(60,313)	(21,043)	(95,959)
Interest income		(14,370)	(64,266)	(13,938)	(63,557)
Financial cost		56,678	253,476	39,904	181,965
Loss on disposal of property, plant, and equipment		1,405	6,283	3,149	14,360
Loss (gain) on financial liabilities at fair value through profit or loss		(14,772)	(66,062)	(1,653)	26,155
Total adjustments to reconcile profit and loss		194,180	868,416	160,219	730,602
Change in operating assets and liabilities:					
Decrease (increase) in notes receivable		3,455	16,361	(2,749)	(11,643)
Decrease (increase) in trade receivables		(40,855)	(26,667)	125,973	658,161
Decrease (increase) in trade receivables from related parties		(12,383)	(48,797)	(3,637)	(14,091)
Decrease (increase) in other receivables		5,336	26,547	(5,221)	(22,122)
Decrease (increase) in other receivables from related parties		2,003	8,984	11,805	54,095
Decrease (increase) in inventories		(46,266)	(112,927)	(59,474)	(223,468)
Decrease (increase) in prepayments		9,889	61,891	(28,285)	(118,465)
Decrease (increase) in sales return		-	-	21,600	98,604
Decrease (increase) in other current assets		9,419	45,142	(14,257)	(62,523)
Decrease (increase) in other non – current assets		10,020	44,673	-	-
Increase (decrease) in contract liabilities		(1,264)	(7,863)	1,641	6,143
Increase (decrease) in notes payable		(245)	(3,593)	9,733	43,020
Increase (decrease) in trade payables		15,750	53,254	3,090	6,007
Increase (decrease) in trade payables to related parties		14,952	64,370	-	-
Increase (decrease) in other payables		13,538	36,539	(16,702)	(88,386)
Increase (decrease) in other payables to related parties		2,286	9,250	1,418	6,139
Increase (decrease) in provisions for liabilities		13,857	56,942	(4,348)	(21,360)
Cash provided by operating activities		541,085	2,646,223	471,015	2,272,896
Income taxes paid		(42,006)	(192,057)	(81,567)	(370,510)
Net cash flows from operating activities		499,079	2,454,166	389,448	1,902,386
Cash flows used in investing activities:					
Acquisition of property, plant and equipment		(299,659)	(1,340,116)	(530,751)	(2,419,952)
Proceeds from disposal of property, plant and equipment		1,217	5,441	33,754	153,912
Decrease (increase) in prepayments on purchase of equipment		(24,624)	(100,471)	(24,950)	(110,633)
Acquisition of intangible assets		(245)	(1,096)	-	-
Decrease (increase) in long-term receivables		7,570	37,777	(326)	1,404
Decrease (increase) in other financial assets		(370,180)	(1,507,977)	(233,309)	(1,014,936)
Decrease (increase) in other non-current financial assets		(872)	(2,903)	(11,059)	(49,456)
Acquisition of right-of-use assets		(7,735)	(34,593)	-	-
Interest received		14,370	64,266	13,938	63,557
Net cash flows used in investing activities		(680,158)	(2,879,672)	(752,703)	(3,376,104)
Cash flows from financing activities:					
Increase in short-term bank loans		632,924	2,830,563	295,885	1,323,196
Decrease in short-term bank loans		(484,081)	(2,164,907)	-	-
Increase in long-term bank loans		177,228	792,600	118,515	530,000
Repayment of long-term bank loans		(64,398)	(288,000)	(19,678)	(88,000)
Cash dividends paid		(101,773)	(462,252)	(135,109)	(628,663)
Redemption of corporate bonds		-	-	(158,205)	(710,500)
Repayment of lease principal		(11,429)	(49,831)	-	-
Interest paid		(56,709)	(253,666)	(38,226)	(174,313)
Net cash flows from financing activities		91,762	404,507	63,182	251,720
Effect of exchange rate changes on cash and cash equivalents		25,520	(355,442)	37,778	(32,068)
Net increase (decrease) in cash and cash equivalents		(63,797)	(376,441)	(262,295)	(1,254,066)
Cash and cash equivalents, beginning of the year		609,550	2,725,908	871,845	3,979,974
Cash and cash equivalents, end of the year	$	545,753	2,349,467	609,550	2,725,908

See accompanying notes to financial statements.

(expressed in thousands of currency unless otherwise specified)

(1) Company history

Ginko International Co., Ltd. (the "Company") was incorporated in the Cayman Islands on June 11, 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on Taipei Exchange Securities Market R.O.C. ("Taipei Exchange" TPEx) on April 27, 2012. The consolidated financial statements of the company as of and for the year ended December 31, 2018 and 2017 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a major supplier of eye health products, including contact lenses, lens care products and medicines which engages mainly in the researching, manufacturing and selling.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 25, 2020.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the IASB which have already been adopted.

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

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

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

(i) IFRS 16 "Leases"

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

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application does not affect retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

i Definition of a lease

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

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

ii As a lessee

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

The Group decided to apply recognition exemptions to short-term leases of machinery and leases of IT equipment.

- Leases classified as operating leases under IAS 17

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

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

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

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

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

  — Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

(Continued)

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

iii Impacts on financial statements

On transition to IFRS 16, the Group recognized the amount of CNY86,557 thousand (TWD387,083 thousand) for both right-of-use assets and lease liabilities on the initial application date, while not affecting its retained earnings. In addition, lease prepayments (including long-term prepayments) for the property, building and land, in Mainland China and Japan, the right-of-use assets increased by CNY16,854 thousand (TWD75,372 thousand) and the lease prepayments decreased by CNY16,854 thousand (TWD75,372 thousand). When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.61%.

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

	January 1, 2019	
	CNY	TWD
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 30,698	139,986
Recognition exemption for:		
short-term leases	(327)	(1,463)
leases of low-value assets	(345)	(1,544)
Extension and termination options reasonably certain to be exercised	85,041	380,303
	$ 115,067	517,282
Discounted using the incremental borrowing rate at January 1, 2019	$ 86,557	387,083
Finance lease liabilities recognized as at December 31, 2018	-	-
Lease liabilities recognized at January 1, 2019	$ 86,557	387,083

(b) The impact of IFRS issued by the IASB but not yet effective

The following new standards, interpretations and amendments have been endorsed by the IASB on or after January 1, 2020:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 31, 2018	Amendments to IAS 1 and IAS 8 “Definition of Material”	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, which includes International Accounting Standards and interpretations issued by the IASB.

(b) Basis of preparation

i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

ii) Functional and presentation currency

The functional currencies of the Group entities within and outside the Republic of China are New Taiwan Dollar, Chinese Yuan, Japanese Yen, and Malaysian Ringgit. The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD) and Chinese Yuan (CNY), respectively.

(c) Basis of consolidation

i) Principle of preparation of the consolidated financial statement

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

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

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

ii) List of subsidiaries included in the consolidated financial statement:

Subsidiary	Notes	Establishment Location and date	Shareholding ratio Direct	Shareholding ratio Indirect	Paid-in / Registered capital	Nature of business
Prosper Link International Limited (Prosper Link)		British Virgin Islands September 5, 2007	100%	-	USD5,560 thousand / USD5,560 thousand	Holding company
Yung Sheng Optical Co.,Ltd. (Yungsheng Corporation)		Taiwan October 14, 1995	100%	-	TWD1,600,000 thousand/ TWD1,600,000 thousand	Manufacturing and selling contact lenses and contact lens solution

(Continued)

Subsidiary	Notes	Establishment Location and date	Shareholding ratio Direct	Shareholding ratio Indirect	Paid-in / Registered capital	Nature of business
Haichang International Limited (Haichang International)		Hong Kong October 9, 2007	-	100%	HKD21,000 thousand / HKD21,000 thousand	Holding company. Selling contact lenses and lens care products
Haichang Contact Lens Co., Ltd. (Haichang Corporation)	(a)	China November 17, 1995	-	100%	USD56,319 thousand / USD56,319 thousand	Manufacturing and selling of contact lenses, contact lens solution and other eye-related appliance
Jiangsu Horien Contact Lens Co., Ltd. (Horien Corporation)	(a)	China April 11, 2005	-	100%	CNY15,000 thousand / CNY15,000 thousand	Manufacturing and selling of contact lenses, contact lens solution and other eye-related appliance
Shanghai Horien Contact Lens Optical Co.,Ltd (Shanghai Horien)	(a)	China April 19, 2010	-	100%	CNY75,000 thousand / CNY75,000 thousand	Selling of contact lenses and eye care solution
Gain Bless Management Ltd. (Gain Bless)		British Virgin Islands July 28, 2015	-	100%	USD1,150 thousand / USD1,150 thousand	Holding Company
Horien Optic (Malaysia) Sdn. Bhd. (Horien Malaysia)	(b)	Malaysia May 12, 2014	-	70%	MYR2,500 thousand / MYR2,500 thousand	Selling of contact lens and eye care solution
Master Harvest Global Ltd. (Master Harvest)		Anguilla May 24, 2016	-	100%	USD10,000 thousand / USD10,000 thousand	Holding Company
Yung Sheng Optical Japan Co., Ltd. (Yung Sheng Japan)	(c)	Japan April 22,2014	-	70%	JPY90,000 thousand / JPY90,000 thousand	Selling of contact lens and eye care solution
Shanghai Fushiyuan Contact Lens Co., Ltd. (Shanghai Fushiyuan)	(a)	China September 28, 2016	-	100%	CNY25,000 thousand / CNY25,000 thousand	Selling of contact lens and eye care solution
Uni-Beauty Co., Ltd. (Uni-Beauty)		Japan January 19, 2018	-	100%	JPY190,000 thousand / JPY190,000 thousand	Selling of contact lens and eye care solution

(a)：Haichang Corporation, Horien Corporation, Shanghai Horien and Shanghai Fushiyuan were established in China and indirectly controlled by thė Company.

(b)：Gain Bless acquired control of Horien Malaysia on January 4, 2016.

(c)：Master Harvest acquired control of Yungsheng Japan on August 1, 2016.

iii) Subsidiaries excluded from consolidation financial statements：None.

(d) Foreign currency

i) Foreign currency transactions

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

i. an investment in equity securities designated as at fair value through other comprehensive income;

ii. a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

iii. qualifying cash flow hedges to the extent that the hedges are effective.

ii) Foreign operations

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

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

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

(Continued)

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

i) Financial assets

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

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

i. Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

ii. Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

(Continued)

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income (FVOCI) are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

iii. Derecognition of financial assets

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

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

ii) Financial liabilities and equity instruments

i. Classification of debt or equity

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

ii. Equity instrument

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

iii. Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iv. Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(Continued)

v. Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant and equipment

i) Recognition and measurement

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

Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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

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

ii) Subsequent expenditure

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

iii) Depreciation

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

(Continued)

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

i.	Buildings	20~50 years
ii.	Leasehold improvements	unexpired lease term or 10 years (whichever period is shorter)
iii.	Machinery	5~10 years
iv.	Transportation equipment	3~5 years
v.	Other equipment	2~15 years

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

(j) Leases

Applicable from January 1, 2019

i) Identifying a lease

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

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

– the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

– the customer has the right to direct the use of the asset throughout the period of use only if either:

(1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

(2) the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At the inception of a lease or when evaluating whether a contract contains a lease, the Group will allocate the lease amount to each separate lease item. However, when the Group leases land or buildings, it will not breakdown the lease into leasable or non-leasable sections. Instead, it will regard the entire land or building as one complete lease item.

ii) As a leasee

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

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

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

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

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

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

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

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

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

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

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

Applicable before January 1, 2019

i) As a leasee

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

Land ownership is not transferred if the benefits and risks of the land lease are not fully transferred , and will be treated as operating lease. The book value of the right to the leasehold is measured at cost less accumulated amortization and accumulated impairment losses. The long-term lease prepayments to the rights of the land are recognized periodically as rent expense on a straight-line basis.

(k) Intangible assets

i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

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

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

i.	Trademarks	10~20 years
ii.	Patents	7~20 years
iii.	Technology know-how	10 years
iv.	Charters, Licenses, and Customer relationship	2~5 years
v.	Computer software	3 years

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

(l) Impairment of non financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision need not be disclosed if there is only a small likelihood of an outflow of future economic benefits. Only present obligation that is less than likely to happen or cannot be reasonably estimated should be disclosed as contingent liability. The existence of the contingent liability is decided based on one or numerous future events. Disclosure is not necessary if the obligation is highly unlikable to happen, otherwise it should be recognized as contingent liability.

(n) Revenue

(i) Revenue from contracts with customers

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

i) Sale of goods

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

The Group often offers volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

(o) Employee benefits

Obligations for contributions to defined contribution plans are expensed as the related service is provided by the employee for the relevant time period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Pension funds are recognized according to the labor regulations of the R.O.C, P.R.C, Malaysia, and Japan. Other than allocating pension obligations to the cost of goods sold, these obligations should be recognized as expense in the period they occurred.

(p) Income taxes

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

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

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

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

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

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

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

   i. the same taxable entity; or

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

(Continued)

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

(q) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(r) Operating segments

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

(5) Major sources of accounting assumptions, judgments, and estimation uncertainty

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

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

No critical judgments where applied to accounting policies that have significant effects to amounts recognized in the consolidated financial statements. Any assumptions and estimates deriving from uncertainty with the risk of causing major adjustments to the following period are listed as follows:

(a) Revenue Recognition

The Group records an expected value or the most likely amount for estimated future returns and allowances based on negotiated contracts, historical experiences, market and economic conditions, and any other known factors. In the period when the sale of the product actually occurs, the Group records the amount as a deduction to sales. The adequacy of estimations is reviewed periodically. The fierce market competition and evolution of technology could result in significant adjustments to the estimation made. For information on estimations of sales return and allowances, please refer to notes 6(c), (m) and (r).

(b) Net realizable value of inventory

Since inventory should be measured at the lower of cost or net realizable value, the Company reevaluates the amount of inventory that is deteriorating from wear and tear, obsolescence or has no market value at the reporting date. The cost of those inventories is then reduced to their net realizable value. The uniqueness of the Group's products calls for inventory valuation, seeing that its sales are influenced by market demand and prices, which inevitably affects the value of its inventory. For details on the valuation of inventory, please refer to note 6(d).

(c) Impairment loss of trade receivables

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

(6) Description of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2019		December 31, 2018	
	CNY	**TWD**	**CNY**	**TWD**
Cash on hand	$ 5,022	21,620	12,003	53,679
Demand deposits	484,881	2,087,413	482,044	2,155,701
Certificate deposits	55,850	240,434	115,503	516,528
	$ 545,753	2,349,467	609,550	2,725,908

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

(b) Other financial assets

	December 31, 2019		December 31, 2018	
Item	**CNY**	**TWD**	**CNY**	**TWD**
Restricted deposits	$ 742,098	3,194,732	299,304	1,338,487
Time deposits－maturity more than three-month	140,936	606,728	213,550	954,996
Total	$ 883,034	3,801,460	512,854	2,293,483

Please refer to note 8 for more details on restricted deposits, which are time deposits pledged as collateral for the Group's syndicated bank loan.

(Continued)

(c) Notes and trade receivables

i) The details were as follows:

	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Notes receivable	$ 5,468	23,540	9,724	43,485
Trade receivables	907,030	3,904,766	858,023	3,837,079
Trade receivables from related parties	39,390	169,574	27,007	120,777
Long-term receivables	50,825	218,802	66,556	297,637
	1,002,713	4,316,682	961,310	4,298,978
Less: Loss allowance	49,442	212,848	63,634	284,572
	$ 953,271	4,103,834	897,676	4,014,406

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

	December 31, 2019				
	Gross carrying amount CNY	Gross carrying amount TWD	Weight-average loss rate	Loss allowance provision CNY	Loss allowance provision TWD
Current	$ 603,670	2,598,799	1%	6,037	25,988
1 to 30 days past due	34,426	148,206	2%	689	2,964
31 to 90 days past due	66,589	286,666	4%	2,664	11,467
91 to 180 days past due	47,444	204,248	8%	3,796	16,340
181 to 360 days past due	24,137	103,913	16%	3,862	16,626
More than 1 year past due	34,263	147,504	86%	29,623	127,529
	$ 810,529	3,489,336		46,671	200,914

	December 31, 2018				
	Gross carrying amount CNY	Gross carrying amount TWD	Weight-average loss rate	Loss allowance provision CNY	Loss allowance provision TWD
Current	$ 541,340	2,420,867	1%	5,410	24,195
1 to 30 days past due	37,916	169,562	2%	758	3,391
31 to 90 days past due	63,863	285,597	4%	2,555	11,424
91 to 180 days past due	62,348	278,821	8%	4,988	22,306
181 to 360 days past due	67,220	300,606	16%	10,755	48,097
More than 1 year past due	66,899	299,174	57%	38,110	170,428
	$ 839,586	3,754,627		62,576	279,841

(Continued)

The loss allowance provision in Taiwan and Japan as of December 31,2019 was determined as follows:

	December 31, 2019				
	Gross carrying amount		Weight-average	Loss allowance provision	
	CNY	TWD	loss rate	CNY	TWD
Current	$ 176,794	761,090	0%	-	-
1 to 30 days past due	10,169	43,776	2%	203	876
31 to 90 days past due	1,440	6,201	5%	72	310
91 to 180 days past due	981	4,223	9%	88	380
181 to 360 days past due	529	2,279	26%	137	591
More than 1 year past due	2,271	9,777	100%	2,271	9,777
	$ 192,184	827,346		2,771	11,934

	December 31, 2018				
	Gross carrying amount		Weight-average	Loss allowance provision	
	CNY	TWD	loss rate	CNY	TWD
Current	$ 113,615	508,087	0%	-	-
1 to 30 days past due	2,956	13,221	0%	1	6
91 to 180 days past due	1,795	8,025	1%	17	75
181 to 360 days past due	2,290	10,241	8%	177	791
More than 1 year past due	1,068	4,777	81%	863	3,859
	$ 121,724	544,351		1,058	4,731

The movement in the allowance for notes and trade receivables was as follows:

	For the years ended December 31,			
	2019		2018	
	CNY	TWD	CNY	TWD
Balance at January 1	$ 63,634	284,572	84,964	387,861
Impairment losses reversed	(13,486)	(60,313)	(21,043)	(95,959)
Amounts written off	(810)	(3,622)	-	-
Foreign exchange gains/(losses)	104	(7,789)	(287)	(7,330)
Balance at December 31	$ 49,442	212,848	63,634	284,572

As of December 31, 2019 and 2018, the notes and trade receivables of the Group are not discounted or pledged as collateral.

(Continued)

(d) Inventories

i) The details were as follows:

	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Finished goods	$ 248,876	1,071,412	278,720	1,246,437
Work in process	255,973	1,101,964	181,380	811,131
Raw materials	46,217	198,964	43,833	196,021
Low value consumables	11,658	50,188	12,525	56,012
	$ 562,724	2,422,528	516,458	2,309,601

ii) Cost of goods sold recognized in 2019 and 2018 were as follows:

	2019 CNY	2019 TWD	2018 CNY	2018 TWD
Cost of inventories sold	$ 749,650	3,352,585	668,394	3,047,943
Allowance for inventory abandonment loss	71,535	319,919	77,947	355,446
Allowance for inventory obsolescence loss	13,507	60,406	16,393	74,754
	$ 834,692	3,732,910	762,734	3,478,143

(e) Prepayments

	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Value added tax	$ 64,604	278,120	79,809	356,905
Other prepaid expenses	11,781	50,707	16,645	74,437
Prepaid purchases	969	4,174	2,578	11,529
Prepaid advertisement	14,887	64,093	7,626	34,103
Prepaid insurance	746	3,211	559	2,502
Other prepayments	8,597	37,012	7,434	33,244
	$ 101,584	437,317	114,651	512,720

(f) Property, plant and equipment

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

	2019									
	Beginning balance		Additions		Disposals		Reclassification and exchange rate difference		Ending balance	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Cost:										
Building	$ 452,112	2,021,845	15,471	69,188	(334)	(1,492)	310,210	1,257,420	777,459	3,346,961
Leasehold improvements	79,439	355,251	-	-	(138)	(616)	70,431	289,961	149,732	644,596
Machinery	1,450,880	6,488,335	90,713	405,687	(21,179)	(94,798)	121,348	268,561	1,641,762	7,067,785
Transportation equipment	11,443	51,173	502	2,246	-	-	109	(1,527)	12,054	51,892
Other equipment	31,421	140,515	1,047	4,682	(1,769)	(7,912)	656	(2,302)	31,355	134,983
Construction in process	341,569	1,527,497	191,926	858,313	-	-	(398,413)	(1,804,282)	135,082	581,528
Subtotal	2,366,864	10,584,616	299,659	1,340,116	(23,420)	(104,818)	104,341	7,831	2,747,444	11,827,745
Accumulated depreciation:										
Building	106,648	476,930	25,529	114,173	(334)	(1,492)	2,473	(11,381)	134,316	578,230
Leasehold improvements	27,350	122,309	4,594	20,547	(113)	(505)	(621)	(7,992)	31,210	134,359
Machinery	507,026	2,267,420	131,039	586,033	(18,626)	(83,380)	11,066	(55,749)	630,505	2,714,324
Transportation equipment	7,506	33,567	644	2,881	-	-	908	2,545	9,058	38,993
Other equipment	21,189	94,758	2,794	12,495	(1,725)	(7,717)	600	(1,132)	22,858	98,404
Subtotal	669,719	2,994,984	164,600	736,129	(20,798)	(93,094)	14,426	(73,709)	827,947	3,564,310
Property, plant and equipment, net	$ 1,697,145	7,589,632	135,059	603,987	(2,622)	(11,724)	89,915	81,540	1,919,497	8,263,435

	2018									
	Beginning balance		Additions		Disposals		Reclassification and exchange rate difference		Ending balance	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Cost:										
Building	$ 385,825	1,761,292	28,524	130,074	(397)	(1,812)	38,160	132,291	452,112	2,021,845
Leasehold improvements	80,035	365,359	5,245	23,588	(6,450)	(29,412)	609	(4,284)	79,439	355,251
Machinery	1,084,572	4,951,084	229,213	1,045,235	(75,867)	(345,960)	212,962	837,976	1,450,880	6,488,335
Transportation equipment	11,471	52,363	900	4,105	(974)	(4,440)	46	(855)	11,443	51,173
Other equipment	28,010	127,864	3,510	16,006	(1,197)	(5,458)	1,098	2,103	31,421	140,515
Construction in process	230,078	1,050,308	263,359	1,200,944	-	-	(151,868)	(723,755)	341,569	1,527,497
Subtotal	1,819,991	8,308,270	530,751	2,419,952	(84,885)	(387,082)	101,007	243,476	2,366,864	10,584,616
Accumulated depreciation:										
Building	87,569	399,749	18,262	83,274	(280)	(1,279)	1,097	(4,814)	106,648	476,930
Leasehold improvements	24,740	112,941	5,194	23,684	(3,358)	(15,314)	774	998	27,350	122,309
Machinery	401,014	1,830,631	103,363	471,343	(42,438)	(193,524)	45,087	158,970	507,026	2,267,420
Transportation equipment	8,372	38,215	849	3,869	(1,719)	(7,841)	4	(676)	7,506	33,567
Other equipment	18,565	84,760	3,097	14,122	(187)	(852)	(286)	(3,272)	21,189	94,758
Subtotal	540,260	2,466,296	130,765	596,292	(47,982)	(218,810)	46,676	151,206	669,719	2,994,984
Property, plant and equipment, net	$ 1,279,731	5,841,974	399,986	1,823,660	(36,903)	(168,272)	54,331	92,270	1,697,145	7,589,632

The Group's interest expense for the years ended 2019 and 2018 amounted to CNY59,425 thousand (TWD265,762 thousand) and CNY44,474 thousand (TWD202,807 thousand), respectively, wherein the amounts of CNY4,357 thousand (TWD19,486 thousand) and CNY6,248 thousand (TWD28,494 thousand) were accounted for as capitalized borrowing cost for the acquisition of fixed assets (construction in process and prepayments of equipment) at the capitalization rate of 1.7376% and 1.7748%, respectively; please refer to note 6(t).

The property, plant and equipment of the Group have been pledged as collateral for long-term borrowings; please refer to note 8.

(g) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

	CNY				
	Land	Buildings	Machinery and equipment	Vehicles	Total
Cost:					
Balance at January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	76,349	25,226	1,590	246	103,411
Balance at January 1, 2019	76,349	25,226	1,590	246	103,411
Additions	48	6,515	269	903	7,735
Disposal/Write-off	-	(1,771)	-	-	(1,771)
Foreign currency translation difference	2,309	637	73	46	3,065
Balance at December 31, 2019	$ 78,706	30,607	1,932	1,195	112,440
Accumulated depreciation and impairment losses:					
Balance at January 1, 2019	$ -	-	-	-	-
Depreciation for the year	1,651	9,589	586	343	12,169
Foreign currency translation difference	47	158	23	13	241
Balance at December 31, 2019	$ 1,698	9,747	609	356	12,410
Carrying amount:					
Balance at December 31, 2019	$ 77,008	20,860	1,323	839	100,030

	TWD				
	Land	Buildings	Machinery and equipment	Vehicles	Total
Cost:					
Balance at January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	341,435	112,813	7,108	1,099	462,455
Balance at January 1, 2019	341,435	112,813	7,108	1,099	462,455
Additions	216	29,133	1,205	4,039	34,593
Disposal/Write-off	-	(7,919)	-	-	(7,919)
Foreign currency translation difference	(2,817)	(2,258)	-	-	(5,075)
Balance at December 31, 2019	$ 338,834	131,769	8,313	5,138	484,054

(Continued)

	TWD				
	Land	Buildings	Machinery and equipment	Vehicles	Total
Accumulated depreciation and impairment losses:					
Balance at January 1, 2019	$ -	-	-	-	-
Depreciation for the year	7,385	42,882	2,622	1,532	54,421
Foreign currency translation difference	(75)	(920)	-	-	(995)
Balance at December 31, 2019	$ 7,310	41,962	2,622	1,532	53,426
Carrying amount:					
Balance at December 31, 2019	$ 331,524	89,807	5,691	3,606	430,628

The Group leases offices, warehouses and factory facilities under operating lease for the year ended December 31, 2018, please refer to note 9(b).

The right-of-use assets of the Group have been pledged as collateral; please refer to note 8.

(h) Intangible assets

i) Goodwill

	December 31, 2019		December 31, 2018	
	CNY	TWD	CNY	TWD
Beginning balance	$ 7,831	35,020	7,831	35,749
Effect of change in exchange rates	-	(1,308)	-	(729)
	$ 7,831	33,712	7,831	35,020

The goodwill was generated 100% equity shares from the acquisition of Shanghai Horien Corporation and Yung Sheng Corporation on April 1, 2013 and September 1, 2010, respectively.

ii) Others

	December 31, 2019		December 31, 2018	
	CNY	TWD	CNY	TWD
Original cost	$ 26,437	136,323	26,485	136,535
Plus: Additions	245	1,096	-	-
Less: Disposals	(294)	(1,317)	(48)	(212)
Less: Accumulated amortization	(24,202)	(104,190)	(22,540)	(100,799)
Effect of change in exchange rates	21	(22,408)	6	(18,070)
	$ 2,207	9,504	3,903	17,454

(Continued)

The accumulated amortization in 2019 and 2018 were as follows:

		December 31, 2019		December 31, 2018	
		CNY	TWD	CNY	TWD
Beginning balance	$	22,540	100,799	20,535	93,742
Plus: Amortization for the year		1,956	8,748	2,051	9,351
Less: Disposals		(294)	(1,317)	(46)	(212)
Effect of change in exchange rates		-	(4,040)	-	(2,082)
	$	24,202	104,190	22,540	100,799

For the production process of contact lenses and related products, the Group had to acquire trademark, patent, technology know-how, concession, license, franchise and customer relationship, which are allocated to general and administrative expenses

(i) Other non-current assets

i) Lease prepayments

		December 31, 2018	
		CNY	TWD
Beginning balance	$	17,256	78,773
Less: Amortization for the year		(433)	(1,975)
Effect of change in exchange rates		-	(1,566)
	$	16,823	75,232

Lease prepayments are the payments made for the land-use right of the 5 pieces of land in Mainland China, with lease terms ranging from 42 to 50 years. Beginning January 1, 2019, the right to use land has been reclassified to right-of-use assets and it is disclosed in note 6(g).

The Group has pledged its right-of-use assets as collateral. For details, please refer to note 8.

ii) Other financial assets—non-current

		December 31, 2019		December 31, 2018	
		CNY	TWD	CNY	TWD
Restricted deposits	$	5,511	23,725	4,656	20,822
Non-current deposits		453	1,950	436	1,950
Long-term deferred expenses		4,217	18,155	11,059	49,456
Total	$	10,181	43,830	16,151	72,228

(j) Bank loans

	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Current:				
Secured loans	$ 465,298	2,003,106	457,962	2,048,006
Unsecured loans	942,602	4,057,902	779,352	3,485,261
Long-term liabilities, current portion	17,422	75,000	97,496	436,000
Subtotal	1,425,322	6,136,008	1,334,810	5,969,267
Non-current:				
Secured loans	439,396	1,891,600	22,361	100,000
Unsecured loans	348,432	1,500,000	542,487	2,426,000
Subtotal	787,828	3,391,600	564,848	2,526,000
Total	$ 2,213,150	9,527,608	1,899,658	8,495,267
Interest rates		1.35%~4.79%		1.40%~4.35%

Please refer to note 8 for the Group's pledged assets as collateral for bank loans as of December 31, 2019 and 2018.

i) On June 17, 2019, the Group's subsidiary, Yungsheng Corporation, entered into a syndicated loan agreement with twelve financial institutions, with Chang Hwa Commercial Bank acting as the leading bank. Yungsheng Corporation issued a corporate commercial paper for the redemption of its loan amounting to TWD4,100,000 thousand, with TWD2,800,000 thousand being guaranteed by the Company. The total loan of TWD4,100,000 thousand is divided into three separate credit lines: Credit line A amounting to TWD2,400,000 thousand; Credit line B amounting to TWD350,000 thousand; and Credit line C amounting to TWD1,350,000 thousand. The total amount of loan commitments is to be used for the expansion of the entity's factories, acquisition of machinery and other relevant equipment. The remaining amount of loan is to be used for settling current loans and to provide liquidity to its working capital.

ii) Throughout the duration of the syndicated loan agreement, the Group should comply with the following financial covenants, which require Yungsheng Corporation to maintain certain financial ratios based on its audited annual and semi-annual financial statements and to comply with the listed clauses as follows:

i. Current ratio (current assets / current liabilities) should be higher than or equal to 100%;

ii. Liability ratio (total liabilities / tangible net value) should be less than or equal to 250%;

iii. Times interest earned ratio [(profit before income tax+ interest expense + depreciation +amortization) / interest expense] should not be less than 3;

iv. Tangible net assets (total equity - intangible assets) should not be less than TWD2,200,000 thousand;

v. The Company needs to ensure that its investment in Yungsheng Corporation, Haichang Corporation, Shanghai Horien and Horien Corporation, should not be less than 75%. It should have substantial control over the aforementioned subsidiaries and is not allowed to pledge its shares in the subsidiaries as collateral to any third party.

(Continued)

If the abovementioned terms are not met, the Group will have to improve within a given period of time after the annual or semi-annual reporting date. During the improvement period, non-compliance with the clauses will not be regarded as a breach of contract, but the loan interest rate will be raised.

iii) There are seven repayment terms in total. Twenty-four months after the initiation of Credit line A and C will be deemed as the first term, and then every 6 months thereafter, will be deemed as one term.

As of December 31, 2018, the total withdrawal amount of the 2016 syndicated loan was CNY505,814 thousand (TWD2,262,000 thousand), which has been repaid on July 29, 2019, with the second withdrawal being initiated on the same day.

As of December 31, 2019, the total withdrawal amount of the 2019 syndicated loan of CNY693,751 thousand (TWD2,986,600 thousand) was mainly used for reimbursement and capital expenditures. For the years ended December 31, 2019 and 2018, the Group has not breach any of the financial covenants or clauses.

(k) Lease liabilities

The carrying amount of the Group's lease liabilities is as follows:

	December 31, 2019	
	CNY	TWD
Current	$ 8,725	37,555
Non-current financial assets	$ 68,719	295,834

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

The amounts recognized in profit or loss are as follows:

	December 31, 2019	
	CNY	TWD
Interest on lease liabilities	$ 1,610	7,200
Expenses relating to short-term leases	$ 2,249	5,906
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 305	1,155

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

	For the year ended December 31, 2019	
	CNY	TWD
Total cash outflow for leases	$ 15,593	64,092

i) Real estate leases

As of December 31, 2019, the Group leases land and buildings for its office space. The leases of office space typically run for a period of 3 to 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some machinery and equipment leases contain extension or cancellation options. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In cases where the leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

ii) Other leases

The Group also leases machinery and vehicles with contract terms of 3 to 5 years. Copying machines and other IT equipment have contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(l) Other payables

	December 31, 2019		December 31, 2018	
	CNY	TWD	CNY	TWD
Accrued expense and others	$ 74,329	319,987	73,572	329,014
Accrued salary and reward	55,316	238,136	43,071	192,613
Tax payable	14,401	61,997	13,896	62,144
	$ 144,046	620,120	130,539	583,771

Payables as mentioned above were expected to redeem within 1 year.

(m) Current refundable liabilities

i) Allowance for sales discount

	Allowance for sales discount	
	CNY	TWD
Balance at January 1, 2019	$ 16,248	72,661
Allowance made during the year	275,858	1,233,693
Allowance used during the year	(262,675)	(1,174,733)
Effect of changes in foreign exchange rate	674	(2,018)
Balance at December 31, 2019	$ 30,105	129,603

	Allowance for sales discount	
	CNY	TWD
Balance at January 1, 2018	$ 20,596	94,021
Allowance made during the year	209,508	955,379
Allowance used during the year	(214,158)	(976,583)
Effect of changes in foreign exchange rate	302	(156)
Balance at December 31, 2018	$ 16,248	72,661

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ii) Allowance for sales return

		Allowance for sales return	
		CNY	TWD
Balance at December 31, 2019	$	-	-

		Allowance for sales return	
		CNY	TWD
Balance at January 1, 2018	$	48,000	219,120
Allowance used during the year		(48,000)	(218,885)
Effect of changes in foreign exchange rate		-	(235)
Balance at December 31, 2018	$	-	-

(n) Employee benefit

The defined contribution plan recognized by the Group as employee benefit expense in the employee's labor service period is determined as follows:

		2019		2018	
		CNY	TWD	CNY	TWD
Pension expense	$	20,611	92,175	19,161	87,377

(o) Income tax expense

i) Income tax expense

The income tax expense for the years ended December 31, 2019 and 2018, were as follows:

		2019		2018	
		CNY	TWD	CNY	TWD
Current income tax expense					
Currently incurred	$	84,376	377,346	84,142	383,691
Adjustment to prior year's income tax charged to current income tax		(13,661)	(61,093)	3,843	17,527
		70,715	316,253	87,985	401,218
Deferred tax expense					
The origination and reversal of temporary differences unrecognized tax losses		8,454	37,805	2,251	10,267
Income tax expenses	$	79,169	354,058	90,236	411,485

The Group has no income tax recognized in other comprehensive income or equity for 2019 and 2018.

The Group' s reconciliations of tax expenses and profit before tax in 2019 and 2018 were as follows:

	2019		2018	
	CNY	TWD	CNY	TWD
Profit before tax	$ 347,413	1,553,701	270,209	1,232,183
Computing tax using the Group's domestic tax rate	$ 67,936	303,823	58,545	266,973
Effect of tax rate in foreign jurisdiction	22,579	100,976	23,200	105,793
Tax-exempt income	(18,622)	(83,280)	(22,214)	(101,296)
Prior years income tax adjustment	(13,661)	(61,093)	3,843	17,527
China's subsidiaries' projected surplus' withholding tax	4,652	20,805	17,600	80,258
Non-deductible expenses	4,431	19,814	570	2,600
Other temporary differences	7,601	33,994	7,189	32,774
Others	4,253	19,019	1,503	6,856
Total	$ 79,169	354,058	90,236	411,485

Ginko, Prosper Link, Gain Bless, and Master Harvest, have no tax liabilities in the years 2019 and 2018 since they were incorporated in income-tax free countries.

According to Hong Kong's corporate tax regulations, Haichang International is subject to a tax rate of 16.5% for domestically earned profits.

In accordance with the Income Tax Law of the People's Republic of China, the standard tax rate for Haichang Corporation, Horien Corporation, Shanghai Horien, and Shanghai Fushiyuan is 25%, in the case of no tax incentives.

A tax incentive is granted to Haichang Corporation for qualifying as a high-tech enterprise in China on November 28, 2018. The tax reduction is applicable for three years after the issuance date; therefore, the tax rate remains at 15%.

According to the Income Tax Law of the People's Republic of China, all foreign investors are subject to 10% withholding tax on their dividend income derived from their investment in local Chinese companies effective since January 2008.

However, some specific foreign investors would qualify for a reduced tax rate of 5% for dividend income according to Letter No.601 [2009] of the State Administration of Taxation on October 27, 2009. Since April 1, 2018, Letter No. 601[2009] has been replaced by Letter No.9 [2018] of the State Administration of Taxation.

In accordance with the Income Tax Act of the Republic of China, the corporate income tax rate for Yungsheng is 20%. Starting in 2019, however, Yungsheng will pay 5% surtax on its prior year' s unappropriated earnings, whereas it paid 10% surtax in previous years. The basic tax amount is calculated in accordance with the Income Basic Tax Act.

According to the Income Tax Act of Malaysia, Horien (Malaysia) is subject to a tax rate of 18%, given that the entity has a paid-up capital of less than MYR2,500 thousand and does not benefit from any other tax incentives.

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In accordance with the Income Tax Act of Japan, Yungsheng (Japan), that has a stated capital exceeding JPY100,000 thousand, conforms to a standard tax rate of 23.2%. On the other hand, Uni-Beauty, with a stated capital less than JPY100,000 thousand and a taxable income of less than JPY8,000 thousand, is subject to a tax rate of 15%. However, if its taxable income exceeds JPY8,000 thousand, a tax rate of 23% applies.

ii) Deferred tax assets and liabilities

The changes of deferred tax assets and liabilities in 2019 and 2018 were as follows:

Deferred tax assets:

	Allowance for doubtful account		Loss carryforward		Others		Total	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
January 1, 2019	$ 11,816	52,841	4,374	19,561	18,307	81,867	34,497	154,269
Recognized in profit (loss)	(2,875)	(12,854)	2,661	11,901	(3,586)	(16,033)	(3,800)	(16,986)
Effect of change in exchange rates	13	(1,437)	36	(1,018)	185	(1,671)	234	(4,126)
December 31, 2019	$ 8,954	38,550	7,071	30,444	14,906	64,163	30,931	133,157
January 1, 2018	$ 20,750	94,724	4,114	18,780	15,209	69,427	40,073	182,931
Recognized in profit (loss)	(8,934)	(40,740)	260	1,186	3,023	13,783	(5,651)	(25,771)
Effect of change in exchange rates	-	(1,143)	-	(405)	75	(1,343)	75	(2,891)
December 31, 2018	$ 11,816	52,841	4,374	19,561	18,307	81,867	34,497	154,269

Deferred tax liabilities:

	Tax of earnings distributed	
	CNY	TWD
January 1, 2019	$ -	-
Recognized in loss (profit)	(4,652)	(20,805)
Effect of change in exchange rates	-	778
December 31, 2019	$ (4,652)	(20,027)
January 1, 2018	$ 3,400	15,521
Recognized in loss (profit)	(3,400)	(15,504)
Effect of change in exchange rates	-	(17)
December 31, 2018	$ -	-

iii) Uncertainty over income tax treatments

Filed tax returns, which are not yet assessed by the tax authorities, create uncertainty over income tax treatments. Therefore, the Group has measured the impact of probable outcomes through relevant tax rulings and historical experiences, and thus, recorded sufficient tax liabilities.

iv) Assessment of tax

The Yungsheng Corporation's tax returns for the years through 2017 were assessed by the National Tax Administration.

(p) Capital and other equity interest

i) Share capital

As of December 31, 2019 and 2018, the total value of common shares issued by the Company for both years were TWD924,505 thousand (CNY191,908 thousand), with par value of TWD10 per share.

ii) Nature and purposes of capital surplus

i. Share premium

According to the Companies Law of the Cayman Islands, share premium can only be issued if the Group could redeem debts and maintain normal operations after dividend distribution.

ii. Paid-in capital

Paid-in capital on consolidated financial statements consists of paid-in capital from equity restructuring, share premium, and share options of convertible bonds.

iii) Cumulative translation adjustment

Cumulative translation adjustment is the difference arising from the different conversion rates used in the financial statements of each subsidiary.

iv) Appropriations of retained earnings from subsidiaries which is the actual operating entity

i. P.R.C statutory reserve

According to the regulations of the PRC and the Article of Incorporation of the subsidiaries

registered in China, the subsidiaries should allocate retained earnings to the statutory reserve fund approved by the board of directors. The statutory reserve fund may be used to offset a deficit (if any), or increase capital; however, the increased capital should not be less than 25% of registered capital. According to the laws and regulations of the PRC, each subsidiary which is 100% held by a parent company in the PRC has to allocate 10% of its net income to the general reserve fund before distributing dividends to shareholders until the balance of reserve fund reaches up to 50% of registered capital.

ii. R.O.C Legal reserve

According to the R.O.C. Company Act prior to the new amendment in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. The legal reserve can only be used to offset deficits and cannot be distributed as cash dividends. Up to one-half of legal reserve can be converted to share capital when the aggregate amount of the legal reserve exceeds 50% of its issued share capital.

According to the new amendment of the R.O.C Company Act, when the Company incurs no loss, it may, in pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of paid-in capital may be distributed.

v) Appropriation of earnings

The Company's article of incorporation stipulate that Company's annual net earnings, if any, should be distributed according to the distribution plan proposed by the Board of Directors, to submitted to the shareholders' meeting for approval, listed in the following order:

i. to settle the applicable amount of income tax;

ii. to offset prior years' deficit, if any;

iii. to appropriate 10% as legal reserve, unless the accumulated amount of the legal reserve already equals the total paid-up capital of the Company;

iv. to appropriate an amount to special reserve, pursuant to applicable laws and regulations;

v. then the remain earnings (i.e. after deducting items (i) to (iv) from net earnings, plus, previously unappropriated retained earnings) will be proposed for distribution by the Board of Directors during the shareholder's meeting for approval based on applicable regulations. The dividends distributed may not be less than 30% of the earnings after the abovementioned appropriations, items (i) to (iv), were made. Distribution shall be in the form of cash dividends and/or bonus shares, whereas the cash dividends shall not be less than 30% of total dividends.

Earnings distribution for 2018 and 2017 was decided by the resolution adopted, at the general meeting of shareholders held on June 18, 2019 and June 21, 2018, respectively. The relevant dividend distributions to shareholders were as follows

	2018		2017	
	Share distribution rate (in new Taiwan dollars)	**TWD**	**Share distribution rate (in new Taiwan dollars)**	**TWD**
Dividends attributable to ordinary shareholders:				
Cash	$ 5.00	462,252	6.80	628,663

(q) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended 2019 and 2018 are as follows:

Shares : thousand

		2019		2018	
		CNY	TWD	CNY	TWD
Basic EPS:					
Profit	$	268,224	1,199,556	182,809	833,380
Weighted-average number of ordinary shares		92,450	92,450	92,450	92,450
Basic EPS (in Chinese Yuan and New Taiwan Dollars)	$	2.90	12.98	1.98	9.01
Diluted EPS:					
Profit	$	268,224	1,199,556	182,809	833,380
Effect of potentially dilutive ordinary shares					
－Conversion of convertible bonds		-	-	-	-
Profit (diluted)	$	268,224	1,199,556	182,809	833,380
Weighted-average number of ordinary shares		92,450	92,450	92,450	92,450
Effect of potentially dilutive ordinary shares					
－Conversion of convertible bonds		-	-	-	-
－Employee stock bonuses		302	302	266	266
Weighted-average number of ordinary shares outstanding (diluted)		92,752	92,752	92,716	92,716
Diluted EPS (in Chinese Yuan and New Taiwan Dollars)	$	2.89	12.93	1.97	8.99

(r) Revenue from contract with customers

i) Details of revenue

		2019		2018	
		CNY	TWD	CNY	TWD
Primary geographical markets:					
Mainland China	$	1,278,282	5,716,733	1,148,351	5,236,597
Taiwan		334,769	1,497,154	311,312	1,419,614
North-east Asia		179,476	802,653	95,688	436,347
Europe		31,961	142,935	60,582	276,260
South-east Asia		4,405	19,700	3,286	14,984
Other countries		225	1,008	1,184	5,399
	$	1,829,118	8,180,183	1,620,403	7,389,201

(Continued)

	2019		2018	
	CNY	TWD	CNY	TWD
Major product:				
Contact lens	$ 1,534,743	6,863,679	1,276,373	5,820,389
Contact lens care solution	294,375	1,316,504	344,030	1,568,812
	$ 1,829,118	8,180,183	1,620,403	7,389,201

For details on revenue for the year ended December 31, 2018, please refer to note 6(s).

ii) Contract balance

	December 31, 2019		December 31, 2018		January 1, 2018	
	CNY	TWD	CNY	TWD	CNY	TWD
Notes and trade receivables	$1,002,713	1,048,836	961,310	4,298,978	1,128,571	5,151,929
Allowance for impairment	(49,442)	(68,330)	(63,634)	(284,572)	(84,964)	(387,861)
Total	$ 953,271	980,506	897,676	4,014,406	1,043,607	4,764,068

	December 31, 2019		December 31, 2018		January 1, 2018	
	CNY	TWD	CNY	CNY	CNY	TWD
Contract liabilities	$ 13,247	57,030	14,511	64,893	12,870	58,750

For details on notes receivable, trade receivables and allowance for impairment, please refer to note 6(c).

The contract liabilities primarily relate to the difference between the point at which the goods or services are delivered to the customer (performance obligation is fulfilled), but the payment has not been received.

(s) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute between 1.5% and 10% of the net profit before tax as employee compensation, and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The distribution of remuneration of each director and supervisor, and compensation for qualified employees, will have to be approved during the board meeting attended by two-thirds or more board directors.

For the years ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to TWD56,577 thousand (CNY12,651 thousand) and TWD44,063 thousand (CNY9,663 thousand) ; and directors' and supervisors' remuneration amounting to TWD9,699 thousand (CNY2,169 thousand) and TWD7,554 thousand (CNY1,657 thousand), respectively. The estimated amounts mentioned above are calculated based on the net profit before tax multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2019 and 2018. If there is a change in the estimated amounts after the annual consolidated financial statements are authorized for issuance, the differences are recorded as changes in accounting estimates and will be recorded as profit or loss in the following year' s consolidated financial statements.

For the year ended December 31, 2018, the actual distribution of employee compensation was TWD44,933 thousand (CNY9,842 thousand), and the actual distribution of directors' and supervisors' remuneration was TWD7,703 thousand (CNY1,655 thousand). The actual amounts paid for employee compensation and directors' and supervisors' remuneration were higher than the amounts stated in the consolidated financial statements, with the difference being TWD1,019 thousand (CNY177 thousand) in total, which will be regarded as a change in accounting estimate and recorded as profit or loss in the year 2019. For more details, please visit the Market Observation Post System website.

(t) Non-operating income and expenses

i) Other income

The details of other income for 2019 and 2018 were as follows:

		2019		2018	
		CNY	TWD	CNY	TWD
Interest income from bank deposits	$	14,370	64,266	13,938	63,557
Subsidy income from government		5,348	23,916	1,386	6,318
Others		6,100	27,283	4,509	20,563
	$	25,818	115,465	19,833	90,438

Subsidy income from the government is an unconditional subsidy given by Mainland China government for rewarding the Company's contribution to local economic development.

ii) Other gains or losses

The details of other gains and losses for 2019 and 2018 were as follows

		2019		2018	
		CNY	TWD	CNY	TWD
Foreign exchange gains or losses	$	22,521	100,716	(16,824)	(76,718)
Losses on disposal of property, plant, and equipment		(1,405)	(6,283)	(3,149)	(14,360)
Bank fees		(2,313)	(10,344)	(1,396)	(6,365)
Donation contributions		(257)	(1,149)	(1,013)	(4,620)
Others		(117)	(523)	(123)	(561)
	$	18,429	82,417	(22,505)	(102,624)

(Continued)

iii) Financial costs

The details of finance costs for 2019 and 2018 were as follows:

		2019		2018	
		CNY	TWD	CNY	TWD
Interest expenses of bank loans	$	59,425	265,762	44,474	202,807
Less: capitalized interest		(4,357)	(19,486)	(6,248)	(28,494)
Interest expenses of bonds payable		-	-	1,678	7,652
Other finance cost (notes (k))		1,610	7,200	-	-
	$	56,678	253,476	39,904	181,965

(u) Financial risk management and fair value

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers. As at reporting date, the Group's exposure to credit risk was mainly from its trade receivables and other receivables. The management established policies on mitigating its exposure to risk and continues to monitor emerging risks.

Credit evaluation is performed on customers with past-due accounts. The evaluation is based on the customer's current financial condition, historical payment records, customer relationship and other factors. Each customer has a different payment term, ranging from 90~300 days, depending on their assessed credit ratings. The Group should first collect payments for overdue accounts before giving these customers extra or extended credits, then additional approval will be required for unusual incidents. Please refer to note 6(c) for the disclosure of the Group' s maximum amount of credit risk exposure in its trade receivables and other receivables.

The Group's credit risk is mainly influenced by individual customers and not by the industry of the customer or its overall economic environment.

As of December 31, 2019 and 2018., the credit risk concentration of the Group's top five customers consisted less than 20% and 10%, respectively, of its trade receivables.

The Group is not exposed to credit risk due to any financial guarantees. The Group's restricted deposits, cash and cash equivalents, are secured in major banks in Taiwan and Mainland China, which are all deemed creditworthy, and thus, not exposed to material credit risk.

The highest credit risk for each financial asset was recognized at the net value after deducting the allowance for impairment.

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. When it is unable to do so, the Group will suffer a loss in profit or equity and even risking damage to the Group's reputation. The Group manages liquidity risk by periodically monitoring and maintaining its current and expected liquidity level, to ensure that it is able to settle short-term and long-term liabilities.

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

	December 31, 2019							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Unsecured loans	$ 465,298	2,003,106	474,641	2,043,329	474,641	2,043,329	-	-
Secured loans	942,602	4,057,902	960,658	4,135,632	960,658	4,135,632	-	-
Trade payables and other payables	282,669	1,216,897	282,669	1,216,897	282,669	1,216,897	-	-
Current contract liabilities	13,247	57,030	13,247	57,030	13,247	57,030	-	-
Long-term loans due within a year	17,422	75,000	18,746	80,701	18,746	80,701	-	-
Lease liabilities	77,444	333,389	108,263	466,073	10,297	44,329	97,966	421,744
Long-term loans	787,828	3,391,600	846,259	3,643,144	-	-	846,259	3,643,144
Total	$ 2,586,510	11,134,924	2,704,483	11,642,806	1,760,258	7,577,918	944,225	4,064,888

	December 31, 2018							
	Carrying amount		Nominal principal		Within 1 year		Long-term	
	CNY	TWD	CNY	TWD	CNY	TWD	CNY	TWD
Unsecured loans	$ 457,962	2,048,006	483,089	2,160,376	483,089	2,160,376	-	-
Secured loans	779,352	3,485,261	800,300	3,578,942	800,300	3,578,942	-	-
Trade payables and other payables	236,419	1,057,267	236,419	1,057,267	236,419	1,057,267	-	-
Current contract liabilities	14,511	64,893	14,511	64,893	14,511	64,893	-	-
Long-term loans due within a year	97,496	436,000	102,208	457,075	102,208	457,075	-	-
Long-term loans	564,848	2,526,000	587,827	2,628,762			587,827	2,628,762
Total	$ 2,150,588	9,617,427	2,224,354	9,947,315	1,636,527	7,318,553	587,827	2,628,762

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

iii) Interest rate risk

i. Interest rate table

	December 31, 2019		
	CNY	TWD	Average interest rate (%)
Fixed interest rate:			
Time deposits (booked as cash and cash equivalents)	$ 55,850	240,434	2.30
Other current financial assets	883,034	3,801,460	2.21
Other non-current financial assets	5,964	25,675	0.13
Bank loans	(1,424,518)	(6,132,545)	2.52
	$ (479,670)	(2,064,976)	
Variable interest rate:			
Cash and cash equivalents	$ 484,881	2,087,413	0.29
Bank loans	(788,632)	(3,395,063)	2.04
	$ (303,751)	(1,307,650)	

	December 31, 2018		
	CNY	TWD	Average interest rate (%)
Fixed interest rate:			
Time deposits (booked as other current assets)	$ 115,503	516,528	1.52
Restricted deposits (booked as other current assets)	517,946	2,316,255	1.98
Bank loans	(1,393,843)	(6,233,267)	3.09
	$ (760,394)	(3,400,484)	
Variable interest rate:			
Cash and cash equivalents	$ 482,044	2,155,701	0.31
Bank loans	(505,815)	(2,262,000)	1.89
	$ (23,771)	(106,299)	

ii. Sensitivity Analysis

The Group's exposure to interest rate risk arises from change in market interest rates that would affect the fair value of financial instruments and future cash flows. The sensitivity analysis is based on the assumption that the amount of loans and liabilities with variable interest rates at the reporting date was outstanding throughout the year and equity is not affected by floating interest rates. If the interest rate had increased or decreased by 100 basis points, the Group's net income would have increased or decreased by CNY700 thousand (TWD3,012 thousand) and CNY79 thousand (TWD355 thousand) for the years ended December 31, 2019 and 2018, with all other variable factors remaining constant.

To manage its risk exposure on the fair value fluctuations of the financial instruments, the assumption stated above is used as the basis for evaluation on the reporting date.

iv) Foreign exchange risk

Financial assets and liabilities that are exposed to foreign exchange risk are as follows:

	Amounts	Rate	CNY	TWD
December 31, 2019				
Financial assets				
USD	$ 20,299	6.9640	141,362	608,564
JPY	941,991	0.0641	60,382	259,943
MYR	2,198	1.6337	3,591	15,459
HKD	18,010	0.8941	16,103	69,322
Financial liabilities				
USD	143,005	6.9640	995,887	4,287,293
MYR	7,628	1.6337	12,462	53,648
JPY	4,171	0.0641	267	1,151
HKD	4,173	0.8941	3,731	16,062

	Amounts	Rate	CNY	TWD
December 31, 2018				
Financial assets				
USD	$ 21,489	6.8683	147,593	660,036
JPY	1,074,979	0.0622	66,864	299,016
MYR	1,546	1.5903	2,459	10,997
HKD	8,870	0.8768	7,777	34,779
GBP	1,331	8.6941	11,572	51,750
Financial liabilities				
USD	113,159	6.8683	777,211	3,475,687
MYR	8,342	1.5903	13,266	59,327
JPY	419,618	0.0622	26,100	116,740

(Continued)

If the foreign currencies were to change on the reporting date, the effect on net income and retained earnings would have been as follows:

	Increase(decrease) in net income and retained earnings				
		December 31, 2019		December 31, 2018	
		CNY	TWD	CNY	TWD
USD					
—CNY appreciation 5%	$	34,181	147,149	25,185	112,627
—CNY depreciation 5%		(34,181)	(147,149)	(25,185)	(112,627)
JPY					
—CNY appreciation 5%		(2,405)	(10,352)	(1,631)	(7,293)
—CNY depreciation 5%		2,405	10,352	1,631	7,293
Other					
—CNY appreciation 5%		289	1,245	121	542
—CNY depreciation 5%		(289)	(1,245)	(121)	(542)

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, restricted deposits, bank loans, trade and other receivables, and trade and other payables that are denominated in foreign currency.

A strengthening or weakening of 5% of the CNY and TWD against the USD, JPY or other currencies as of December 31, 2019 and 2018 would have increased or decreased the net income by CNY31,487 thousand (TWD135,552 thousand) and CNY23,675 thousand (TWD105,876 thousand), respectively. The analysis assumes that all other variables remain constant and ignores any impact arising from the different conversion rates used in the financial statements of each subsidiary.

v) Fair value information

i. Categories and fair value of financial instruments.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required

Currency: CNY

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial Assets at amortized cost:					
Cash and cash equivalents	$ 545,753	-	-	-	-
Trade receivables, notes receivable and long-term receivables (including related parties)	953,271	-	-	-	-
Other receivables (including related parties)	16,246	-	-	-	-
Other financial assets	888,998	-	-	-	-
Total	$ 2,404,268	-	-	-	-

(Continued)

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Short-term loans	$ 1,407,900	-	-	-	-
Current contract liabilities	13,247	-	-	-	-
Trade payables, notes payable, and other payables (including-related parties)	282,669	-	-	-	-
Long-term loans due within a year	17,422	-	-	-	-
Lease liabilities	77,444	-	-	-	-
Long-term loans	787,828	-	-	-	-
Total	$ 2,586,510	-	-	-	-

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables:					
Cash and cash equivalents	$ 609,550	-	-	-	-
Trade receivables, notes receivable and long-term receivables (including related parties)	897,676	-	-	-	-
Other receivables (including-related parties)	20,613	-	-	-	-
Other financial assets	517,946	-	-	-	-
Total	$ 2,045,785	-	-	-	-
Financial liabilities at amortized cost:					
Short-term loans	1,237,314	-	-	-	-
Current contract liabilities	14,511	-	-	-	-
Trade payables, notes payable, and other payables (including-related parties)	236,419	-	-	-	-
Long-term loans due within a year	97,496	-	-	-	-
Long-term loans	564,848	-	-	-	-
Total	$ 2,150,588	-	-	-	-

Currency: TWD

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial Assets at amortized cost:					
Cash and cash equivalents	$ 2,349,467	-	-	-	-
Trade receivables, notes receivable and long-term receivables (including related parties)	4,103,834	-	-	-	-
Other receivables (including-related parties)	69,940	-	-	-	-
Other financial assets	3,827,135	-	-	-	-
Total	$ 10,350,376	-	-	-	-

(Continued)

	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Short-term loans	$ 6,061,008	-	-	-	-
Current contract liabilities	57,030	-	-	-	-
Trade payables, notes payable, and other payables (including-related parties)	1,216,897	-	-	-	-
Long-term loans due within a year	75,000	-	-	-	-
Lease liabilities	333,389	-	-	-	-
Long-term loans	3,391,600	-	-	-	-
Total	$ 11,134,924	-	-	-	-

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables:					
Cash and cash equivalents	$ 2,725,908	-	-	-	-
Trade receivables, notes receivable and long-term receivables (including related parties)	4,014,406	-	-	-	-
Other receivables (including-related parties)	92,182	-	-	-	-
Other financial assets	2,316,255	-	-	-	-
Total	$ 9,148,751	-	-	-	-
Financial liabilities at amortized cost:					
Short-term loans	5,533,267	-	-	-	-
Current contract liabilities	64,893	-	-	-	-
Trade payables, notes payable, and other payables (including-related parties)	1,057,267	-	-	-	-
Long- term loans due within a year	436,000	-	-	-	-
Long-term loans	2,526,000	-	-	-	-
Total	$ 9,617,427	-	-	-	-

ii Fair value hierarchy

The table above shows the financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

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

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

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

vi) Capital management

The purpose of capital management for the Group is to sustain future development of business and to maintain investors creditor and market confidence.

The Group monitors and manages the capital structure periodically in order to strike a balance between investing high-rewards with heavy loans and maintaining stable and safe capital. It adjusts the capital structure based on economic environment.

In order to comply with operating activities, the Group takes liabilities to capital ratio as means of monitoring capital structure. The Group defines liabilities that total liabilities minus cash and cash equivalent, restricted deposits and time deposits. The Group's strategy is to keep liabilities to capital ratio within 100%.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	December 31, 2019		December 31, 2018	
	CNY	TWD	CNY	TWD
Total liabilities	$ 2,672,645	11,505,737	2,189,269	9,790,409
Less: Restricted deposits	(888,998)	(3,827,135)	(517,946)	(2,316,255)
Cash and cash equivalents	(545,753)	(2,349,467)	(609,550)	(2,725,908)
Net liabilities	$ 1,237,894	5,329,135	1,061,773	4,748,246
Equity	$ 2,494,453	10,738,620	2,322,481	10,386,135
Debt to adjusted capital ratio	50 %	50 %	46 %	46 %

The Group has not change nor been requested to change the policies of capital management in 2019 and 2018.

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

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

i) For conversion of operating leases to right-of-use assets, please refer to notes 6(g).

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

Currency: CNY

			Non-cash changes			
	January 1, 2018	Cash flow	Reclassify	Exchange rate movement	Fair value changes	December 31, 2019
Short-term borrowings	$ 1,237,314	148,843	-	-	21,743	1,407,900
Long-term borrowings (including due within a year)	662,344	112,830	-	-	30,076	805,250
Lease liabilities	86,557	(13,039)	(1,771)	1,610	4,087	77,444
Total liabilities from financing activities	$ 1,986,215	248,634	(1,771)	1,610	55,906	2,290,594

(Continued)

Currency: NTD

	January 1, 2018	Cash flow	Non-cash changes Reclassify	Exchange rate movement	Fair value changes	December 31, 2019
Short-term borrowings	$ 5,533,267	665,656	-	-	(137,915)	6,061,008
Long-term borrowings (including due within a year)	2,962,000	504,600	-	-	-	3,466,600
Lease liabilities	387,083	(57,031)	(7,919)	7,200	4,056	333,389
Total liabilities from financing activities	$ 8,882,350	1,113,225	(7,919)	7,200	(133,859)	9,860,997

(7) **Related party transactions**

(a) The ultimate parent company

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

Names of the related parties	Relationships between its parent company
FORMOSA Optical Technology Co., Ltd.(FORMOSA)	Has significant influence on the Group
Pao Lien Optical Co., Ltd. (Pao Lien)	Other related parties
Kobayashi Optical Co., Ltd. (Kobayashi)	Other related parties
GRACE WAY ENTERPRISE Co., Ltd. (GRACE WAY)	Other related parties
Jiangsu East Optics Co., Ltd. (Jiangsu East)	Other related parties
Shanghai Jusheng Optics Co., Ltd. (Jusheng)	Other related parties
Sunder Biomedical Tech Co., Ltd. (Sunder)	Other related parties
JIANGSU SUNDEX BIO-TECH Co., Ltd. (SUNDEX)	Other related parties
Lian Chan Precision Co., Ltd. (Lian Chan)	Other related parties
Bsmo Co., Ltd. (Bsmo)	Other related parties

(c) Significant transactions with related parties

i) Revenue

The amounts of significant selling transactions between the Group and related parties were as follows:

	2019		2018	
	CNY	TWD	CNY	TWD
Other related parties - Pao Lien	$ 146,327	654,402	130,469	594,952
Other related parties - Kobayashi	28,537	127,624	21,544	98,241
	$ 174,864	782,026	152,013	693,193

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties. The price is determined by the regional economic environment and the market competition.

ii) Purchases from related parties

	2019		2018	
	CNY	TWD	CNY	TWD
Other related parties-Lian Chan	$ 8,176	36,563	5,442	24,817
Other related parties-SUNDEX	28,533	127,605	-	-
	$ 36,709	164,168	5,442	24,817

There is no significant difference in terms and conditions of the transactions to associates between those provided to third parties.

iii) Lease from related parties

i. Rental expense

	2019		2018	
	CNY	TWD	CNY	TWD
Entity with significant influence over the Group-FORMOSA	$ 1,150	5,143	1,150	5,143
Other related parties-GRACE WAY	5,890	26,341	5,953	27,146
Other related parties-Bsmo	417	1,866	-	-
	$ 7,457	33,350	7,103	32,289

After the application of IFRS 16 beginning January 1, 2019, the Group recognized its lease transactions, each amounting to CNY20,683 thousand (TWD94,730 thousand), as right-of-use assets and lease liabilities. For the year ended December 31, 2019, the Group recognized an amount of CNY555 thousand (TWD2,482 thousand) as interest expense. As of December 31, 2019, the balance of lease liabilities amounted to CNY14,793 thousand (TWD64,366 thousand).

(Continued)

Lease deposits and refundable deposits for the lease contracts or amendments to the lease contract are listed in other receivables from related parties; please see below for further details.

ii. Refundable deposits

	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Entity with significant influence over the Group-FORMOSA	$ 163	700	157	700

iv) Receivables from related parties

The receivables from related parties of the Group were as follows:

Account	Classification of related parties	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Trade receivables from related parties	Other related parties-Pao Lien	$ 33,607	144,677	21,684	96,969
	Other related parties-Kobayashi	5,783	24,897	5,027	22,482
	Other related parties-SUNDEX	-	-	296	1,326
		$ 39,390	169,574	27,007	120,777

Account	Classification of related parties	December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Other receivables from related parties	Entity with significant influence over the Group-FORMOSA	$ 163	700	157	700
	Other related parties-GRACE WAY	-	-	1,071	4,791
	Other related parties-SUNDEX	-	-	931	4,162
	Other related parties-Sunder	22	99	29	130
		$ 185	799	2,188	9,783

The other receivables- related parties mainly comprise lease deposits, property management fees, advertising and event expense, and income derived from delivery on behalf of the Group.

(Continued)

v) Payables to related parties

The payables to related parties of the Group were as follows:

Account	Classification of related parties		December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Trade payables	Other related parties-Lian Chan	$	3,336	14,356	2,572	11,502
	Other related parties-SUNDEX		11,616	50,014	4,513	20,580
		$	14,952	64,370	7,085	31,684

Account	Classification of related parties		December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Other payables to related parties	Other related parties	$	5,858	25,223	3,572	15,973
		$	5,858	25,223	3,572	15,973

The other payables to related parties mainly comprise advertising and sponsorship fees, and trading fees between related parties.

(d) Compensation of key management personnel

The compensation to the key management personnel was as follows:

		2019 CNY	2019 TWD	2018 CNY	2018 TWD
Short-term employee benefits	$	9,870	44,142	9,227	42,075

(8) Pledged assets

The carrying values of pledged assets were as follows:

Name of pledged assets	Subject of pledged assets		December 31, 2019 CNY	December 31, 2019 TWD	December 31, 2018 CNY	December 31, 2018 TWD
Other financial asset:						
Certificate deposits	Short-term loan	$	742,098	3,194,732	299,304	1,338,487
Property, plant, and equipment:						
Building	Long-term and Short-term loans		454,501	1,956,627	151,750	678,626
Machinery	Short-term loans		127,950	550,825	1,197	5,353
Other non-current asset:						
Right-of-use assets	Short-term loans		16,429	70,725	16,823	75,232
Certificate deposits	Long-term loans		5,511	23,725	4,656	20,822
Certificate deposits	Public utility guarantee		453	1,950	436	1,950
		$	1,346,942	5,798,584	474,166	2,120,470

(Continued)

(9) Commitments and contingencies

(a) Capital expenditure:

i) Unrecognized contractual commitments are as follows:

	December 31, 2019		December 31, 2018	
	CNY	TWD	CNY	TWD
Signed contracts	$ 99,758	446,138	201,810	920,274

(b) Commitment of operating lease:

i) The non-cancellable future lease payments under the operating leases in December 31, 2019 and 2018, were as follows：

	December 31, 2018	
	CNY	TWD
Less than 1 year	$ 4,905	22,367
Between 1 and 5 years	12,160	55,451
More than 5 years	13,633	62,168
	$ 30,698	139,986

ii) Expenses recognized in profit or loss in respect of operating leases were as follows:

2018	
CNY	TWD
$ 11,686	53,289

(10) Losses due to major disasters: None.

(11) Subsequent events

The emergence and spread of the Coronavirus in early 2020 have caused economic uncertainties for the Group's subsidiaries located in Mainland China. In response to the outbreak, which is affecting the Group's operations, the Group has increased its production and inventory in other regions. Since the impact of the virus is still unmeasurable and cannot be reasonably estimated, the Group will continue to monitor the situation and make further assessments.

(12) Others

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function, were as follows:

Currency : CNY thousand

Function / Account	2019 Operating Costs	2019 Operating Expenses	2019 Total	2018 Operating Costs	2018 Operating Expenses	2018 Total
Employee benefit						
Salary	220,213	93,188	313,401	182,151	79,801	261,952
Health and labor insurance	20,837	7,175	28,012	16,881	6,010	22,891
Pension	13,651	6,960	20,611	11,997	7,164	19,161
Remuneration of directors	-	1,439	1,439	-	1,357	1,357
Others	28,020	10,374	38,394	24,491	9,868	34,359
Depreciation	142,757	34,012	176,769	114,113	16,652	130,765
Amortization	-	1,956	1,956	-	2,051	2,051

Currency : TWD thousand

Function / Account	2019 Operating Costs	2019 Operating Expenses	2019 Total	2018 Operating Costs	2018 Operating Expenses	2018 Total
Employee benefit						
Salary	984,837	416,755	1,401,592	830,627	363,901	1,194,528
Health and labor insurance	93,187	32,088	125,275	76,979	27,406	104,385
Pension	61,050	31,125	92,175	54,708	32,669	87,377
Remuneration of directors	-	6,435	6,435	-	6,190	6,190
Others	125,311	46,395	171,706	111,681	44,999	156,680
Depreciation	638,438	152,112	790,550	520,367	75,925	596,292
Amortization	-	8,748	8,748	-	9,351	9,351

(13) Other disclosures

(a) Related information of material transaction

According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group should disclose related information of material transaction on December 31, 2019 was as follows:

Ginko International Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

i) Loans to other parties：

Unit: TWD thousand

Number	Company	Loan objects	Accounts	Related party	The highest balance this period	Ending balance (Note 4)	Actual used balance this period	Interest rate period	Property (Note 3)	Transaction amounts	Necessary reason for short-term finance	Allowance for doubtful accounts	Pledged name	Pledged value	The limit of each loan object (Note 1)	The limit of total loan objects (Note 2)
0	Ginko International Ltd.	Horien Optic (Malaysia) Sdn Bhd.	Other receivable from related parties	Y	42,871	42,871	-	1.035 %	2	-	Operation turnover	-		-	4,302,104	4,302,104
0	Ginko International Ltd.	Yung Sheng Optical Co., Ltd.	Other receivable from related parties	Y	49,700 (CNY1,658)	-	-	1.035 %	2	-	Operation turnover	-		-	4,302,104	4,302,104
0	Ginko International Ltd.	Proper Link International Ltd.	Other receivable from related parties	Y	202,335 (CNY47,000)	202,335 (JPY47,000)	154,378 (JPY35,860)	1.500 %	2	-	Operation turnover	-		-	4,302,104	4,302,104
1	Haichang Contact Lens Co., Ltd.	Proper Link International Ltd.	Other receivable from related parties	Y	516,600 (JPY120,000)	-	-	1.500 %	2	-	Operation turnover	-		-	3,709,232	3,709,232
3	Yung Sheng Optical Co., Ltd.	Ginko International Co., Ltd.	Other receivable from related parties	Y	200,000	-	-	1.035 %	2	-	Operation turnover	-		-	1,410,308	1,410,308
5	Master Harvest Global Ltd.	Uni-Beauty Co., Ltd.	Other receivable from related parties	Y	30,360 (USD110,000)	-	-	- %	2	-	Operation turnover	-		-	77,714	77,714
5	Master Harvest Global Ltd.	Yung sheng Optical Japan Co., Ltd.	Other receivable from related parties	Y	61,631 (USD223,301)	61,631 (USD223,301)	54,869 (USD198,800)	1.800 %	2	-	Operation turnover	-		-	77,714	77,714
6	Haichang International Ltd.	Proper Link International Ltd.	Other receivable from related parties	Y	2,906	-	-	1.500 %	2	-	Operation turnover	-		-	5,501,622	5,501,622

Note 1：According to the loan operating procedure, if the counterparty is a 100% owned overseas subsidiary, directly or indirectly, by the Group, the loan is not limited to 40% of the net equity of the Group.

Note 2：The total loan limit to all parties of the Group should not be over 40% of total equity.

Note 3：Nature of financial activities is as follows:
According to the table 5-1 of Regulations Governing the Preparation of Financial Reports by Securities Issuers and rule of Market Observation Post System, 1 means that it is necessary to transaction "2"means that it is necessary to loan to other parties.

Note 4：The transactions within the Group are eliminated in the consolidated financial statements.

(Continued)

ii) Guarantees and endorsements for other parties：

Unit: TWD thousand

Number	Guarantee company	Guaranteed objects		The limit of endorsement to single company (Note 1)	The highest balance of endorsement this period	Balance of endorsement at the end	Actual used amounts	Amounts of endorsement with pledged assets	Accumulated guarantee deposit of endorsement to net value of recent financial statement ratio	The highest amount of endorsement (Note 2)	Parent-to-subsidiary endorsement	Subsidiary－to-parent endorsement	Endorsement to China area
		Company	Relation (Note 3)										
0	Ginko International Co., Ltd.	Yung Sheng Optical Co., Ltd	2	10,755,259	5,400,000	4,400,000	3,430,000	-	40.91 %	10,755,259	Y	N	N
0	Ginko International Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	10,755,259	1,199,200 (USD40,000)	899,400 (USD30,000)	380,981 (USD12,708)	-	8.36 %	10,755,259	Y	N	Y
1	Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co., Ltd.	3	9,273,080	247,150 (CNY40,000 USD25,000)	-	-	-	- %	9,273,080	Y	N	Y
1	Haichang Contact Lens Co., Ltd.	Ginko International Co., Ltd.	4	9,273,080	2,698,200 (CNY90,000)	2,698,200 (CNY90,000)	2,530,912 (CNY84,420)	-	29.10 %	9,273,080	N	Y	N
2	Jiangsu Horien Contact Lens Co., Ltd.	Yung Sheng Optical Co., Ltd	4	4,193,277	405,000	405,000	400,000	-	9.66 %	4,193,277	N	N	N
2	Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	4	4,193,277	1,033,200 (CNY240,000)	645,750 (CNY150,000)	387,450 (CNY90,000)	-	15.40 %	4,193,277	N	Y	Y

Note 1：According to the guarantee operating procedure, the total guarantee provided to outside parties is limited to 50% of the net equity of the Group. The guarantee provided to a single entity is limited to 20% of the net equity. However, if the counterparty is a 100% owned subsidiary, directly or indirectly, by the Group, the guarantee provided is limited to 50% of the net equity of the Group.
Note 2：The aggregate amount of guarantee is limited to fifty-percent of the Group's total equity.
Note 3：Relationship between the guarantor and the guaranteed party:
"1" The companies with which it has business relations.
"2" Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
"3" The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
"4" The parent company which holds, directly or indirectly through a subsidiary, more than 90% of its outstanding common shares.
"5" Companies in the same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
"6" Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
"7" Companies in the same type of business associated with the Customer Protection Act for presale housing deposit guarantee.

Note 4：According to the guarantee operating procedure, the Group and subsidiaries' guarantee of aggregate amount is limited to one-percent of the Group's total equity.

iii) Condition of holding securities in ending period(excluded investment in subsidiary, investment in associates and part of joint control): None.

iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(Continued)

vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock：

Unit: TWD thousand

			Condition of transaction				The reason and condition of difference between condition and normal transaction		Trade and Notes receivables (payables)		
Company	Transaction object	Relationship	(Merchandise (sell)	Amounts	Total merchandise (sell) ratio%	Credit period	Price per unit	Credit period	Balance (Note 2)	Total notes and trade receivable (payable) ratio %	Note
Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co.,Ltd	Subsidiary	(sell)	1,139,020	13.92 %	300 days	-	Note 1	1,567,631	38.20	
Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	(sell)	1,097,111	13.41 %	300 days	-	Note 1	1,949,025	47.49	
Yung Sheng Optical Co.,Ltd.	Yung sheng Optical Japan Co., Ltd.	Subsidiary	(sell)	553,456	6.77 %	45 days	-	Note 1	474,061	11.55	
Yung Sheng Optical Co.,Ltd.	Pao Lien Optical Co., Ltd.	Affiliated company	(sell)	654,402	8.00 %	40 days	-		144,677	3.53	
Yung Sheng Optical Co.,Ltd.	Kobayashi Optical Co.,Ltd.	Affiliated company	(sell)	127,624	1.56 %	40 days	-		24,897	0.61	
Yung Sheng Optical Co.,Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	(sell)	363,691	4.45 %	60 days	-	Note 1	121,094	2.95	
Yung Sheng Optical Co.,Ltd.	Shanghai Fushiyuan Contact Lens	Subsidiary	(sell)	240,428	2.94 %	40 days	-	Note 1	108,153	2.64	

Note 1：The payment is adjusted according to capital management.
Note 2：The transactions within the Group, excluding related parties, are eliminated in the consolidated financial statements.

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

Unit: TWD thousand

Company	Transaction objects	Relationship	Balance of trade receivables from related parties (Note 3)	Turnover rate	Overdue trade receivables from related parties		Recover of trade receivables from related parties after the period	Recognize allowance for doubtful accounts
					Amounts	Way of handle		
Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co.,Ltd	Subsidiary	1,567,631 (CNY350,258)	0.69	419,987 (CNY97,558)	Note 1	137,760 (CNY32,000)	Note 2
Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	1,949,025 (CNY435,809)	0.51	918,907 (CNY213,451)	Note 1	268,632 (CNY62,400)	Note 2
Yung Sheng Optical Co.,Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	Subsidiary	108,153 (CNY25,123)	2.00	- (CNY-)	Note 1	27,952 (CNY6,493)	Note 2
Yung Sheng Optical Co.,Ltd.	Yung sheng Optical Japan Co., Ltd.	Subsidiary	474,061 (CNY1,717,612)	1.92	- (CNY-)	Note 1	65,790 (CNY238,370)	Note 2
Yung Sheng Optical Co.,Ltd.	Haichang Contact Lens Co., Ltd.	Subsidiary	121,094 (CNY28,129)	6.00	- (CNY-)	Note 1	31,482 (CNY7,313)	Note 2
Yung Sheng Optical Co.,Ltd.	Pao Lien Optical Co., Ltd	related party	144,677	5.42	-		112,948	

Note 1：The payment is adjusted according to capital management.
Note 2：No impairment loss is recognized.
Note 3：The transactions within the Group are eliminated in the consolidated financial statements.

ix) Trading in derivative instruments: None.

(Continued)

x) The condition of business relationship and of material transaction between parent and subsidiaries:

Unit: TWD thousand

Number	Name	Objects	Relationship with trader (Note 2)	Condition of transaction in 2019			
				Accounts	Amounts	Transaction condition	To total revenue or to total assets ratio
1	Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co.,Ltd	3	Sales	1,139,020	Note 2	13.92 %
1	Haichang Contact Lens Co., Ltd.	Shanghai Horien Contact Lens Optical Co.,Ltd	3	Trade receivables	1,567,631	Note 2	7.05 %
2	Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Sales	1,097,111	Note 1	13.41 %
2	Jiangsu Horien Contact Lens Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Trade receivables	1,949,025	Note 1	8.76 %
3	Yung Sheng Optical Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Sales	363,691	Note 1	4.45 %
3	Yung Sheng Optical Co., Ltd.	Haichang Contact Lens Co., Ltd.	3	Trade receivables	121,094	Note 1	0.54 %
3	Yung Sheng Optical Co., Ltd.	Jiangsu Horien Contact Lens Co., Ltd.	3	Sales	80,448	Note 1	0.98 %
3	Yung Sheng Optical Co., Ltd.	Jiangsu Horien Contact Lens Co., Ltd.	3	Trade receivables	-	Note 1	- %
3	Yung Sheng Optical Co.,Ltd.	Haichang International Ltd.	3	Sales	4,409	Note 1	0.05 %
3	Yung Sheng Optical Co., Ltd.	Haichang International Ltd.	3	Trade receivables	30,445	Note 1	0.14 %
3	Yung Sheng Optical Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	3	Sales	240,428	Note 2	2.94 %
3	Yung Sheng Optical Co., Ltd.	Shanghai Fushiyuan Contact Lens Co., Ltd.	3	Trade receivables	108,153	Note 2	0.49 %
3	Yung Sheng Optical Co., Ltd.	Yung sheng Optical Japan Co., Ltd.	1	Sales	553,456	Note 2	6.77 %
3	Yung Sheng Optical Co., Ltd.	Yung sheng Optical Japan Co., Ltd.	1	Trade receivables	474,061	Note 2	2.13 %
3	Yung Sheng Optical Co., Ltd.	Horien Optic (Malaysia) Sdn. Bhd.	3	Sales	10,513	Note 2	0.13 %
3	Yung Sheng Optical Co., Ltd.	Horien Optic (Malaysia) Sdn. Bhd.	3	Trade receivables	59,315	Note 2	0.27 %
1	Yungsheng Japan	Uni-Beauty	3	Sales	2,469	Note 2	0.03 %
1	Yungsheng Japan	Uni-Beauty	3	Trade receivables	127	Note 2	- %
3	Yung Sheng Optical Co., Ltd.	Ginko International Co., Ltd.	2	Other receivables	6,885	Note 1	0.03 %
3	Ginko International Co., Ltd.	Prosper Link Interenational Ltd.	1	Other receivables	154,378	Note 1	0.69 %
5	Master Harvest Global Ltd.	Yung sheng Optical Japan Co., Ltd.	1	Other receivables	54,869	Note 1	0.25 %

Note 1 : The Group does not have similar transactions with normal customers, and therefore there is no comparable information. The transactions within the Group are eliminated in the consolidated financial statements.
Note 2 : The selling price and trading terms between subsidiaries are based on the market competition and economic environment in which each entity operates. The selling price and trading terms are not significantly different from those with third parties and are all eliminated in the consolidated financial statements.
Note 3 : The number represents the following:

1.Parent to subsidiary
2. Subsidiary to parent
3. Subsidiary to subsidiary

Ginko International Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

(b) Related information on reinvestment：

The Group's information on investees (excluding investees in Mainland China) for the year ended December 31, 2019 was as follows:

Unit: TWD thousand/thousand shares

Investor	Investee	Location	Main operation	Original investment amounts		Holding in ending period			Investee's net income or losses	Recognized investment gain or losses	Note
				Ending this year	Ending last year	shares	rate	carrying amount			
Ginko International Co., Ltd.	Prosper Link International Ltd.	British Virgin Islands	Investment control	83,328 (USD2,760)	44,275 (USD1,480)	5,560	100.00 %	13,544,520	764,868	764,868	
〃	Yung Sheng Optical Co., Ltd.	Taiwan	Merchandise and sale of contact lenses and lens care solution	1,600,000	1,600,000	160,000	100.00 %	3,525,771	382,555	390,993	
Prosper Link International Ltd.	Haichang International Ltd.	Hong Kong	Investment control. Sale of contact lenses and lens care solution	80,883 (HKD21,000)	38,080 (HKD11,000)	2,100	100.00 %	13,754,056	759,998	759,998	
Haichang Contact Lens Co., Ltd.	Gain Bless Management Ltd.	British Virgin Islands	Investment control	37,449 (USD1,150)	37,449 (USD1,150)	1,150	100.00 %	16,014	(998)	(998)	
Gain Bless Management Ltd.	Horien Optic (Malaysia) Sdn. Bhd.	Malaysia	Sale of contact lenses and lens care solution	32,053 (USD971)	32,053 (USD971)	1,750	70.00 %	10,910	(955)	(955)	
Yung Sheng Optical Co., Ltd.	Master Harvest Global Ltd.	Anguilla	Investment control	309,027 (USD10,000)	154,607 (USD5,000)	10,000	100.00 %	194,285	(28,606)	(28,606)	
Master Harvest Global Ltd.	Yung sheng Optical Japan Co., Ltd.	Japan	Sale of contact lenses and lens care solution	20,192 (JPY63,700)	20,192 (JPY63,700)	6,300	70.00 %	(34,579)	838	587	
Master Harvest Global Ltd.	Uni-Beauty Co., Ltd.	Janpan	Sale of contact lenses and care lens solution	78,910 (JPY290,000)	23,472 (JPY90,000)	29,000	100.00 %	33,518	(27,673)	(27,673)	

(c) Information on investment in Mainland China：

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

Unit:TWD thousand

Investee in China	Main operation items	Capital	Investment way	Beginning accumulated invest-remitting amount from Taiwan this period	Remittance or withdraw investment during the period		Ending accumulated invest-remitting amount from Taiwan this period	Investee's net income	The Company's holding ratio of direct or indirect investment	Recognized gain or losses	Ending carrying amount	Investment gain remitted back as of the end
					Remittance	Withdraw						
Haichang Contact Lens Co., Ltd	Merchandise and sale of contact lenses and lens care solution	1,688,079 (USD56,319)	(Note 1)	111,152	-	-	111,152	504,210	100.00 %	504,210	9,273,080	1,457,901
Jiangsu Horien Contact Lens Co., Ltd.	Research and manufacture of contact lenses and lens care solution	72,090 (CNY15,000)	(Note 1) (Note 2)	9,610	-	-	9,610	400,607	100.00 %	400,607	4,193,277	-
Shanghai Horien Contact Lens Optical Co., Ltd	Merchandise and sale of contact lenses and lens care solution	380,020 (CNY75,000)	(Note 2)	-	-	-	-	(55,960)	100.00 %	(55,960)	380,643	-
Shanghai Fushiyuan Contact Lens Co., Ltd.	Merchandise and sale of contact lenses and care solution	113,620 (CNY25,000)	(Note 2)	-	-	-	-	70,354	100.00 %	70,354	308,362	-

Note 1：Remittance from Ginko International Co., Ltd. through Prosper Link International Ltd. and Haichang International Ltd..
Note 2：Remittance from Haichang Contact Lens Co., Ltd. with its own equity.
Note 3：Investment incomes or losses were recognized under equity method and based on the financial report audited by international accounting firms cooperating with ROC accounting firms.

ii) Limitation on investment in Mainland China：

Unit: TWD thousand

Ending accumulated amounts of China investment from Taiwan this period	Investment amounts approved by Investment Commission, MOEA	China investment limit according to Investment Commission, MOEA
120,762	120,762	Note 1

Note 1：Primary listing by a foreign issuer on the TPEx in Taiwan is not subject to the limitation of directly or indirectly investing in Mainland China and is not subject to the accumulated investment amount authorized by the Investment Commission, MOEA.

iii) Please refer to Note 13(a) x for material transaction between subsidiary in China.

(14) Segment Information

General information

The Group only has one reportable segment, which is its operating segment. This segment is mainly involved in developing, manufacturing and distributing contact lenses and contact lens care solutions. The operating segment accounting policies are the same to those described in note 4 "significant accounting policies". The profit and loss of the operating segment is measured by pre-tax operating profit and loss, and it has been used as the basis for assessing performance. The Group's segments for revenue, profit and loss, and total asset information are the same as the consolidated financial report. For relevant information, please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

(15) Total difference illustration between IFRS and the IFRS approved by Financial Supervisory Commission R.O.C

There are some differences between IFRS and the IFRS approved by the Financial Supervisory Commission R.O.C on certain aspects. However, the difference has no material effect on the Group' s consolidated balance sheets on December 31, 2019 and 2018 or the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flow for the years ended 2019 and 2018.