CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

MARCH 31, 2020 AND 2019

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of CHIEFTEK PRECISION CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of CHIEFTEK PRECISION CO., LTD. and subsidiaries (the "Group") as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements and related information disclosed in Note 13 of certain insignificant consolidated subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT$285,219 thousand and NT$301,735 thousand, constituting 8% and 9% of the consolidated total assets, and total liabilities of NT$86,539 thousand and NT$123,031 thousand, constituting 6% and 9% of the consolidated total liabilities as of March 31, 2020 and 2019, respectively, and total comprehensive income of NT$668 thousand and NT$6 thousand, constituting 2%, and -% of the consolidated total comprehensive income for the three-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Yung-Chih

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China

April 28, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

			March 31, 2020		December 31, 2019		March 31, 2019	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 647,003	19	$ 678,134	21	$ 780,128	23
1136	Financial assets at amortized cost - current	6(2)	7,742	-	7,629	-	-	-
1150	Notes receivable, net	6(3)	25,274	1	27,559	1	22,595	1
1170	Accounts receivable, net	6(3) and 12	306,493	9	298,789	9	381,049	11
1200	Other receivables		2,915	-	3,252	-	5,756	-
1220	Current income tax assets	6(22)	15,288	-	2,992	-	6,669	-
130X	Inventories	5 and 6(4)	652,349	19	637,277	19	721,080	21
1410	Prepayments		40,658	1	28,538	1	21,990	1
11XX	**Total current assets**		1,697,722	49	1,684,170	51	1,939,267	57
	Non-current assets							
1600	Property, plant and equipment	6(5) and 8	1,414,104	41	1,290,959	39	1,084,646	32
1755	Right-of-use assets	6(6)	134,269	4	130,248	4	134,688	4
1780	Intangible assets	6(7)	118,267	4	120,990	3	123,848	4
1840	Deferred income tax assets	6(22)	22,070	1	26,060	1	26,023	1
1915	Prepayments for equipment	6(5)	46,289	1	57,161	2	60,809	2
1920	Guarantee deposits paid		8,288	-	7,700	-	6,040	-
1990	Other non-current assets		2,805	-	2,879	-	3,756	-
15XX	**Total non-current assets**		1,746,092	51	1,635,997	49	1,439,810	43
1XXX	**Total assets**		$ 3,443,814	100	$ 3,320,167	100	$ 3,379,077	100

(Continued)

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

			March 31, 2020		December 31, 2019		March 31, 2019	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Liabilities							
	Current liabilities							
2100	Short-term borrowings	6(8)(25)	$ 524,578	15	$ 313,315	9	$ 248,454	7
2110	Short-term notes and bills payable	6(9)(25)	30,000	1	-	-	-	-
2130	Current contract liabilities	6(16)	8,471	-	3,964	-	2,250	-
2150	Notes payable		79,377	2	79,155	2	101,159	3
2170	Accounts payable		47,577	2	18,711	1	54,641	2
2200	Other payables	6(10)	179,201	5	135,507	4	165,834	5
2230	Current income tax liabilities	6(22)	18,652	1	18,700	1	90,906	3
2280	Current lease liabilities	6(6)(25)	5,144	-	4,912	-	4,847	-
2310	Advance receipts		-	-	1,699	-	1,751	-
2320	Long-term liabilities, current portion	6(11)(25), 8 and 9	75,696	2	101,136	3	64,747	2
21XX	**Total current liabilities**		968,696	28	677,099	20	734,589	22
	Non-current liabilities							
2540	Long-term borrowings	6(11)(25), 8 and 9	287,669	9	480,977	15	492,454	14
2570	Deferred income tax liabilities	6(22)	6,865	-	4,211	-	26,898	1
2580	Non-current lease liabilities	6(6)(25)	130,505	4	126,431	4	130,124	4
2640	Net defined benefit liabilities	6(12)	6,589	-	6,664	-	7,370	-
25XX	**Total non-current liabilities**		431,628	13	618,283	19	656,846	19
2XXX	**Total liabilities**		1,400,324	41	1,295,382	39	1,391,435	41
	Equity							
	Share capital	6(13)(15)						
3110	Share capital - common stock		811,876	24	811,876	25	738,069	22
	Capital reserves	6(14)						
3200	Capital surplus		440,667	13	440,667	13	440,667	13
	Retained earnings	6(15)						
3310	Legal reserve		144,552	4	144,552	4	97,280	3
3320	Special reserve		17,047	-	17,047	1	12,367	-
3350	Unappropriated retained earnings		683,961	20	640,037	19	709,449	21
3400	**Other equity interest**		(31,073)	(1)	(29,394)	(1)	(10,190)	-
3500	**Treasury stocks**	6(13)	(23,540)	(1)	-	-	-	-
3XXX	**Total equity**		2,043,490	59	2,024,785	61	1,987,642	59
	Significant Contingent Liabilities and Unrecognized Contract Commitments	6(6) and 9						
3X2X	**Total liabilities and equity**		$ 3,443,814	100	$ 3,320,167	100	$ 3,379,077	100

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended March 31 2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
4000	**Sales revenue**	6(16)	$ 290,490	100	$ 332,331	100
5000	**Operating costs**	6(4)(12)(20)(21)	(160,021)	(55)	(185,817)	(56)
5900	**Net operating margin**		130,469	45	146,514	44
	Operating expenses	6(7)(12)(20)(21) and 7				
6100	Selling expenses		(24,192)	(8)	(29,851)	(9)
6200	General and administrative expenses		(38,973)	(14)	(40,571)	(12)
6300	Research and development expenses		(15,115)	(5)	(14,846)	(4)
6450	Expected credit impairment loss	12	(1,021)	(1)	(3,811)	(1)
6000	**Total operating expenses**		(79,301)	(28)	(89,079)	(26)
6900	**Operating profit**		51,168	17	57,435	18
	Non-operating income and expenses					
7010	Other income	6(2)(17)	2,292	1	1,655	-
7020	Other gains and losses	6(18) and 12	4,535	2	2,615	1
7050	Finance costs	6(6)(19)	(4,886)	(2)	(4,276)	(1)
7000	**Total non-operating income and expenses**		1,941	1	(6)	-
7900	**Profit before income tax**		53,109	18	57,429	18
7950	Income tax expense	6(22)	(9,185)	(3)	(12,499)	(4)
8200	**Profit for the period**		$ 43,924	15	$ 44,930	14
	Other comprehensive income (loss)(Net)					
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		($ 1,679)	-	$ 6,857	2
8300	**Total other comprehensive (loss) income for the period**		($ 1,679)	-	$ 6,857	2
8500	**Total comprehensive income for the period**		$ 42,245	15	$ 51,787	16
	Earnings per share (in dollars)	6(23)				
9750	**Basic**		$ 0.54		$ 0.55	
9850	**Diluted**		$ 0.54		$ 0.55	

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

				Retained Earnings			Other equity interest		
	Notes	Share capital - common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
For the three-month period ended March 31, 2019									
Balance at January 1, 2019		$ 738,069	$ 440,667	$ 97,280	$ 12,367	$ 664,519	($ 17,047)	$ -	$ 1,935,855
Profit for the period		-	-	-	-	44,930	-	-	44,930
Other comprehensive income for the period		-	-	-	-	-	6,857	-	6,857
Total comprehensive income for the period		-	-	-	-	44,930	6,857	-	51,787
Balance at March 31, 2019		$ 738,069	$ 440,667	$ 97,280	$ 12,367	$ 709,449	($ 10,190)	$ -	$ 1,987,642
For the three-month period ended March 31, 2020									
Balance at January 1, 2020		$ 811,876	$ 440,667	$ 144,552	$ 17,047	$ 640,037	($ 29,394)	$ -	$ 2,024,785
Profit for the period		-	-	-	-	43,924	-	-	43,924
Other comprehensive loss for the period		-	-	-	-	-	(1,679)	-	(1,679)
Total comprehensive income (loss) for the period		-	-	-	-	43,924	(1,679)	-	42,245
Purchase of treasury stocks	6(13)	-	-	-	-	-	-	(23,540)	(23,540)
Balance at March 31, 2020		$ 811,876	$ 440,667	$ 144,552	$ 17,047	$ 683,961	($ 31,073)	($ 23,540)	$ 2,043,490

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 53,109	$ 57,429
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12	1,021	3,811
(Reversal of) loss on inventory market price decline	6(4)	(699)	5
Depreciation	6(5)(6)(20)	19,272	23,877
Amortization	6(7)(20)	2,922	769
Interest income	6(17)	(544)	(897)
Interest expense	6(19)	4,886	4,276
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,285	28,127
Accounts receivable		(8,398)	47,315
Other receivables		337	6,615
Inventories		(14,150)	(37,333)
Prepayments		(12,120)	(165)
Changes in operating liabilities			
Current contract liabilities		4,507	422
Notes payable		10,723	(57,121)
Accounts payable		28,866	(14,299)
Other payables		18,885	(16,899)
Advance receipts		(1,699)	(30)
Net defined benefit liabilities		(75)	(74)
Cash inflow generated from operations		109,128	45,828
Interest received		544	897
Interest paid		(5,087)	(4,908)
Income tax paid		(14,885)	(9,535)
Net cash flows from operating activities		89,700	32,282

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CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31, 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortized cost - current		($ 113)	$ -
Cash paid for acquisition of property, plant and equipment	6(24)	(96,786)	(65,707)
Acquisition of intangible assets	6(7)	(208)	(84)
Increase in prepayment for equipment		(17,399)	(22,479)
Increase in guarantee deposits paid		(588)	(964)
Decrease (increase) in other non-current assets		74	(113)
Net cash flows used in investing activities		(115,020)	(89,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(25)	211,540	38,677
Increase in short-term notes and bills payable	6(25)	30,000	-
Payments of lease liability	6(25)	(1,271)	(1,197)
Increase in long-term borrowings	6(25)	100,000	-
Decrease in long-term borrowings	6(25)	(319,406)	(4,273)
Purchase of treasury stocks	6(13)	(23,540)	-
Net cash flows (used in) from financing activities		(2,677)	33,207
Effect of foreign exchange rate changes on cash and cash equivalents		(3,134)	6,586
Net decrease in cash and cash equivalents		(31,131)	(17,272)
Cash and cash equivalents at beginning of period	6(1)	678,134	797,400
Cash and cash equivalents at end of period	6(1)	$ 647,003	$ 780,128

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

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

(1) CHIEFTEK PRECISION CO., LTD. (the "Company") was incorporated on October 19, 1998 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). and other related regulations. The Company and its subsidiaries (collectively referred herein as the "Group") primarily engages in the research, development, manufacture and sale of miniature linear guides, miniature ball screws, miniature linear modules, electro-optics equipment and semiconductor process equipment.

(2) The common stocks of the Company have been listed on the Taipei Exchange since December 28, 2012.

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

These consolidated financial statements were reported to the Board of Directors on April 28, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments as endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' endorsed by the FSC.

(2) Basis of preparation

A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Business activities	March 31, 2020	December 31, 2019	March 31, 2019	Note
CHIEFTEK PRECISION CO., LTD. ("CHIEFTEK PRECISION")	CHIEFTEK PRECISION HOLDING CO., LTD.	Professional investment	100	100	100	-
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH ("cpc Europa")	Sale of high precision linear motion components and rendering after-sales service	100	100	100	-
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	Lease of real estate property	100	100	100	Note 1

Name of investor	Name of subsidiary	Business activities	Ownership (%) March 31, 2020	Ownership (%) December 31, 2019	Ownership (%) March 31, 2019	Note
CHIEFTEK PRECISION CO., LTD.	CSM Maschinen GmbH	Research, manufacture and sale of machineries	100	100	100	Note 1
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION USA CO., LTD. ("cpc USA")	Sale of high precision linear motion components and rendering after-sales service	100	100	-	Note 1 Note 2
CHIEFTEK PRECISION HOLDING CO., LTD.	CHIEFTEK PRECISION (Hong Kong) Co., Limited	Professional investment	100	100	100	-
CHIEFTEK PRECISION HOLDING CO., LTD.	CHIEFTEK PRECISION USA CO., LTD.	Sale of high precision linear motion components and rendering after-sales service	-	-	100	Note 1 Note 2
CHIEFTEK PRECISION (Hong Kong) Co., Limited	Chieftek Machinery (Kunshan) Co., Ltd. ("Chieftek (Kunshan)")	Production, processing and sale of high precision linear motion components and after-sales service	100	100	100	-

Note 1: The financial statements of the entity as of and for the three-month periods ended March 31, 2020 and 2019 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 2: On December 31, 2019, the Group has commenced organizational restructuring through capital reduction and withdrawing 100% share capital of CHIEFTEK PRECISION USA CO., LTD. from CHIEFTEK PRECISION HOLDING CO., LTD. and transferred the shares to the Company.

The financial statements and related information disclosed in Note 13 of certain insignificant consolidated subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of $285,219 and $301,735, constituting 8% and 9% of the consolidated total assets, and total liabilities of $86,539 and $123,031, constituting 6% and 9% of the consolidated total liabilities as of March 31, 2020 and 2019, respectively, and total comprehensive income of $668 and $6, constituting 2% and －% of the consolidated total comprehensive income for the three-month periods ended March 31, 2020 and 2019, respectively.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

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

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

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

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

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

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

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within 12 months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

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

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

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

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

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

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

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

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expires.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventory is lower than net realizable value, a write-down is provided and recognized in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognized as deduction of operating costs.

(12) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Assets	Useful lives
Buildings and structures	3 ～ 50 years
Machinery and equipment	2 ～ 15 years
Transportation equipment	2 ～ 10 years
Office equipment	1 ～ 10 years
Leasehold improvements	2 ～ 15 years
Other equipment	2 ～ 10 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

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

(b) Amounts expected to be payable by the lessee under residual value guarantees; and

(c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(14) Intangible assets

A. Trademarks and patents

Separately acquired trademarks of corporate identity system and patents are stated initially at cost. Trademarks and patents have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 10 to 20 years.

B. Computer software

Computer software is stated initially at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

C. Turn-key professional technique

The subsidiary, CSM Maschinen GmbH, was commissioned to develop and design linear guide, robotic arm and equipment for exhibition which are stated initially at cost and amortized over the economic life of Turn-key professional technique of 10 years.

D. Other intangible assets

Technology contribution is stated initially at cost, and regarded as having an indefinite useful life as it is assessed to generate continuous net cash inflow in the foreseeable future. Technology contribution is not amortized, but is tested annually for impairment.

(15) Impairment of non-financial assets

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

(16) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a other non-current assets for liquidity services and amortized over the period of the facility to which it relates.

(17) Notes and accounts payable

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

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

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

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

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

(21) Income tax

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

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

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

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

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

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(22) Share capital

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

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

(23) Dividends

Prior to 2019, dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

From 2019, cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed, in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

Sales of goods

A. The Group manufactures and sells linear guide, ball screw and linear modules. Sales are recognized when control of the products has been transferred, being when the products are delivered to the external customer, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Sales revenue is recognized based on the contract price, net of output tax and sales returns and discounts. The sales are made with a credit term of 30 ~ 180 days after monthly closing. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

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

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is calculated based on the inventory clearance and historical data of discounts. Therefore, there might be material changes to the evaluation.

B. As of March 31, 2020, the carrying amount of inventories was $652,349.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Cash:			
Cash on hand	$ 1,337	$ 1,308	$ 1,405
Checking accounts and demand deposits	644,237	675,382	746,723
	645,574	676,690	748,128
Cash Equivalents:			
Time deposits	1,429	1,444	32,000
	$ 647,003	$ 678,134	$ 780,128

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

B. The Group has no cash and cash equivalents pledged to others as of March 31, 2020, December 31, 2019 and March 31, 2019.

(2) Financial assets at amortized cost - current

Items	March 31, 2020	December 31, 2019	March 31, 2019
Time deposits with maturity of over 3 months	$ 7,742	$ 7,629	$ -

A. The Group recognized interest income of $51 and $－ from financial assets at amortized cost for the three-month periods ended March 31, 2020 and 2019, respectively, shown as part of "Other Income".

B. As of March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was its book value.

C. The Group has no financial assets at amortized cost pledged to others as of March 31, 2020, December 31, 2019 and March 31, 2019.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2), 'Financial instruments'.

(3) Notes and accounts receivable, net

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	$ 25,274	$ 27,559	$ 22,595

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable	$ 333,095	$ 324,703	$ 401,013
Less: Allowance for doubtful accounts	(26,602)	(25,914)	(19,964)
	$ 306,493	$ 298,789	$ 381,049

A. The ageing analysis of the Group's notes and accounts receivable is as follows:

	March 31, 2020		December 31, 2019		March 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 235,353	$ 24,887	$ 240,138	$ 27,450	$ 294,377	$ 21,999
Up to 30 days	12,273	217	12,647	109	12,331	3
31 to 90 days	37,374	170	32,387	-	45,419	593
91 to 180 days	19,842	-	7,936	-	22,414	-
Over 181 days	28,253	-	31,595	-	26,472	-
	$ 333,095	$ 25,274	$ 324,703	$ 27,559	$ 401,013	$ 22,595

The above ageing analysis was based on past due date.

B. As of March 31, 2020, December 31, 2019, March 31, 2019 and January 1, 2019, the balances of notes receivable and accounts receivable from contracts with customers amounted to $358,369, $352,262, $423,608 and $499,050, respectively.

C. Without taking into account of any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was its book value.

D. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group does not hold any collateral as security for accounts receivable.

E. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	March 31, 2020		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 77,047	($ 22)	$ 77,025
Supplies	66,040	(6,267)	59,773
Work in process	345,373	(6,392)	338,981
Finished goods	212,810	(36,240)	176,570
	$ 701,270	($ 48,921)	$ 652,349

	December 31, 2019		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 83,509	($ 36)	$ 83,473
Supplies	62,618	(5,576)	57,042
Work in process	336,583	(5,945)	330,638
Finished goods	204,410	(38,286)	166,124
	$ 687,120	($ 49,843)	$ 637,277

	March 31, 2019		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 106,005	($ 12)	$ 105,993
Supplies	75,822	(3,406)	72,416
Work in process	364,301	(10,987)	353,314
Finished goods	229,593	(40,236)	189,357
	$ 775,721	($ 54,641)	$ 721,080

The cost of inventories recognized as expense for the period:

	For the three-month periods ended March 31,	
	2020	2019
Cost of goods sold	$ 160,565	$ 184,594
Loss on physical inventory	283	1,288
(Reversal of) allowance for inventory market price decline (Note)	(699)	5
Revenue from sale of scraps	(128)	(70)
	$ 160,021	$ 185,817

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventory items which were previously provided with allowance were subsequently sold or scrapped for the three-month period ended March 31, 2020.

(5) Property, plant and equipment

At January 1, 2020	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 369,768	$ 606,091	$ 896,524	$ 6,654	$ 21,295	$ 146,309	$ 335,290	$ 2,381,931
Accumulated depreciation	-	(151,497)	(788,483)	(4,354)	(17,750)	(128,888)	-	(1,090,972)
	$ 369,768	$ 454,594	$ 108,041	$ 2,300	$ 3,545	$ 17,421	$ 335,290	$ 1,290,959
For the three-month period ended March 31, 2020								
At January 1	$ 369,768	$ 454,594	$ 108,041	$ 2,300	$ 3,545	$ 17,421	$ 335,290	$ 1,290,959
Additions	-	626	1,429	-	638	320	108,282	111,295
Transferred from prepayments for equipment	-	-	-	-	-	-	28,271	28,271
Transferred after acceptance inspection	-	-	2,480	-	-	1,350	(3,830)	-
Depreciation	-	(4,484)	(10,667)	(130)	(426)	(2,009)	-	(17,716)
Disposals－Cost	-	-	-	-	(27)	-	-	(27)
－Accumulated depreciation	-	-	-	-	27	-	-	27
Net currency exchange differences	432	965	(79)	(2)	(5)	(16)	-	1,295
At March 31	$ 370,200	$ 451,701	$ 101,204	$ 2,168	$ 3,752	$ 17,066	$ 468,013	$ 1,414,104
At March 31, 2020								
Cost	$ 370,200	$ 607,845	$ 900,252	$ 6,633	$ 21,873	$ 147,921	$ 468,013	$ 2,522,737
Accumulated depreciation	-	(156,144)	(799,048)	(4,465)	(18,121)	(130,855)	-	(1,108,633)
	$ 370,200	$ 451,701	$ 101,204	$ 2,168	$ 3,752	$ 17,066	$ 468,013	$ 1,414,104

At January 1, 2019	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements and other equipment	Construction in progress and equipment before acceptance inspection	Total
Cost	$ 371,065	$ 594,260	$ 862,353	$ 5,444	$ 18,722	$ 140,948	$ 53,833	$ 2,046,625
Accumulated depreciation	-	(129,677)	(738,907)	(4,136)	(16,936)	(121,399)	-	(1,011,055)
	$ 371,065	$ 464,583	$ 123,446	$ 1,308	$ 1,786	$ 19,549	$ 53,833	$ 1,035,570
For the three-month period ended March 31, 2019								
At January 1	$ 371,065	$ 464,583	$ 123,446	$ 1,308	$ 1,786	$ 19,549	$ 53,833	$ 1,035,570
Additions	-	54	7,896	-	168	181	48,332	56,631
Transferred from prepayments for equipment	-	-	-	-	-	-	14,407	14,407
Transferred after acceptance inspection	-	-	954	-	-	102	(1,056)	-
Depreciation	-	(5,285)	(14,967)	(66)	(253)	(1,826)	-	(22,397)
Disposals－Cost	-	-	(93)	-	(19)	-	-	(112)
－Accumulated depreciation	-	-	93	-	19	-	-	112
Net currency exchange differences	185	403	(120)	2	(8)	(27)	-	435
At March 31	$ 371,250	$ 459,755	$ 117,209	$ 1,244	$ 1,693	$ 17,979	$ 115,516	$ 1,084,646
At March 31, 2019								
Cost	$ 371,250	$ 594,756	$ 870,930	$ 5,476	$ 18,838	$ 141,173	$ 115,516	$ 2,117,939
Accumulated depreciation	-	(135,001)	(753,721)	(4,232)	(17,145)	(123,194)	-	(1,033,293)
	$ 371,250	$ 459,755	$ 117,209	$ 1,244	$ 1,693	$ 17,979	$ 115,516	$ 1,084,646

A. Property, plant and equipment of the Group were all for operating purposes as of March 31, 2020, December 31, 2019 and March 31, 2019.

B. For the three-month periods ended March 31, 2020 and 2019, no borrowing costs were capitalized as part of property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral as of March 31, 2020, December 31, 2019 and March 31, 2019 is provided in Note 8, 'Pledged assets'.

(6) Leasing arrangements－lessee

A. The Group leases land in Southern Taiwan Science Park of Ministry of Science and Technology. Rental contracts are typically made for a period of 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The Group leases various assets including offices, warehouses and business vehicles. As of March 31, 2020, December 31, 2019 and March 31, 2019, the future lease commitments for short-term leases amounted to $9,155, $11,724 and $9,402, respectively.

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

Carrying amount:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	$ 134,269	$ 130,248	$ 134,688

Depreciation charge:

	For the three-month periods ended March 31,	
	2020	2019
Land	$ 1,556	$ 1,480

D. For the three-month periods ended March 31, 2020 and 2019, the Group has no additions to right-of-use assets.

E. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month periods ended March 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 613	$ 610
Expense on short-term lease contracts	$ 3,052	$ 3,134

F. For the three-month periods ended March 31, 2020 and 2019, the Group's total cash outflow for leases were $4,936 and $4,941, respectively.

(7) Intangible assets

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2020						
Cost	$ 578	$ 9,323	$ 12,746	$ 90,718	$ 60,000	$ 173,365
Accumulated amortization	(578)	(3,114)	(10,606)	-	(13,500)	(27,798)
Accumulated impairment	-	-	-	-	(24,577)	(24,577)
Net value	$ -	$ 6,209	$ 2,140	$ 90,718	$ 21,923	$ 120,990
For the three-month period ended March 31, 2020						
Net value at January 1, 2020	$ -	$ 6,209	$ 2,140	$ 90,718	$ 21,923	$ 120,990
Additions－acquired separately	-	208	-	-	-	208
Amortization	-	(148)	(506)	(2,268)	-	(2,922)
Net currency exchange differences	-	-	(9)	-	-	(9)
Net value at March 31, 2020	$ -	$ 6,269	$ 1,625	$ 88,450	$ 21,923	$ 118,267
At March 31, 2020						
Cost	$ 578	$ 9,531	$ 12,722	$ 90,718	$ 60,000	$ 173,549
Accumulated amortization	(578)	(3,262)	(11,097)	(2,268)	(13,500)	(30,705)
Accumulated impairment	-	-	-	-	(24,577)	(24,577)
Net value	$ -	$ 6,269	$ 1,625	$ 88,450	$ 21,923	$ 118,267

	Trademarks	Patents	Software	Turn-key professional technique	Others	Total
At January 1, 2019						
Cost	$ 578	$ 9,288	$ 12,777	$ 91,779	$ 60,000	$ 174,422
Accumulated amortization	(578)	(2,528)	(8,262)	-	(13,500)	(24,868)
Accumulated impairment	-	-	-	-	(24,577)	(24,577)
Net value	$ -	$ 6,760	$ 4,515	$ 91,779	$ 21,923	$ 124,977
For the three-month period ended March 31, 2019						
Net value at January 1, 2019	$ -	$ 6,760	$ 4,515	$ 91,779	$ 21,923	$ 124,977
Additions－acquired separately	-	-	84	-	-	84
Amortization	-	(146)	(623)	-	-	(769)
Net currency exchange differences	-	-	(76)	(368)	-	(444)
Net value at March 31, 2019	$ -	$ 6,614	$ 3,900	$ 91,411	$ 21,923	$ 123,848
At March 31, 2019						
Cost	$ 578	$ 9,288	$ 12,819	$ 91,411	$ 60,000	$ 174,096
Accumulated amortization	(578)	(2,674)	(8,919)	-	(13,500)	(25,671)
Accumulated impairment	-	-	-	-	(24,577)	(24,577)
Net value	$ -	$ 6,614	$ 3,900	$ 91,411	$ 21,923	$ 123,848

A. For the three-month periods ended March 31, 2020 and 2019, no borrowing costs were capitalized as part of intangible assets.

B. Details of amortization on intangible assets are as follows:

	For the three-month periods ended March 31,	
	2020	2019
General and administrative expenses	$ 236	$ 270
Research and development expenses	2,686	499
	$ 2,922	$ 769

(8) Short-term borrowings

Nature	March 31, 2020	Interest rate range	Collateral
Bank unsecured borrowings	$ 493,000	0.758%～1.03%	None
Bank secured borrowings	31,578	1.30%	Endorsements and guaruantees by the Company
	$ 524,578		

Nature	December 31, 2019	Interest rate range	Collateral
Bank unsecured borrowings	$ 220,000	0.85%～1.03%	None
Bank secured borrowings	93,315	1.3%～3.43%	Endorsements and guaruantees by the Company
	$ 313,315		

Nature	March 31, 2019	Interest rate range	Collateral
Bank unsecured borrowings	$ 200,000	0.96%～1.03%	None
Bank secured borrowings	48,454	1.30%	Endorsements and guaruantees by the Company
	$ 248,454		

For more information about interest expense recognized by the Group for the three-month periods ended March 31, 2020 and 2019, please refer to Note 6(19), 'Finance costs'.

(9) Short-term notes and bills payable

	March 31, 2020	Interest rate range	Collateral
Commercial papers payable	$ 30,000	0.938%	None

The Group had no short-term notes and bills payable as of December 31, 2019 and March 31, 2019.

A. The above commercial papers were issued and secured by Union Bank of Taiwan Co., Ltd. for short-term financing.

B. For more information about interest expense recognized by the Group for the three-month periods ended March 31, 2020 and 2019, please refer to Note 6(19), 'Finance costs'.

(10) Other payables

	March 31, 2020	December 31, 2019	March 31, 2019
Accrued salaries and bonuses	$ 43,084	$ 47,840	$ 46,876
Employees' compensation and directors' and supervisors' remuneration payable	29,920	20,500	70,595
Equipment payable	55,611	30,601	2,112
Others	50,586	36,566	46,251
	$ 179,201	$ 135,507	$ 165,834

(11) Long-term borrowings

Nature	Expiry date	March 31, 2020	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	January 24, 2023～ March 20, 2025	$ 263,365	1.23%～ 4.43%	Land, buildings and structures
Unsecured borrowings	February 22, 2022	100,000	1.25%	None
		363,365		
Less: Current portion		(75,696)		
		$ 287,669		

Nature	Expiry date	December 31, 2019	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	October 5, 2022～ August 25, 2024	$ 424,113	1.35%～ 4.43%	Land, buildings and structures
Unsecured borrowings	November 1, 2020～ October 5, 2022	158,000	1.25%～ 1.80%	None
		582,113		
Less: Current portion		(101,136)		
		$ 480,977		

Nature	Expiry date	March 31, 2019	Interest rate range	Collateral
Long-term bank borrowings				
Secured borrowings	September 23, 2021～ August 25, 2024	$ 497,201	1.27%～ 4.43%	Land, buildings and structures
Unsecured borrowings	November 1, 2020～ October 5, 2022	60,000	1.29%～ 1.80%	None
		557,201		
Less: Current portion		(64,747)		
		$ 492,454		

For more information about interest expense recognized by the Group for the three-month periods ended March 31, 2020 and 2019, please refer to Note 6(19), ‘Finance cost’.

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) No pension cost was recognized under the aforementioned defined benefit pension plan of the Company for the three-month periods ended March 31, 2020 and 2019.

(c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amount to $297.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The other subsidiaries are subject to local government sponsored defined contribution plan. In accordance with related laws of the respective local government, the independent pension fund of employees is administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2020 and 2019 were $3,659 and $4,584, respectively.

(13) Share capital

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

	For the three-month periods ended March 31,	
	2020	2019
Balance at beginning of period	81,188	73,807
Purchase of treasury stocks	(399)	-
Balance at end of period	80,789	73,807

B. Treasury stocks

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

	For the three-month period ended March 31, 2020			
Reason for reacquisition	Shares at beginning of period	Increase	Decrease	Shares at end of period
To be reissued to employees	-	399	-	399

No treasury stocks were reacquired or retired by the Company for the three-month period ended March 31, 2019.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of March 31, 2020, December 31, 2019 and March 31, 2019, the treasury shares amounted to $23,540, $－ and $－, respectively.

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

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury stocks should be reissued to the employees within 5 years from the reacquisition date and shares not reissued within the 5-year period are to be retired.

C. As of March 31, 2020, the Company's authorized capital was $1,500,000 (including $30,000 reserved for employee stock options), and the paid-in capital was $811,876 (81,188 thousand shares) with par value of $10 (in dollars) per share.

(14) Capital reserve

For the three-month periods ended March 31, 2020 and 2019	Share premium	Others	Total
Balances at beginning and end of period	$ 440,553	$ 114	$ 440,667

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

(15) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. According to the Company's Articles of Incorporation, the Company's dividend policy is to distribute the current year's earnings, if any, in the following order:
   (1) pay all taxes and dues;
   (2) offset any loss of prior years;
   (3) set aside 10% as legal reserve;
   (4) set aside or reverse special reserve as required by regulations or the Competent Authority;
   (5) The appropriation of the remaining amount after deducting items (1) to (4), along with the unappropriated retained earnings of prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the shareholders' meeting. However, the distribution of dividends shall not be lower than 20% of the current year's profit after deducting items (1) to (4). In order to continually expand the scale of operations, increase competitiveness and support the Company's long-term development plans, future capital requirements and long-term financial plan, the Company's dividend policy is to distribute stock dividends and partially as cash dividends. Cash dividends shall not be less than 10% of the total dividends distributed to shareholders. The Board of Directors of the Company shall adopt a resolution by a majority of more than two-thirds of the directors present to distribute whole or a part of the distributable dividends, bonuses, capital reserves or legal reserve in the form of cash, and report to the shareholders during their meetings, which is not applicable to the aforementioned provisions that are subject to shareholders' resolutions.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. As of December 31, 2018, pursuant to the regulations for the deduction amount to stockholders' equity from other equity items, the Company has set aside special reserve of $17,047, which cannot be distributed to shareholders.

D. The Company recognized cash dividends distributed to owners amounting to $73,087 ($1.0 (in dollars) per share) and stock dividends amounting to $73,807 ($1.0 (in dollars) per share) for the year ended December 31, 2019. On April 28, 2020, the Board of Directors during its meeting resolved to distribute cash dividends from 2019 earnings of $80,743 ($1.0 (in dollars) per share).

(16) Operating revenue

	For the three-month periods ended March 31, 2020	2019
Revenue from contracts with customers	$ 290,490	$ 332,331

A. The Group derives revenue from the transfer of goods at a point in time in segments. Please refer to Note 14, 'Segment information' for details.

B. The Group has recognized revenue-related contract liabilities amounting to $8,471, $3,964, $2,250 and $1,828 as of March 31, 2020, December 31, 2019, March 31, 2019 and January 1, 2019, respectively. Revenue recognized that were included in the contract liability balance at the beginning of 2020 and 2019 for the three-month periods ended March 31, 2020 and 2019 were $747 and $164, respectively.

(17) Other income

	For the three-month periods ended March 31,	
	2020	2019
Interest income:		
Interest income from bank deposits	$ 541	$ 894
Other interest income	3	3
Other income:		
Other income – others	1,748	758
	$ 2,292	$ 1,655

(18) Other gains and losses

	For the three-month periods ended March 31,	
	2020	2019
Currency exchange gain	$ 4,536	$ 2,615
Other losses	(1)	-
	$ 4,535	$ 2,615

(19) Finance costs

	For the three-month periods ended March 31,	
	2020	2019
Interest expense:		
Interest expense on bank borrowings	$ 4,273	$ 3,666
Interest expense on lease liabilities	613	610
	$ 4,886	$ 4,276

(20) Expenses by nature

	For the three-month period ended March 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 54,418	$ 45,273	$ 99,691
Depreciation	15,330	3,942	19,272
Amortization	-	2,922	2,922
	$ 69,748	$ 52,137	$ 121,885

	For the three-month period ended March 31, 2019		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 60,965	$ 50,454	$ 111,419
Depreciation	19,377	4,500	23,877
Amortization	-	769	769
	$ 80,342	$ 55,723	$ 136,065

(21) Employee benefit expense

	For the three-month period ended March 31, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	$ 45,632	$ 39,409	$ 85,041
Labor and health insurance expense	4,658	2,822	7,480
Pension costs	2,026	1,633	3,659
Other personnel expenses	2,102	1,409	3,511
	$ 54,418	$ 45,273	$ 99,691

	For the three-month period ended March 31, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	$ 48,989	$ 43,947	$ 92,936
Labor and health insurance expense	7,018	3,310	10,328
Pension costs	2,939	1,645	4,584
Other personnel expenses	2,019	1,552	3,571
	$ 60,965	$ 50,454	$ 111,419

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3% to 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three-month periods ended March 31, 2020 and 2019, the Company's employees' compensation was accrued at $7,536 and $7,666, respectively; while directors' and supervisors' remuneration was accrued at $1,884 and $1,916, respectively. The aforementioned amounts were recognized in salary expenses, and were estimated and accrued based on the profit as of the end of the reporting period and the percentage specified in the Articles of Incorporation of the

Company.

The employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were $16,000 and $4,500, respectively, and the employees' compensation will be distributed in the form of cash. Employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

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

(22) Income tax

A. Income tax expense:

Components of income tax expense:

	For the three-month periods ended March 31,	
	2020	2019
Current income tax:		
Income tax incurred in current year	$ 3,575	$ 10,375
Prior year's income tax over estimation	(1,034)	-
Total current income tax	2,541	10,375
Deferred income tax:		
Origination and reversal of temporary differences	6,644	2,124
Income tax expense	$ 9,185	$ 12,499

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. There were no disputes existing between the Company and the Tax Authority as of April 28, 2020.

(23) Earnings per share ("EPS")

	For the three-month period ended March 31, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 43,924	81,161	$ 0.54
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 43,924	81,161	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	257	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 43,924	81,418	$ 0.54

	For the three-month period ended March 31, 2019		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 44,930	81,188	$ 0.55
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 44,930	81,188	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	548	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 44,930	81,736	$ 0.55

The abovementioned weighted average number of ordinary shares outstanding has been adjusted retrospectively according to the proportional increase in capital as a result of stock dividends distribution for the year ended December 31, 2018.

(24) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the three-month periods ended March 31, 2020	For the three-month periods ended March 31, 2019
Purchase of property, plant and equipment	$ 111,295	$ 56,631
Add: Opening balance of notes payable	25,323	3,633
Opening balance of payable for equipment	30,601	14,821
Less: Ending balance of notes payable	(14,822)	(7,266)
Ending balance of payable for equipment	(55,611)	(2,112)
Cash paid during the period	$ 96,786	$ 65,707

B. Investing and financing activities with no cash flow effects

	For the three-month periods ended March 31, 2020	For the three-month periods ended March 31, 2019
(a) Write-offs of allowance for bad debts	$ 6	$ -

	For the three-month periods ended March 31, 2020	For the three-month periods ended March 31, 2019
(b) Prepaments for equipment reclassified to property, plant and equipment	$ 28,271	$ 14,407

(25) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2020	$ 313,315	$ -	$ 131,343	$ 582,113	$ 1,026,771
Changes in cash flow from financing activities	211,540	30,000	(1,271)	(219,406)	20,863
Changes in cash flow from other non-financing activities	-	-	5,577	-	5,577
Impact of changes in foreign exchange rate	(277)	-	-	658	381
At March 31, 2020	$ 524,578	$ 30,000	$ 135,649	$ 363,365	$ 1,053,592

	Short-term borrowings	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2019	$ 210,407	$ -	$ 561,184	$ 771,591
Effects of retrospective application	-	136,168	-	136,168
Balance at January 1 after adjustments	210,407	136,168	561,184	907,759
Changes in cash flow from financing activities	38,677	(1,197)	(4,273)	33,207
Impact of changes in foreign exchange rate	(630)	-	290	(340)
At March 31, 2019	$ 248,454	$ 134,971	$ 557,201	$ 940,626

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

None.

(2) Key management compensation

	For the three-month periods ended March 31, 2020	2019
Salaries and other short-term employee benefits	$ 8,170	$ 15,865

8. PLEDGED ASSETS

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

Asset pledged	Book value March 31, 2020	December 31, 2019	March 31, 2019	Purpose of collateral
Land (Note)	$ 370,200	$ 369,768	$ 371,250	Guarantee for long-term borrowings
Buildings and structures-net (Note)	288,460	354,146	424,769	Guarantee for long-term borrowings
	$ 658,660	$ 723,914	$ 796,019	

(Note) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of March 31, 2020, December 31, 2019 and March 31, 2019, the endorsements and guarantees provided by the Company to the subsidiary, cpc Europa GmbH, amounted to $149,580, $201,540 and $197,277, respectively, and the actual amounts drawn down were $31,578, $45,347 and $12,114, respectively; the endorsements and guarantees provided by the Company to the subsidiary, CSM Maschinen GmbH, amounted to $—, $50,385 and $51,915, respectively, and the actual amounts drawn down were $—, $— and $36,340, respectively; the endorsements and guarantees provided by the Company to the subsidiary, CHIEFTEK PRECISION INTERNATIONAL LLC, amounted to

$60,450, $59,960 and $61,640, respectively, and the actual amounts drawn down were $－, $47,968 and $－, respectively.

(2) As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's remaining balance due for construction in progress and prepayments for equipment were $508,659, $625,769 and $104,005, respectively.

(3) On February 19, 2020, the Company entered into a mid-term secured syndicated loan contract for a credit line facility of $2,900,000 with 11 financial institutions including Mega International Commercial Bank Co., Ltd.. The credit term is 7 years. Under the terms of the syndicated loan, the Company agrees that:

A. The financial ratios stated in the Company's semi-annual reviewed financial statements and annual audited financial statements shall meet the following financial ratios which will be assessed semi-annually:

(a) Current ratio (current assets/current liabilities): At least 100%.

(b) Liability ratio (total liabilities/net equity): Less than 220% in 2020; less than 200% in 2021 and 2022; less than 180% from 2023.

(c) Tangible net value (shareholders' equity less intangible assets): At least $1,000,000.

B. If the Company violates the above financial covenants, the Company should improve within 9 months after the fiscal year or half fiscal year. It will not be considered to default, if the audited or reviewed financial rates comply with the covenants after the improvement period. During the improvement period, the credit line which has not been withdrawn will be frozen, until the financial covenants are met. In addition, for withdrawn credit, its financing rate shall be increased by an additional 0.125% per annum from the date after the notification by the management bank to the date after the completion of improvement.

As of March 31, 2020, the Company has not yet drawn down from the aforementioned credit line facility.

(4) For the details of operating lease agreements, please refer to Note 6(6), 'Leasing arrangements－lessee'.

10. <u>SIGNIFICANT DISASTER LOSS</u>

None.

11. <u>SIGNIFICANT SUBSEQUENT EVENTS</u>

None.

12. <u>OTHERS</u>

(1) <u>Capital management</u>

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

(2) <u>Financial instruments</u>

A. Details of the Group's financial instruments by category are provided in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. <u>Foreign exchange risk</u>

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

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

(iii) The Group treasury's risk management policy is to hedge anticipated cash flows (mainly sale export and purchase of inventory) in the major foreign currency in the future so as to decrease the risk exposure in the major foreign currency.

(iv) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, as the objective of the net investments in foreign operations is for strategic purposes, the Group does not hedged the investments.

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

	March 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,742	30.225	$ 264,241
JPY:NTD	27,382	0.2788	7,634
EUR:NTD	2,195	33.24	72,954
Financial liabilities			
Monetary items			
USD:NTD	3	30.225	87
JPY:NTD	5,742	0.2788	1,601
EUR:NTD	463	33.24	15,365

	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,917	29.98	$ 357,279
JPY:NTD	63,563	0.2760	17,543
EUR:NTD	1,826	33.59	61,352
Financial liabilities			
Monetary items			
USD:NTD	5	29.98	154
JPY:NTD	337	0.2760	93
EUR:NTD	183	33.59	6,264

	March 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 11,090	30.82	$ 341,809
JPY:NTD	30,845	0.2783	8,584
EUR:NTD	1,669	34.61	57,757
Financial liabilities			
Monetary items			
USD:NTD	101	30.82	3,140
JPY:NTD	4,489	0.2783	1,249
EUR:NTD	567	34.61	19,643

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to other currencies had appreciated/depreciated by 1% with all other factors remaining constant, the Group's net profit (loss) after tax for the three-month periods ended March 31, 2020 and 2019 would increase/decrease by $2,638 and $3,093, respectively.

(vi)The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2020 and 2019 amounted to $4,536 and $2,615, respectively.

II. Price risk

The Group did not engage in any financial instruments with price variations, thus, the Group does not expect market risk arising from variations in the market prices.

III. Cash flow and fair value interest rate risk

(i)The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the three-month periods ended March 31, 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in NTD, USD and EUR.

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

(iii) If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, profit, net of tax for the three-month periods ended March 31, 2020 and 2019 would have decreased/increased by $342 and $293, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

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

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.

III. The Group manages its credit risk, whereby if the contract payments are past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition and the impairment is assessed when the contract payments are past due over certain days.

IV. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's written-off financial assets that are still under recourse procedures amounted to $672, $666 and $－, respectively.

V. The Group classifies customers' accounts receivable in accordance with the credit rating of customers and credit risk on trade. The Group applies the simplified approach using the provision matrix and the forecastability to adjust historical and timely information to estimate expected credit loss. The expected credit loss ranges from 2% to 100%. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the three-month periods ended March 31,	
	2020	2019
	Accounts receivable	Accounts receivable
At January 1	$ 25,914	$ 15,885
Provision for impairment	1,021	3,811
Write-offs	(6)	-
Effect of foreign exchange	(327)	268
At March 31	$ 26,602	$ 19,964

(c) Liquidity risk

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

II. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. The Group is expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	March 31, 2020	December 31, 2019	March 31, 2019
Floating rate:			
Expiring within one year	$ 1,225,452	$ 1,417,801	$ 1,390,846
Expiring beyond one year	4,247,000	930,308	931,532
	$ 5,472,452	$ 2,348,109	$ 2,322,378

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

March 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 526,155	$ -	$ -	$ -
Short-term notes and bills payable	30,023	-	-	-
Notes payable	79,377	-	-	-
Accounts payable	47,577	-	-	-
Other payables	179,201	-	-	-
Lease liability	7,539	7,539	22,618	126,285
Long-term borrowings (including current portion)	82,479	106,413	198,814	-

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 314,099	$ -	$ -	$ -
Notes payable	79,155	-	-	-
Accounts payable	18,711	-	-	-
Other payables	135,507	-	-	-
Lease liability	7,232	7,232	21,697	122,948
Long-term borrowings (including current portion)	112,116	115,108	387,753	-

March 31, 2019		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		More than 5 years
Non-derivative financial liabilities:								
Short-term borrowings	$	249,270	$	-	$	-	$	-
Notes payable		101,159		-		-		-
Accounts payable		54,641		-		-		-
Other payables		165,834		-		-		-
Lease liability		7,232		7,232		21,697		128,373
Long-term borrowings (including current portion)		75,912		82,807		367,496		73,173

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

(3) Fair value information

A. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had no fair value financial instruments.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bill payable, notes payable, accounts payable, other payables, lease liabilities (current and non-current) and long-term borrowings (including current portion) are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(According to the regulatory requirement, only information for the three-month period ended March 31, 2020 is disclosed.)

(1) Significant transactions information

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

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

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

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

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

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

J. Significant inter-company transactions during the reporting period: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Group's chief operating decision maker regularly reviews information in order to make decisions.

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

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the three-month period ended March 31, 2020					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	$ 217,211	$ 66,268	$ 68,416	$ 34,217	$ 3,091	$ 389,203
Inter-segment revenue	95,607	-	15	-	3,091	98,713
External revenue	121,604	66,268	68,401	34,217	-	290,490
Interest income	41	335	-	113	55	544
Depreciation and amortization	20,443	98	658	165	830	22,194
Capital expenditures	128,208	-	68	626	-	128,902
Interest expense	3,433	-	147	-	1,306	4,886
Segment pre-tax income	53,379	7,032	5,444	2,061	(1,479)	66,437
Segment assets	2,738,635	293,249	114,515	92,038	205,377	3,443,814
Segment liabilities	1,262,370	6,422	44,993	714	85,825	1,400,324

	For the three-month period ended March 31, 2019					
	CHIEFTEK PRECISION	Chieftek (Kunshan)	cpc Europa	cpc USA	Others	Total
Segment revenue	$ 259,638	$ 59,723	$ 83,137	$ 45,101	$ 2,751	$ 450,350
Inter-segment revenue	114,685	-	583	-	2,751	118,019
External revenue	144,953	59,723	82,554	45,101	-	332,331
Interest income	179	577	-	72	69	897
Depreciation and amortization	21,846	125	733	1,150	792	24,646
Capital expenditures	78,939	111	90	54	-	79,194
Interest expense	3,032	-	40	-	1,204	4,276
Segment pre-tax income	54,300	5,590	2,024	3,211	(1,085)	64,040
Segment assets	2,561,103	416,491	140,915	85,805	174,763	3,379,077
Segment liabilities	1,230,339	4,539	31,748	602	124,207	1,391,435

(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segments pre-tax income to profit before income tax from continuing operations is provided as follows:

	For the three-month periods ended March 31,	
	2020	2019
Reportable segments pre-tax income	$ 67,916	$ 65,125
Other segments pre-tax loss	(1,479)	(1,085)
Inter segments gain	(13,328)	(6,611)
Profit before income tax	$ 53,109	$ 57,429

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Loans to others

For the three-month period ended March 31, 2020

Table 1

Expressed in thousands of NTD

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month period ended March 31, 2020	Balance at March 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party （Note 2）	Ceiling on total loans granted （Note 2）	Footnote
0	CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	Other receivables	Y	$ 48,304	$ -	$ -	2.0%	Short-term financing	$ -	Operational use	$ -	—	$ -	$ 817,396	$ 817,396	—

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

(1) Parent company is ‘0’.

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

(Note 2) Calculation of limit on loans granted to a single party and ceiling on total loans granted are as follows:

The limit on total amount of loan granted to certain entities with short-term finaincing need is set at 40% of the Company's net assets: the limit on an amount of loan granted to a single entity could not exceed 40% of the Company's net assets.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the three-month period ended March 31, 2020

Table 2

Expressed in thousands of NTD

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2020	Outstanding endorsement/ guarantee amount at March 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor （Note 2）											
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	$ 1,021,745	$ 199,740	$ 149,580	$ 31,578	$ -	7%	$ 1,021,745	Y	N	N	–
0	CHIEFTEK PRECISION CO., LTD.	CSM Maschinen GmbH	1	1,021,745	49,935	-	-	-	–	1,021,745	Y	N	N	–
0	CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	1	1,021,745	60,500	60,450	-	-	3%	1,021,745	Y	N	N	–

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

(1) Parent company is ‘0’.

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

(Note 2) The following code respresents the relationship with the Company:

(1) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(Note 3) (1) The total endorsements/guarantees provided shall not exceed 50% of the Company’s net assets, and the amount provided for each counterparty shall not exceed 20% of the Company’s paid-in capital. However, the limitation is not applied to subsidiaries that the Company directly or indirectly holds more than 50% of the voting shares.

(2) For trading partner, except for the abovementioned limit, the maximum amount for individual trading partner shall not exceed the higher of total purchase and sale transations during the most recent year.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

For the three-month period ended March 31, 2020

Table 3

Expressed in thousands of NTD

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHIEFTEK PRECISION CO., LTD.	Sugu new factory construcion phase II	May 17, 2019	$ 454,419	$ 206,862	Hong Sheng Construction Corp.	—	—	—	—	$ -	Negotiation	Building for operation use	—

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

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

March 31, 2020

Table 4

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as of March 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
CHIEFTEK PRECISION CO., LTD.	Chieftek Machinery (Kunshan) Co., Ltd.	Subsidiary	$ 105,517	1.39	$ -	—	$ 22,822	$ -

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the three-month period ended March 31, 2020

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	1	Sales revenue	($ 32,396)	180 days after monthly-closing, T/T	(11%)
				Accounts receivable	73,439	–	2%
				Endorsements and guarantees	149,580	–	4%
		CHIEFTEK PRECISION USA CO., LTD.	1	Sales revenue	(18,568)	180 days after monthly-closing, T/T	(6%)
				Accounts receivable	35,630	–	1%
		Chieftek Machinery (Kunshan) Co., Ltd.	1	Sales revenue	(44,642)	180 days after monthly-closing, T/T	(15%)
				Accounts receivable	105,517	–	3%
		CHIEFTEK PRECISION INTERNATINAL LLC	1	Endorsements and guarantees	60,450	–	2%
1	CHIEFTEK PRECISION HOLDING CO., LTD.	CHIEFTEK PRECISION USA CO., LTD.	3	Dividends receivable	28,554	–	1%
2	CHIEFTEK PRECISION USA CO., LTD.	CHIEFTEK PRECISION INTERNATINAL LLC	3	Rent payment	3,091	–	1%
				Refundable deposits	1,511	–	–

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

(Note 4) Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions. Only transactions over million are material.

(Note 5) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.225) as of March 31, 2020.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Names, locations and other information of investee companies (not including investees in Mainland China)

For the three-month period ended March 31, 2020

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at March 31, 2020: Number of shares	Shares held as at March 31, 2020: Ownership (%)	Shares held as at March 31, 2020: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2020	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020	Footnote
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION HOLDING CO., LTD.	Samoa	Professional investment	$ 152,263	$ 152,263	5,100,000	100	$ 222,339	$ 7,326	$ 7,326	Subsidiary
CHIEFTEK PRECISION CO., LTD.	cpc Europa GmbH	Germany	Sale of high precision linear motion components and rendering after -sale services	98,695	98,695	-	100	(3,165)	5,444	5,444	Subsidiary
CHIEFTEK PRECISION CO., LTD.	CSM Maschinen GmbH	Germany	Research, manufacture and sale of machineries	19,349	19,349	-	100	(469)	(1,210)	(1,210)	Subsidiary
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION INTERNATIONAL LLC	United States of America	Lease of real estate property	110,054	61,551	-	100	107,801	(293)	(293)	Subsidiary
CHIEFTEK PRECISION CO., LTD.	CHIEFTEK PRECISION USA CO., LTD.	United States of America	Sale of high precision linear motion components and rendering after -sale services	50,027	50,027	1,660,000	100	27,140	2,151	2,151	Subsidiary
CHIEFTEK PRECISION HOLDING CO., LTD.	Chieftek Precision (Hong Kong) Co., Limited	Hong Kong	Professional investment	154,148	154,148	5,100,000	100	210,897	7,264	-	Subsidiary (Note 1)

(Note 1) Not required to disclose income (loss) recognized by the Company.
(Note 2) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.225) as of March 31, 2020.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Basic information

For the three-month period ended March 31, 2020

Table 7 | Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020 （Note 2）	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chieftek Machinery (Kunshan) Co., Ltd	Production, processing and sale of high precision linear motion components and rendering after-sale services	$ 154,148	Note 1	$ 154,148	$ -	$ -	$ 154,148	$ 7,264	100%	$ 7,264	$ 210,882	$ 121,770	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
CHIEFTEK PRECISION CO., LTD.	$ 154,148	$ 154,148	$ 1,226,094

(Note 1) Through investing in an existing company in the third area (Chieftek Precision (Hong Kong) Co., Ltd.) which then invested in the investee in Mainland China.

(Note 2) The investment income (loss) is recognized based on the investees' financial statements that were reviewed by parent company's accountant for the three-month period ended March 31, 2020

(Note 3) The ceiling amount is 60% of the higher of net worth or consolidated net worth.

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the exchange rate (USD:NTD 1:30.225) as of March 31, 2020.

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China - Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

For the three-month period ended March 31, 2020

Table 8

Expressed in thousands of NTD

	Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at March 31, 2020	%	Balance at March 31, 2020	Purpose	Maximum balance during the three-month period ended March 31, 2020	Balance at March 31, 2020	Interest rate	Interest during the three-month period ended March 31, 2020	Others
Chieftek Machinery (Kunshan) Co., Ltd	$ 44,642	23%	$ -	-	$ 105,517	27%	$ -	-	$ -	$ -	-	$ -	$ -

CHIEFTEK PRECISION CO., LTD. AND SUBSIDIARIES

Major shareholders information

March 31, 2020

Table 9

Expressed in share

	Number of shares	
Name of the key shareholder	Common stock	Ownership (%)
Hsu, Ming-Che	5,579,338	6.87%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.