Mirle Automation Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of a parent company and its subsidiaries under International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

MIRLE AUTOMATION CORPORATION

By

Sun Houng
Chairman

March 18, 2021

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mirle Automation Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

The Group is mainly engaged in the design, development, production and sale of medical equipment and its components, and provides after-sales services for these products. The Group also develops and sells software and databases used in automation equipment, and provides construction planning, installation, consulting and maintenance services for the above products.

Construction contract revenue is the Group's major source of revenue (accounting for about 59% of total revenue). According to the International Financial Reporting Standards, construction contract revenue should be recognized based on the percentage of completion method. If the contract is expected to incur losses, the total loss should be recognized all at once.

Due to the fact that the contract or order may be started before the contract or order is confirmed, and the revenue will be recognized in advance according to the percentage of completion of the job, there is a risk that the amount of revenue recognized is incorrect; therefore, we considered the authenticity of the contract or order as a significant risk and deemed it as a key audit matter. Please refer to Notes 4 and 20 of the consolidated financial statements for the relevant accounting policies on revenue.

The audit procedures performed in response to the aforementioned key audit matter are as follows:

1. We understood the internal controls of the contracts and orders, and tested the operating effectiveness of the controls.

2. We confirmed that the recognized construction contract revenue is based on actual contracts or orders.

Other Matter

We have also audited the parent company only financial statements of Mirle Automation Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisor, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei-Chen Tsai and Ming Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	$ 2,841,783	25	$ 2,211,104	19
Contract assets - current (Notes 4, 5, 22 and 29)	2,615,024	23	2,607,856	23
Notes receivable (Notes 4, 8, 22 and 28)	234,469	2	98,022	1
Accounts receivable (Notes 4, 8, 22 and 28)	625,506	6	1,099,350	9
Receivables from related parties (Notes 4, 22, 28 and 29)	1,993	-	4,000	-
Other receivables (Notes 4, 8 and 28)	59,001	1	77,192	1
Inventories (Notes 4, 5 and 9)	1,503,416	13	2,207,603	19
Other current assets (Notes 4 and 16)	176,149	2	200,500	2
Total current assets	8,057,341	72	8,505,627	74
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 28)	39,098	-	39,316	1
Investments accounted for using the equity method (Notes 4 and 11)	37,374	-	24,418	-
Property, plant and equipment (Notes 4, 12, 30 and 35)	2,449,453	22	2,278,356	20
Right-of-use assets (Notes 4, 13 and 35)	360,833	3	376,296	3
Intangible assets (Notes 4, 15 and 30)	51,661	1	51,376	1
Goodwill (Notes 4, 14 and 27)	43,906	1	12,663	-
Deferred income tax assets (Notes 4 and 24)	7,779	-	7,779	-
Prepayments for equipment	23,147	-	19,378	-
Refundable deposits (Note 28)	127,937	1	147,789	1
Prepayments for investments (Note 16)	10,000	-	-	-
Total non-current assets	3,151,188	28	2,957,371	26
TOTAL	$ 11,208,529	100	$ 11,462,998	100

	2020		2019	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Notes 17 and 28)	$ 300,000	3	$ 900,000	8
Contract liabilities - current (Notes 4, 5, 22 and 29)	1,676,671	15	1,520,694	13
Notes payable (Note 28)	63,447	1	75,491	1
Accounts payable (Note 28)	2,641,198	24	3,334,036	29
Accounts payable to related parties (Notes 28 and 29)	5,278	-	191	-
Current income tax liabilities (Notes 4 and 24)	160,823	1	141,488	1
Provisions - current (Notes 4 and 19)	4,356	-	8,035	-
Lease liabilities - current (Notes 4, 13 and 28)	24,241	-	24,625	-
Current portion of long-term borrowings (Notes 17 and 28)	5,000	-	-	-
Accrued expenses and other current liabilities (Notes 18, 28 and 29)	595,338	5	797,868	7
Total current liabilities	5,476,352	49	6,802,428	59
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 17 and 28)	1,058,967	9	10,000	-
Lease liabilities - non-current (Notes 4, 13 and 28)	257,252	2	267,997	2
Net defined benefit liabilities - non-current (Notes 4 and 20)	306,390	3	308,447	3
Guarantee deposits received (Note 28)	318	-	3,530	-
Other non-current liabilities	88	-	463	-
Total non-current liabilities	1,623,015	14	590,437	5
Total liabilities	7,099,367	63	7,392,865	64
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 21)				
Common shares	1,955,312	18	1,955,312	17
Capital surplus	253,729	2	258,245	2
Retained earnings				
Legal reserve	852,644	8	785,624	7
Special reserve	173,348	1	108,311	1
Unappropriated earnings	1,016,226	9	1,135,806	10
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(144,404)	(1)	(164,948)	(1)
Unrealized gain (loss) on investments in financial assets at fair value through other comprehensive income	(7,645)	-	(8,399)	-
Total equity attributable to shareholders of the Corporation	4,099,210	37	4,069,951	36
NON-CONTROLLING INTERESTS (Notes 4 and 21)	9,952	-	182	-
Total equity	4,109,162	37	4,070,133	36
TOTAL	$ 11,208,529	100	$ 11,462,998	100

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET SALES (Notes 4, 22, 29 and 35)	$ 8,908,665	100	$ 12,507,333	100
OPERATING COSTS (Notes 4, 9, 23 ,26 and 29)	7,025,359	79	10,181,719	81
GROSS PROFIT	1,883,306	21	2,325,614	19
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expense	360,546	4	490,452	4
General and administrative expense	432,550	5	438,564	4
Research and development expense	422,972	4	528,979	4
Expected credit gain	(64)	-	(12,127)	-
Total operating expenses	1,216,004	13	1,445,868	12
OTHER OPERATING INCOME AND EXPENSES (Note 23)	1,668	-	(389)	-
OPERATING INCOME	668,970	8	879,357	7
NONOPERATING INCOME AND EXPENSES				
Interest income (Note 23)	22,999	-	23,168	-
Other income (Notes 9, 15, 23 and 26)	56,526	1	37,701	-
Other gains and losses (Notes 23 and 29)	(5,382)	-	(3,910)	-
Finance costs (Note 23)	(13,656)	-	(16,135)	-
Share of loss of associates (Note 11)	(20,915)	-	(10,777)	-
Foreign exchange loss, net	(130,769)	(2)	(61,714)	-
Total non-operating income and expenses	(91,197)	(1)	(31,667)	-
PROFIT BEFORE INCOME TAX	577,773	7	847,690	7
INCOME TAX EXPENSE (Notes 4 and 24)	64,389	1	166,022	1
NET PROFIT FOR THE YEAR	513,384	6	681,668	6
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,169)	-	(11,469)	-

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$ 754	-	$ (2,904)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	20,542	-	(62,150)	(1)
Other comprehensive income (loss) for the year	10,127	-	(76,523)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 523,511	6	$ 605,145	5
NET PROFIT (LOSS) ATTRIBUTABLE TO				
Shareholders of the Corporation	$ 513,367	6	$ 681,670	5
Non-controlling interests	17	-	(2)	-
	$ 513,384	6	$ 681,668	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Shareholders of the Corporation	$ 523,496	6	$ 605,164	5
Non-controlling interests	15	-	(19)	-
	$ 523,511	6	$ 605,145	5
EARNINGS PER SHARE (Note 25)				
Basic	$ 2.63		$ 3.49	
Diluted	$ 2.62		$ 3.48	

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation														
	Share Capital Issued and Outstanding		Capital Surplus				Retained Earnings								
	Number of Shares (In Thousands)	Amount	Equity Component of Convertible Bonds Issued by the Corporation	Investments in Associates Accounted for Using the Equity Method	Treasury Shares	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interest	Total Equity
BALANCE, JANUARY 1, 2019	195,531	$ 1,955,312	$ 234,579	$ 8,776	$ 19,150	$ 262,505	$ 690,243	$ 74,865	$ 1,239,685	$ 2,004,793	$ (102,815)	$ (5,495)	$ 4,114,300	$ 201	$ 4,114,501
Appropriation of 2018 earnings															
Legal reserve	-	-	-	-	-	-	95,381	-	(95,381)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	33,446	(33,446)	-	-	-	-	-	-
Cash dividends distributed by the Corporation - 33%	-	-	-	-	-	-	-	-	(645,253)	(645,253)	-	-	(645,253)	-	(645,253)
Other changes in capital surplus															
Obtain the difference between the equity price of the subsidiary and the book value	-	-	-	(4,395)	-	(4,395)	-	-	-	-	-	-	(4,395)	-	(4,395)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	135	-	135	-	-	-	-	-	-	135	-	135
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	681,670	681,670	-	-	681,670	(2)	681,668
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	-	-	(11,469)	(11,469)	(62,133)	(2,904)	(76,506)	(17)	(76,523)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	670,201	670,201	(62,133)	(2,904)	605,164	(19)	605,145
BALANCE, DECEMBER 31, 2019	195,531	1,955,312	234,579	4,516	19,150	258,245	785,624	108,311	1,135,806	2,029,741	(164,948)	(8,399)	4,069,951	182	4,070,133
Appropriation of 2019 earnings															
Legal reserve	-	-	-	-	-	-	67,020	-	(67,020)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	65,037	(65,037)	-	-	-	-	-	-
Cash dividends distributed by the Corporation - 25%	-	-	-	-	-	-	-	-	(488,828)	(488,828)	-	-	(488,828)	-	(488,828)
Other changes in capital surplus															
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(4,516)	-	(4,516)	-	-	(893)	(893)	-	-	(5,409)	-	(5,409)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	513,367	513,367	-	-	513,367	17	513,384
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(11,169)	(11,169)	20,544	754	10,129	(2)	10,127
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	502,198	502,198	20,544	754	523,496	15	523,511
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	9,755	9,755
BALANCE, DECEMBER 31, 2020	195,531	$ 1,955,312	$ 234,579	$ -	$ 19,150	$ 253,729	$ 852,644	$ 173,348	$ 1,016,226	$ 2,042,218	$ (144,404)	$ (7,645)	$ 4,099,210	$ 9,952	$ 4,109,162

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 577,773	$ 847,690
Adjustments for:		
Depreciation expenses	148,021	150,400
Amortization expenses	22,662	21,863
Expected credit gain	(64)	(2,983)
Finance costs	13,656	16,135
Interest income	(22,999)	(23,168)
Share of loss of associates	20,915	10,777
(Gain) loss on disposal of property, plant and equipment	(1,697)	388
Loss on disposal of other assets	29	1
Write-downs (reversal of write-downs) of inventories	(19,637)	6,288
Net loss (gain) on foreign currency exchange	66,142	(19,740)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(204)	(1,602)
Lease modification benefits	(10)	(1)
Changes in operating assets and liabilities		
Contract assets	(16,312)	904,661
Notes receivable	(136,013)	106,046
Accounts receivable	421,831	(8,067)
Accounts receivable from related parties	2,007	3,250
Other receivables	18,203	(10,357)
Inventories	723,485	(60,348)
Other current assets	33,761	139,661
Contract liabilities	155,977	358,343
Notes payable	(12,044)	(14,206)
Accounts payable	(695,042)	(1,654,987)
Accounts payable to related parties	5,087	191
Provisions	(3,679)	166
Accrued expenses and other current liabilities	(161,855)	(67,155)
Net defined benefit liabilities	(13,226)	(33,004)
Cash generated from operations	1,126,767	670,242
Income tax paid	(45,054)	(236,758)
Net cash generated from operating activities	1,081,713	433,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	972	-
Acquisition of financial assets at fair value through profit or loss	(530,000)	(300,000)
Disposal of financial assets at fair value through profit or loss	530,204	752,304
Acquisition of long-term investments accounted for using the equity method	(39,280)	-
Increase in prepayments for long-term investments	(10,000)	-
Acquisition of property, plant and equipment	(336,740)	(92,917)

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Disposal of property, plant and equipment	$ 19,498	$ 13
Decrease in refundable deposits	19,902	6,945
Acquisition of intangible assets	(22,737)	(28,078)
Net cash (outflow) inflow on acquisition of subsidiaries	(23,130)	56,865
(Increase) decrease in prepayments for equipment	(3,769)	18,739
Interest received	13,589	24,165
Net cash (used in) generated from investing activities	(381,491)	438,036
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	2,780,000	3,050,000
Decrease in short-term bank loans	(3,380,000)	(2,500,000)
Proceeds from long-term bank loans	1,058,967	-
Repayments of long-term bank loans	(5,000)	(377,857)
Decrease in guarantee deposits	(3,212)	(113)
Repayment of the principal portion of lease liabilities	(25,011)	(22,832)
Dividends paid	(488,828)	(645,253)
Acquisition of subsidiaries	-	(20,908)
Interest paid	(13,608)	(16,205)
Net cash used in financing activities	(76,692)	(533,168)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,149	(36,357)
NET INCREASE IN CASH AND CASH EQUIVALENTS	630,679	301,995
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	2,211,104	1,909,109
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,841,783	$ 2,211,104

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Mirle Automation Corporation (the "Corporation") was incorporated in Hsinchu Science Industrial Park, Republic of China (ROC) on February 2, 1989 and commenced business on March 16, 1989. The Corporation is mainly engaged in the business of automation equipment systems and its components, various parking facilities, medical equipment and the design, development, production and sale of the automation equipment used in these products, and also provides after-sales services for the products. The Corporation is also engaged in the leasing business, and develops and sells software and databases that are used in automation equipment. Moreover, the Corporation also provides construction planning, installation, consulting and maintenance services for the above products.

The Corporation's shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since September 2001.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 18, 2021.

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

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Corporation and the entities controlled by the Corporation (collectively referred to as the "Group").

b. The IFRSs endorsed by the FSC for application starting from 2021

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

New, Amended or Revised Standards and Interpretations	**Effective Date Announced by the IASB (Note 1)**
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group’s construction-related assets and liabilities.

d. Basis of consolidation

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

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

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

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

See Note 10, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

f. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Group's foreign operations (including subsidiaries, associates and branches in other countries that use currencies which are different from the currency of the Group) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount (including goodwill). Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Goodwill

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

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

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

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

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

When the Group has the right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill and assets related to contract costs

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

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and remeasurement gains or losses (including any dividends or interests paid on the financial assets) arising from the remseasurment are recognized in profit or loss.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Group's obligations.

o. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of information products. The Group recognizes income and accounts receivable in accordance with the terms stated in the contract.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

As the Group provides hardware and software installation services and extended warranty services, customers simultaneously receive and consume the benefits provided by the Group's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

3) Construction contract revenue

For construction contracts that are under the control of the customer during the progress of construction, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfaction of the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in the satisfaction of the performance obligation for which recovery is expected.

p. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in future lease payment, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

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

Government grants related to income are recognized as a reduction of the related costs or in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

t. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

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

b. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Incentives and penalties stipulated in the contract are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 22 for the details.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 9,885	$ 9,735
Demand deposits	1,844,080	1,586,734
Checking accounts	737	560
Cash equivalents		
Time deposits with original maturities within 3 months	309,149	596,046
Time deposits with original maturities of more than 3 months but less than 1 year	677,932	18,029
	$ 2,841,783	$ 2,211,104

Cash equivalents includ time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The Group's cash is held for the purpose of meeting short-term cash commitments.

The market rates of cash in bank at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Bank deposits	0.001%-2.55%	0.001%-2.50%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	**2019**
Non-current		
Investments in equity instruments FVTOCI	$ 39,098	$ 39,316
Foreign investments		
Unlisted shares	$ 39,098	$ 39,316

The Corporation invested in TIEF FUND, L.P. for medium to long-term strategic purposes, and expects to make a profit through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
Operating	$ 234,591	$ 98,578
Less: Allowance for impairment loss	(122)	(556)
	$ 234,469	$ 98,022
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 655,119	$1,128,483
Less: Allowance for impairment loss	(29,613)	(29,133)
	$ 625,506	$1,099,350
Other receivables		
Business tax	$ 43,733	$ 12,636
Others	18,207	67,495
	61,940	80,131
Less: Allowance for impairment loss	(2,939)	(2,939)
	$ 59,001	$ 77,192

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 30 to 180 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's provision matrix:

December 31, 2020

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 229,231	$ 290,073	$ 176,316	$ 194,090	$ 889,710
Loss allowance (Lifetime ECLs)	(2,015)	(2,492)	(851)	(24,377)	(29,735)
Amortized cost	$ 227,216	$ 287,581	$ 175,465	$ 169,713	$ 859,975

December 31, 2019

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 418,042	$ 546,045	$ 52,731	$ 210,243	$ 1,227,061
Loss allowance (Lifetime ECLs)	(4,248)	(5,448)	(527)	(19,466)	(29,689)
Amortized cost	$ 413,794	$ 540,597	$ 52,204	$ 190,777	$ 1,197,372

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Years Ended December 31	
	2020	2019
Balance at January 1	$ 29,689	$ 37,536
Add: Net remeasurement of loss allowance	(64)	(2,983)
Less: Net remeasurement of loss allowance	-	(4,396)
Foreign exchange gains and losses	110	(468)
Balance at December 31	$ 29,735	$ 29,689

As of December 31, 2020 and 2019, the amounts of loss allowance which included individually impaired notes receivable and accounts receivable of debtors in significant financial difficulty were $19,041 thousand and $18,285 thousand, respectively. The expected credit losses recognized are the carrying amounts of notes receivable and accounts receivable. The Group does not hold any collateral over the balance of these notes receivable and accounts receivables.

9. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 27,920	$ 55,657
Work in progress	1,094,659	1,496,025
Raw materials	376,792	569,880
Inventory in transit	4,045	86,041
	$ 1,503,416	$ 2,207,603

The components of operating costs related to inventories are as follows:

	For the Year Ended December 31	
	2020	2019
Cost of goods sold	$ 7,025,359	$ 10,181,719
(Reversal of) write-downs of inventories	$ (19,637)	$ 6,288
Sale of scraps	$ (643)	$ (488)

The Group did not pledge inventories as collateral for bank borrowings.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31	
Investor	Investee	Nature of Activities	2020	2019
The Corporation	MIRTEK (BVI) CORP. LTD.	Investment	100	100
	MIRLE AUTOMATION INTER CO., LTD	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	100	100
	DAVID INVESTMENT CO., LTD.	Investment	99	99
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Design of computer application package software and sale of computer peripheral equipment	51	-
MIRTEK (BVI) CORP. LTD.	Mirle Automation Technology (Shanghai) Co., Ltd.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	100	100
	MIRLE HOLDING CO., LTD.	Investment	100	100
MIRLE HOLDING CO., LTD.	Mirle Automation (Kunshan) Co., Ltd.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	100	100
DAVID INVESTMENT CO., LTD.	IOT SERVICES INFORMATION SYSTEM CORPORATION	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	99	99
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Machinery and equipment installation construction, wholesale and retail sale of computing and business machinery equipment	100	100

The Corporation originally held a 49% interest in MIRLE AUTOMATION INTER CO., LTD. In order to dominate the Southeast Asian market, the Group acquired the remaining 51% interest held by the other shareholders for an amount not exceeding THB80,000 thousand, which was approved by the board of directors on March 25, 2019. On November 4, 2019, the Group remitted THB61,861 thousand and obtained control of MIRLE AUTOMATION INTER CO., LTD, and remitted THB20,908 thousand on December 31, 2019 to acquire the remaining equity. For more information, refer to Note 27.

On November 9, 2020, the Corporation's board of directors approved the reinvestment in Factory Automation International Co., Ltd. for an amount not more than NT$50,000 thousand. On December 25, 2020, the Corporation remitted NT$42,075 thousand to acquire 51% interest and obtained control of the aforementioned company. For more information, refer to Note 27.

The consolidated financial statements of the subsidiaries for the years ended December 31, 2020 and 2019 were based on the audited financial statements of the subsidiaries for the same years.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	**2019**
Investments in associates		
Material associate		
MAIN DRIVE CORPORATION	$ 37,374	$ 24,418

Refer to Note 34(b) for the nature of activities, principal place of business and country of incorporation of the aforementioned associate.

The above - mentioned associate was accounted for using the equity method.

a. Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2020**	**2019**
MAIN DRIVE CORPORATION	27.61%	20.40%

On April 30, 2019, the Corporation subscribed for the shares of MAIN DRIVE CORPORATION at a percentage different from its existing shareholding percentage, which caused the proportion of ownership to decrease from 22% to 20.4%.

The Corporation subscribed for 3,928 thousand common shares of MAIN DRIVE CORPORATION for NT$39,280 thousand in cash after approval was obtained from the board of directors on May 11, 2020, which increased the proportion of ownership from 20.4% to 27.61%.

The summarized financial information below represents amounts shown in the associate’s financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

MAIN DRIVE CORPORATION

	December 31	
	2020	**2019**
Current assets	$ 85,563	$ 88,264
Non-current assets	133,939	91,566
Current liabilities	(43,255)	(39,975)
Non-current liabilities	(40,880)	(20,160)
Equity	$ 135,367	$ 119,695
Proportion of the Group’s ownership	27.61%	20.4%
Equity attributable to the Group	$ 37,374	$ 24,418
Carrying amount	$ 37,374	$ 24,418

	For the Years Ended December 31	
	2020	2019
Operating revenue	$ 7,759	$ 243
Net loss for the year	$ (84,344)	$ (40,502)

b. The share of profit or loss and other comprehensive income (loss) of the investments in the associate accounted for using the equity method for the years ended December 31, 2020 and 2019 were based on the associate's audited financial statements for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Group	$ 2,448,940	$ 2,236,653
Assets leased under operating leases	513	41,703
	$ 2,449,453	$ 2,278,356

	Assets Used by the Group						Assets Leased under Operating Leases		
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Work in Progress	Buildings and Ancillary Equipment	Machinery Equipment	Total
Cost									
Balance at January 1, 2020	$ 179,901	$ 2,281,541	$ 296,809	$ 47,966	$ 84,470	$ 56,530	$ 26,155	$ 18,018	$ 2,991,390
Additions	-	4,640	33,431	3,075	8,314	246,032	-	-	295,492
Acquisitions through business combinations	-	-	-	-	452	-	-	-	452
Transfers from assets leased under operating leases	-	24,466	17,217	-	-	-	-	-	41,683
Disposals	-	(6,970)	(47,255)	(2,381)	(2,889)	-	-	-	(59,495)
Transfers to assets used by the Group	-	-	-	-	-	-	(24,466)	(17,217)	(41,683)
Reclassified	-	-	3,423	-	-	(3,423)	-	-	-
Effects of foreign currency exchange differences	-	13,265	1,807	189	532	-	(1,153)	(801)	13,839
Balance at December 31, 2020	$ 179,901	$ 2,316,942	$ 305,432	$ 48,849	$ 90,879	$ 299,139	$ 536	$ -	$ 3,241,678
Accumulated depreciation									
Balance at January 1, 2020	$ -	$ 473,180	$ 158,477	$ 29,476	$ 44,773	$ -	$ 714	$ 1,756	$ 708,376
Depreciation expenses	-	64,372	36,171	4,925	11,832	-	58	-	117,358
Acquisitions through business combinations	-	-	-	-	367	-	-	-	367
Transfers from assets leased under operating leases	-	714	1,678	-	-	-	-	-	2,392
Disposals	-	(6,970)	(30,487)	(1,908)	(2,329)	-	-	-	(41,694)
Transfers to assets used by the Group	-	-	-	-	-	-	(714)	(1,678)	(2,392)
Effects of foreign currency exchange differences	-	2,183	614	143	333	-	(35)	(78)	3,160
Balance at December 31, 2020	$ -	$ 533,479	$ 166,453	$ 32,636	$ 54,976	$ -	$ 23	$ -	$ 787,567
Accumulated impairment									
Balance at January 1, 2020 and December 31, 2020	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ -	$ -	$ 4,658
Carrying amount at December 31, 2020	$ 179,901	$ 1,783,463	$ 134,321	$ 16,213	$ 35,903	$ 299,139	$ 513	$ -	$ 2,449,453
Cost									
Balance at January 1, 2019	$ 179,901	$ 2,285,896	$ 282,027	$ 46,863	$ 81,575	$ 4,149	$ 26,111	$ 18,374	$ 2,924,896
Additions	-	29,019	35,173	3,081	7,333	57,877	-	-	132,483
Acquisitions through business combinations	-	808	-	2,633	1,715	-	-	-	5,156
Disposals	-	(7,442)	(17,585)	(3,690)	(4,591)	-	-	-	(33,308)
Reclassified	-	5,492	-	-	-	(5,496)	-	-	-
Effects of foreign currency exchange differences	-	(32,236)	(2,806)	(921)	(1,562)	-	44	(356)	(37,837)
Balance at December 31, 2019	$ 179,901	$ 2,281,541	$ 296,809	$ 47,966	$ 84,470	$ 56,530	$ 26,155	$ 18,018	$ 2,991,390

(Continued)

	Assets Used by the Group						Assets Leased under Operating Leases		
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Work in Progress	Buildings and Ancillary Equipment	Machinery Equipment	Total
Accumulated depreciation									
Balance at January 1, 2019	$ -	$ 416,550	$ 141,791	$ 25,842	$ 38,031	$ -	$ 126	$ 137	$ 622,477
Depreciation expenses	-	68,372	35,627	5,657	11,216	-	591	1,622	123,085
Acquisitions through business combinations	-	289	-	2,235	892	-	-	-	3,416
Disposals	-	(7,442)	(17,353)	(3,596)	(4,516)	-	-	-	(32,907)
Effects of foreign currency exchange differences	-	(4,589)	(1,588)	(622)	(850)	-	(3)	(3)	(7,695)
Balance at December 31, 2019	$ -	$ 473,180	$ 158,477	$ 29,476	$ 44,773	$ -	$ 714	$ 1,756	$ 708,376
Accumulated impairment									
Balance at January 1, 2019 and December 31, 2019	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ -	$ -	$ 4,658
Carrying amount at December 31, 2019	$ 179,901	$ 1,808,361	$ 133,674	$ 18,490	$ 39,697	$ 56,530	$ 25,441	$ 16,262	$ 2,278,356

(Concluded)

Operating leases are related to leases of buildings and ancillary equipment and machinery equipment with lease terms between 2 and 10 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2020	**2019**
Year 1	$ 119	$ 4,197
Year 2	119	2,212
Year 3	89	3,178
Year 4	-	3,147
Year 5	-	3,053
Year 5 onwards	-	11,703
	$ 327	$ 27,490

There was no indication of impairment on the Group's property, plant and equipment for the years ended December 31, 2020 and 2019.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and ancillary equipment	3-50 years
Machinery equipment	2-20 years
Transportation equipment	4-9 years
Office equipment	2-10 years

The major component of the Group's buildings comprise the main building of the plant and electromechanical power equipment, which are depreciated on a straight-line basis over their estimated useful lives of 40-50 years and 3-15 years, respectively.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 356,843	$ 374,163
Buildings	-	453
Transportation equipment	3,990	1,680
	$ 360,833	$ 376,296

	For the Years Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 14,825	$ 108,124
Depreciation charge for right-of-use assets		
Land	$ 29,078	$ 25,004
Buildings	453	922
Transportation equipment	1,132	1,389
	$ 30,663	$ 27,315

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 24,241	$ 24,625
Non-current	$ 257,252	$ 267,997

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.90%-2.10%	1.40%-2.10%
Buildings	-	1.40%
Transportation equipment	1.40%	1.40%

c. Material leasing activities and terms

The Group leases land, buildings and transportation equipment for office space and operational uses with lease terms of 2-50 years, 2 years and 2-3 years, respectively. The Group does not have bargain purchase options to acquire the land, buildings and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Years Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 10,515	$ 27,725
Expenses relating to low-value asset leases	$ 2,408	$ 4,491
Total cash outflow for leases	$ (43,798)	$ (55,048)

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

14. GOODWILL

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 12,663	$ -
Acquisitions through business combinations (Note 27)	31,922	12,929
Effect of foreign currency exchange differences	(679)	(266)
Balance at December 31	$ 43,906	$ 12,633

15. OTHER INTANGIBLE ASSETS

	Franchises	Computer Software	Others	Total
Cost				
Balance at January 1, 2020	$ 9,389	$ 58,319	$ 39,103	$ 106,811
Additions	-	12,669	10,068	22,737
Decrease	-	(15,158)	-	(15,158)
Effect of foreign currency exchange differences	-	213	265	478
Balance at December 31, 2020	9,389	56,043	49,436	114,868
Accumulated amortization				
Balance at January 1, 2020	3,286	29,031	23,118	55,435
Amortization expense	469	14,985	7,208	22,662
Decrease	-	(15,129)	-	(15,129)
Effect of foreign currency exchange differences	-	137	102	239
Balance at December 31, 2020	3,755	29,024	30,428	63,207
Carrying amount at December 31, 2020	$ 5,634	$ 27,019	$ 19,008	$ 51,661

(Continued)

	Franchises	Computer Software	Others	Total
Cost				
Balance at January 1, 2019	$ 9,389	$ 50,374	$ 35,365	$ 95,128
Additions	-	24,054	4,024	28,078
Acquisitions through business combinations	-	-	329	329
Decrease	-	(15,664)	-	(15,664)
Effect of foreign currency exchange differences	-	(445)	(615)	(1,060)
Balance at December 31, 2019	9,389	58,319	39,103	106,811
Accumulated amortization				
Balance at January 1, 2019	2,816	30,476	16,500	49,792
Amortization expense	470	14,567	6,826	21,863
Decrease	-	(15,663)	-	(15,663)
Effect of foreign currency exchange differences	-	(349)	(208)	(557)
Balance at December 31, 2019	3,286	29,031	23,118	55,435
Carrying amount at December 31, 2019	$ 6,103	$ 29,288	$ 15,985	$ 51,376

(Concluded)

The Group signed several power purchase agreements with Taiwan Power Company that would expire in 20 years starting from the date of interconnection of the electric generators. The gains for the years ended December 31, 2020 and 2019, which were recognized as other income, amounted to $2,501 thousand and $2,359 thousand, respectively.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Franchises	20 years
Computer software	3 years
Others	10 years

Other intangible assets pledged as collateral for bank borrowings are set out in Note 30.

16. OTHER CURRENT ASSETS

	December 31 2020	December 31 2019
Overpaid VAT	$ 59,448	$ 59,784
Prepayments for construction	37,386	63,717
Temporary payments	22,074	22,080
Payments in advance	11,465	24,528
Others	45,776	30,391
	$ 176,149	$ 200,500
Non-current		
Prepayments for investments	$ 10,000	$ -

The Corporation plans to invest in Phoenix II innovation Venture Capital Co., Ltd. and has injected capital of NT$10,000 thousand in 2020. As of December 31, 2020, the investee company has not completed registration.

17. BORROWINGS

a. Short-term bank loans

	December 31	
	2020	2019
Unsecured borrowings		
Working capital loan	$ 300,000	$ 900,000

The effective interest rates of the working capital loan were 0.51% and 0.78%-0.86% as of December 31, 2020 and 2019, respectively.

b. Long-term bank loans

	December 31	
	2020	2019
Unsecured borrowings		
Bank loans - expiring before April 15, 2025	$ 1,063,967	$ 10,000
Less: Current portion	(5,000)	-
	$ 1,058,967	$ 10,000

The effective interest rates of the bank loans were 0.41%-0.85% and 1.10% as of December 31, 2020 and 2019, respectively.

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2020	2019
Bonuses	$ 264,388	$ 377,672
Salaries	111,281	113,217
Payables for equipment	15,539	56,787
Employees’ compensation and remuneration of directors and supervisors	14,672	21,983
Others	189,458	228,209
	$ 595,338	$ 797,868

19. PROVISIONS - CURRENT

	December 31	
	2020	2019
Warranties	$ 4,356	$ 8,035

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 8,035	$ 7,869
Additional provisions recognized	30,107	23,662
Amount used	(33,805)	(23,457)
Effect of foreign currency exchange differences	19	(39)
Balance at December 31	$ 4,356	$ 8,035

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, DAVID INVESTMENT CO., LTD., IOT SERVICES INFORMATION SYSTEM CORPORATION and FACTORY AUTOMATION INTERNATIONAL CO., LTD. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

In accordance with the relevant local laws and ordinances, MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD., MIRLE AUTOMATION (KUNSHAN) CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. contribute a specific ratio of the local employees' monthly salary to the pension funds of their respective countries.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 11% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Corporation's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligation	$ 637,231	$ 683,329
Fair value of plan assets	(330,841)	(374,882)
Net defined benefit liabilities	$ 306,390	$ 308,447

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 696,473	$ (366,491)	$ 392,982
Service cost			
Current service cost	5,568	-	5,568
Net interest expense (income)	6,965	(3,730)	3,235
Recognized in profit or loss	12,533	(3,730)	8,803
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,180)	(13,180)
Actuarial loss			
Changes in demographic assumptions	8,029	-	8,029
Changes in financial assumptions	15,342	-	15,342
Experience adjustments	1,278	-	1,278
Recognized in other comprehensive loss (income)	24,649	(13,180)	11,469
Contributions from the employer	-	(41,807)	(41,807)
Benefits paid	(50,326)	50,326	-
Balance at December 31, 2019	683,329	(374,882)	308,447
Service cost			
Current service cost	3,830	-	3,830
Net interest expense (income)	5,125	(2,857)	2,268
Recognized in profit or loss	8,955	(2,857)	6,098
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,623)	(12,623)
Actuarial loss			
Changes in demographic assumptions	627	-	627
Changes in financial assumptions	14,141	-	14,141
Experience adjustments	9,024	-	9,024
Recognized in other comprehensive loss (income)	23,792	(12,623)	11,169
Contributions from the employer	-	(19,324)	(19,324)
Benefits paid	(78,845)	78,845	-
Balance at December 31, 2020	$ 637,231	$ (330,841)	$ 306,390

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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

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

	December 31	
	2020	**2019**
Discount rate	0.50%	0.75%
Expected rate of salary increase	4%	4%

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

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (14,143)	$ (15,464)
0.25% decrease	$ 14,670	$ 16,039
Expected rate of salary increase		
0.25% increase	$ 13,952	$ 15,291
0.25% decrease	$ (13,533)	$ (14,831)

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

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 10,152	$ 12,192
Average duration of the defined benefit obligation	9.3 years	9.2 years

21. EQUITY

a. Share capital

1) Common shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	226,000	226,000
Shares authorized	$ 2,260,000	$ 2,260,000
Shares issued and fully paid (in thousands of shares)	195,531	195,531
Shares issued	$ 1,955,312	$ 1,955,312

Fully paid common shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

A total of 20,000 thousand common shares are reserved for the exercise of employee share options, preferred shares with share options or bonds with attached share options.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Conversion of bonds	$ 234,579	$ 234,579
Treasury share transactions	19,150	19,150
	253,729	253,729
May be used to offset a deficit only		
Share of changes in capital surplus of joint ventures (2)	-	135
May not be used for any purpose		
Changes in ownership interests in subsidiaries	-	4,381
	$ 253,729	$ 258,245

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation’s capital surplus and once a year).

2) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation’s articles of incorporation (the “Articles”), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors after the amendment, refer to “Employees’ compensation and remuneration of directors” in Note 23(h).

In accordance with the Corporation’s Articles, the dividends policy is to enable the shareholders to have a share in the Group's profit, for continuous expansion of its business and stabilization of profitability. The total cash dividends paid in any given year should be at least 40% of total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation’s paid-in capital. The legal reserve may be used to offset deficits. If the Group has no deficit and the legal reserve has exceeded 25% of the Group’s paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations of earnings for 2019 and 2018 were approved in the shareholders’ meetings on June 12, 2020 and June 14, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	2019
Legal reserve	$ 67,020	$ 95,381
Special reserve	$ 65,037	$ 33,446
Cash dividends	$ 488,828	$ 645,253
Cash dividends per share (NT$)	$ 2.5	$ 3.3

The appropriation of earnings for 2020 had been proposed by the Corporation’s board of directors on March 18, 2021. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 50,131
Special reserve	$ (21,298)
Cash dividends	$ 391,062
Cash dividends per share (NT$)	$ 2.0

The appropriations of earnings for 2020 are subject to the resolution of the shareholders’ meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 108,311	$ 74,865
Appropriations in respect of		
Debits to other equity items	65,037	33,446
Balance at December 31	$ 173,348	$ 108,311

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

The relevant exchange differences arising from the conversion of the net assets of foreign operations from their respective functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) are recognized directly as exchange differences on the translation of the financial statements of foreign operations under other comprehensive income.

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (8,399)	$ (5,495)
Recognized for the year		
Unrealized (gain) loss - equity instruments	754	(2,904)
Other comprehensive (income) loss recognized for the year	754	(2,904)
Balance at December 31	$ (7,645)	$ (8,399)

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 182	$ 201
Share of profit (loss) for the period	17	(2)
Other comprehensive income (loss) for the period		
Exchange differences on the translation of the financial statements of foreign operations	(2)	(17)
Non-controlling interests arising from acquisition of subsidiaries (Note 27)	9,755	-
Balance at December 31	$ 9,952	$ 182

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Construction contract revenue	$ 5,297,339	$ 10,034,687
Revenue from the sale of goods	3,182,940	2,019,585
Revenue from the rendering of services	428,386	453,061
	$ 8,908,665	$ 12,507,333

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 8)	$ 234,469	$ 98,022	$ 193,006
Accounts receivable (Note 8)	$ 625,506	$ 1,099,350	$ 1,076,886
Receivables from related parties (Note 29)	$ 1,993	$ 4,000	$ 7,250
Contract assets - current			
Construction of properties	$ 2,615,024	$ 2,607,856	$ 3,407,958
Contract liabilities - current			
Construction of properties	$ 1,676,671	$ 1,520,694	$ 1,116,781

c. Disaggregation of customer contract revenue

	Reportable Segments		
	Automatic Production Line and Equipment Segment	Information and Controller Segment	Total
For the years ended December 31, 2020			
Type of goods or services			
Construction contract revenue	$ 4,595,372	$ 701,967	$ 5,297,339
Revenue from the sale of goods	364,971	2,817,969	3,182,940
Revenue from the rendering of services	91,305	337,081	428,386
	$ 5,051,648	$ 3,857,017	$ 8,908,665

(Continued)

	Reportable Segments		
	Automatic Production Line and Equipment Segment	Information and Controller Segment	Total
For the years ended December 31, 2019			
Type of goods or services			
Construction contract revenue	$ 8,164,608	$ 1,870,079	$ 10,034,687
Revenue from the sale of goods	397,445	1,622,140	2,019,585
Revenue from the rendering of services	92,671	360,390	453,061
	$ 8,654,724	$ 3,852,609	$ 12,507,333

(Concluded)

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	$ 1,697	$ (388)
Loss on disposal of other assets	(29)	(1)
	$ 1,668	$ (389)

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 22,999	$ 23,168

c. Other income

	For the Year Ended December 31	
	2020	2019
Government grant income (Note 26)	$ 12,533	$ 3,798
Franchise income (Note 15)	2,501	2,359
Rental income	542	6,466
Others	40,950	25,078
	$ 56,526	$ 37,701

d. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net gain on fair value changes of financial instruments at fair value through profit or loss	$ 204	$ 1,602
Other net loss	(5,586)	(5,512)
	$ (5,382)	$ (3,910)

e. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 7,792	$ 11,395
Interest on lease liabilities	5,864	4,740
	$ 13,656	$ 16,135

f. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 117,358	$ 123,085
Right-of-use assets	30,663	27,315
Other intangible assets	22,662	21,863
	$ 170,683	$ 172,263
An analysis of depreciation by function		
Operating costs	$ 43,553	$ 57,327
Operating expense	104,468	93,073
	$ 148,021	$ 150,400
An analysis of amortization by function		
Operating costs	$ 5,246	$ 6,622
Selling and marketing expense	1,521	1,223
General and administrative expense	10,395	8,780
Research and development expense	5,031	4,768
Other expense	469	470
	$ 22,662	$ 21,863

g. Employee benefits expense

	For the Year Ended December 31	
	2020	**2019**
Post-employment benefits (Note 20)		
Defined contribution plans	$ 45,519	$ 43,772
Defined benefit plans	6,098	8,803
	51,617	52,575
Termination benefits	4,347	1,164
Other employee benefits	1,420,537	1,589,096
Total employee benefits expense	$ 1,476,501	$ 1,642,835
An analysis of employee benefits expense by function		
Operating costs	$ 743,621	$ 878,924
Operating expenses	732,880	763,911
	$ 1,476,501	$ 1,642,835

h. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's board of directors on March 18, 2021 and March 19, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	**2019**
Employees' compensation	1%	1%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2020	**2019**
Employees' compensation	$ 5,863	$ 8,602
Remuneration of directors and supervisors	8,795	12,903

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 88,500	$ 197,841
Adjustments for prior year	(24,111)	(31,819)
Deferred tax		
In respect of the current period	-	-
Income tax expense recognized in profit or loss	$ 64,389	$ 166,022

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 577,773	$ 847,690
Income tax expense calculated at the statutory rate	115,555	169,538
Non-deductible expenses in determining taxable income	(21,846)	(2,372)
Unrecognized temporary differences	(22,679)	14,373
Effect of different tax rates of the Group's entities operating in other jurisdictions	17,470	16,302
Adjustments for prior years' tax	(24,111)	(31,819)
Income tax expense recognized in profit or loss	$ 64,389	$ 166,022

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the undistributed surplus tax, the Group only deducts the amount of capital expenditure that has actually been reinvested.

b. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 160,823	$ 141,498

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

d. Items not recognized as deferred tax assets

	December 31	
	2020	2019
Deductible temporary differences		
Deferred revenue	$ 364	$ 516
Allowance for impairment loss	-	8,922
	$ 364	$ 9,438

e. Aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $139,017 thousand and $124,401 thousand, respectively.

f. Income tax assessments

Income tax returns of the Corporation through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	$ 2.63	$ 3.49
Diluted earnings per share	$ 2.62	$ 3.48

The earnings and weighted average number of common shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Net profit attributable to the owners of the Corporation	$ 513,367	$ 681,670
Earnings used in the computation of basic earnings per share	513,367	681,670
Earnings used in the computation of diluted earnings per share	$ 513,367	$ 681,670

Weighted average number of common shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of common shares used in the computation of basic earnings per share	195,531	195,531
Effect of dilutive potential common shares:		
Employees' compensation	199	277
Weighted average number of common shares used in the computation of diluted earnings per share	195,730	195,808

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

26. GOVERNMENT GRANTS

The Corporation participated in a project proposed by the Ministry of Economic Affairs called "Hangzhou Aerospace Composite Materials Smart Manufacturing Production Pioneering Project", with the Institute for Information Industry in October 2017. The subsidy provided by the Ministry of Economic Affairs was NT$31,740 thousand. As of December 31, 2019, the project had been closed, and the accumulated government grant income recognized was NT$31,652 thousand.

The Corporation applied for subsidies from the Ministry of Economic Affairs under "Salary and Working Capital of Businesses with Financial Difficulties in the Manufacturing and Technical Service Industries Affected by Severe Pneumonia with Novel Pathogens" in 2020, which was available for application from April 2020 to June 2020. The amount of subsidies allocated to the Corporation, recognized as government grant income, was NT$67,635 thousand, and as of December 31, 2020, the decrease in the accumulated salary expenses decreased recognized was NT$57,285 thousand and other income recognized was NT$10,350 thousand.

The Corporation participated in a project proposed by the Ministry of Economic Affairs called "Smart Measuring Technology Applied to 3D Curved Glass Manufacturing Process", with the Institute for Information Industry in June 2020. The subsidy provided by the Ministry of Economic Affairs was NT$12,893 thousand. As of December 31, 2020, the accumulated government grant income recognized was NT$2,183 thousand.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
MIRLE AUTOMATION INTER CO., LTD.	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	November 1, 2019	60	$ 61,861
Factory Automation International Co., Ltd.	Design of computer application package software and sale of computer and peripheral equipment	December 25, 2020	51	$ 42,075

In 2020, the Group acquired 51% of the equity of Factory Automation International Co., Ltd., and in 2019, the Group increased its investment in MIRLE AUTOMATION INTER CO., LTD. and gained control of the latter. Refer to Note 10 for the details.

b. Consideration transferred

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Cash	$ 42,075	$ 61,861

c. Assets acquired and liabilities assumed at the date of acquisition

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Current assets		
Cash and cash equivalents	$ 18,945	$ 118,726
Inventories	-	8,089
Other current assets	1,353	5,603
Non-current assets		
Property, plant and equipment	85	1,740
Intangible assets	-	329
Refundable deposits	50	2
Current liabilities		
Contract liabilities	-	(45,570)
Notes payable and accounts payable	-	(6,361)
Other payables	-	(510)
Non-current liabilities	(525)	(471)
	$ 19,908	$ 81,577

The initial accounting for the acquisition of FACTORY AUTOMATION INTERNATIONAL CO., LTD. was only provisionally determined at the end of the year. The tax bases of FACTORY AUTOMATION INTERNATIONAL CO., LTD. assets were required to be reset based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate of the likely tax values.

d. Goodwill recognized on acquisitions

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Consideration transferred	$ 42,075	$ 61,861
Plus: Non-controlling interests	9,755	16,642
Plus: The fair value of the previously held equity of the acquiree at the acquisition date	-	16,003
Less: Fair value of identifiable net assets acquired	(19,908)	(81,577)
Goodwill recognized on acquisitions	$ 31,922	$ 12,929

The goodwill recognized in the acquisitions of FACTORY AUTOMATION INTERNATIONAL CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of FACTORY AUTOMATION INTERNATIONAL CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash (outflow) inflow on the acquisition of subsidiaries

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Consideration paid in cash	$ (42,075)	$ (61,861)
Less: Cash and cash equivalent balances acquired	18,945	118,726
	$ (23,130)	$ 56,865

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, are as follows:

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Revenue	$ -	$ 459
Net loss for the year	$ -	$ (1,188)

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been $8,913,777 thousand and $12,507,708 thousand, and the profit would have been $508,431 and $676,688 thousand for the years ended December 31, 2020 and 2019, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had FACTORY AUTOMATION INTERNATIONAL CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. been acquired at the beginning of the financial year, the management considered the following:

1) The fair values of property, plant and equipment, rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination, were used as the basis for the depreciation of property, plant and equipment.

2) Borrowing costs were estimated based on the financial status, credit rating and debt/equity position of the Group after the business combination.

28. FINANCIAL INSTRUMENTS

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

The management believes that except for the financial assets at amortized cost whose fair values cannot be reliably measured, the carrying amounts of the other financial assets and financial liabilities approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	$ -	$ -	$ 39,098	$ 39,098

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	$ -	$ -	$ 39,316	$ 39,316

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurement of financial instruments

	Financial Assets at FVTOCI	
	Equity Instruments	
Financial Assets	**2020**	**2019**
Balance at January 1	$ 39,316	$ 42,220
Recognized in other comprehensive income	754	(2,904)
Refund of retired shares	(972)	-
Balance at December 31	$ 39,098	$ 39,316

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted shares is estimated based on the financial statements of the issuer of such shares or based on the observable price of stock of comparable companies at the end of the period. The estimated fair value is further evaluated by comparing the financial position and financial performance of the issuer with the comparable companies and by applying the implied value multiplier to the estimated price at the balance sheet date.

c. Categories of financial instruments

	December 31	
	2020	**2019**
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	$ 2,841,783	$ 2,211,104
Notes receivable - net (including related parties)	234,554	98,057
Accounts receivable - net (including related parties)	627,414	1,103,315
Other receivables	59,001	77,192
Refundable deposits	127,937	147,789
Financial assets at FVTOCI		
Equity instruments	39,098	39,316
<u>Financial liabilities</u>		
Amortized cost		
Short-term bank loans	300,000	900,000
Notes payable	63,447	75,491
Accounts payable (including related parties)	2,646,476	3,334,227
Accrued expenses and other current liabilities	595,338	797,868
Long-term bank loans (including current portion)	1,063,967	10,000
Lease liabilities	281,493	292,622
Guarantee deposits received	318	3,530

d. Financial risk management objectives and policies

The Group's financial risk management objectives are to manage market risk, credit risk and liquidity risk relating to the operations of the Group. To reduce the related financial risks, the Group is committed to identify, evaluate and avoid the uncertainty of the market to reduce the potentially negative effects of market volatility on the Group's financial performance.

The Group's important financial activities were reviewed by the management in accordance with relevant regulations and the internal control system. During the execution of the financial plans, the Group strictly complied with the relevant financial operating procedures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The Group's main operating activities are foreign currency denominated sales and purchases, which expose the Group to the risk of exchange rate changes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuations of the USD, RMB and the JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, accounts payable, and short-term bank loans. A positive (negative) number below indicates the increase (decrease) in pre-tax profit associated with the functional currency weakening (strengthening) 5% against the relevant foreign currency.

	USD Impact		**RMB Impact**		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Profit or loss	$(109,430)	$(114,638)	$ (8,686)	$ (2,609)	$ (412)	$ 552

The Group's sensitivity to foreign currency decreased during the current year mainly due to the decrease in USD denominated net assets.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 997,703	$ 624,370
Financial liabilities	-	600,000
Cash flow interest rate risk		
Financial assets	1,844,080	1,586,734
Financial liabilities	1,363,967	310,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk for derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased by $13,640 thousand and $3,100 thousand, respectively, which was mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate borrowings.

The Group's sensitivity to interest rates changed during the current year mainly due to the increase in variable-rate debt instruments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantee provided by the Group arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group's concentration of credit risk was 45.77% and 58.86% of total accounts receivable as of December 31, 2020 and 2019, respectively, which was attributable to the Group's ten largest customers in the property construction business segment. The concentration of credit risk of the remaining accounts receivable was not significant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing liabilities (Note)	$ 296,636	$ 1,021,433	$ 205,625	$ 43,485
Lease liabilities	2,383	4,693	21,117	287,104
Variable interest rate liabilities	-	-	305,000	1,058,967
	$ 299,019	$ 1,026,126	$ 531,742	$ 1,389,556

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 28,193	$ 112,625	$ 112,935	$ 61,544	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing liabilities (Note)	$ 559,469	$ 876,320	$ 146,667	$ 12,914
Lease liabilities	2,589	5,178	22,498	303,676
Variable interest rate liabilities	250,000	50,000	-	10,000
Fixed interest rate liabilities	250,000	350,000	-	-
	$ 1,062,058	$ 1,281,498	$ 169,165	$ 326,590

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 30,265	$ 109,933	$ 122,331	$ 71,412	$ -	$ -

Note: Non-interest bearing liabilities do not include estimated accounts payable.

b) Financing facilities

	December 31	
	2020	2019
Long-term bank loan facilities:		
Amount used	$ 1,063,967	$ 10,000
Amount unused	1,649,313	2,019,780
	$ 2,713,280	$ 2,029,780
Short-term bank loan facilities:		
Amount used	$ 988,825	$ 1,654,596
Amount unused	4,520,666	3,894,184
	$ 5,509,491	$ 5,548,780

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Group
MAIN DRIVE CORPORATION	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Subsidiary of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Subsidiary of key management personnel
JIANXUE RESTAURANT CO., LTD.	Subsidiary of key management personnel
I-MEI STORE COMPANY LTD.	Substantive related party
I-MEI INFORMATION TECHNOLOGY CO., LTD.	Substantive related party

(Continued)

Related Party Name	Relationship with the Group
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related party
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related party
SOUTH POLE FOODS CO., LTD.	Substantive related party
GOLDEN SADDLE MACHINERY CO., LTD.	Substantive related party

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
	2020	2019
Sales		
Key management personnel	$ 7,547	$ 9,031
Substantive related parties	6,689	7,055
Associates	2,453	-
Subsidiaries of key management personnel	463	96
	$ 17,152	$ 16,182
Purchases		
Associates	$ 5,181	$ 182
Manufacturing expenses		
Substantive related parties	$ -	$ 50
Operating expenses		
Substantive related parties	$ 871	$ 685
Associates	79	-
Key management personnel	-	3
Subsidiaries of key management personnel	-	1
	$ 950	$ 689
Other losses		
Associates	$ 16	$ -

There are no other appropriate counterparties of the Corporation's sale and purchase transactions with related parties for comparison, hence, the payment terms of the transactions are the same as those of general customers. The Group's manufacturing expenses and other expenses with related parties are outsourcing expenses and management and support expenses, which are based on mutually negotiated prices and payment terms.

c. Balances on the balance sheet date

	December 31	
	2020	2019
Contract assets - current		
Substantive related party	$ 1,000	$ -
Accounts receivable from related parties		
Substantive related parties		
I-MEI STORE COMPANY LTD.	$ 784	$ 1,310
Others	909	-
Key management personnel		
I-MEI FOODS CO., LTD.	172	2,655
Subsidiaries of key management personnel	43	-
	$ 1,908	$ 3,965
Notes receivable from related parties		
Key management personnel		
I-MEI FOODS CO., LTD.	$ 85	$ 3
Associates		
I-MEI INFORMATION TECHNOLOGY CO., LTD.	-	32
	$ 85	$ 35
Accounts payable to related parties		
Associates		
MAIN DRIVE CORPORATION	$ 5,278	$ 191
Contract liabilities		
Substantive related parties	$ -	$ 19
Accrued expenses and other current liabilities		
Associates	$ 83	$ -
Substantive related parties	25	-
	$ 108	$ -

No collateral is provided for the outstanding payables to related parties, which will be paid off by cash. The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for the accounts receivable from related parties.

d. Remuneration of key management personnel

The remuneration of directors and the key management personnel for years ended December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 54,992	$ 82,599
Post-employment benefits	1,983	3,150
	$ 56,975	$ 85,749

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for bank borrowings:

	December 31	
	2020	2019
Property, plant and equipment	$ -	$ 106,293
Other intangible assets	5,634	6,103
	$ 5,634	$ 112,396

31. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group’s significant commitments and contingencies as of December 31, 2020 were as follows:

The balance of endorsements/guarantees provided by the Corporation for Mirle Automation Technology (Shanghai) Co., Ltd. was $512,640 thousand.

32. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Group experienced a significant decline in operating revenue for the years ended December 31, 2020 compared to the previous year. Although the domestic epidemic situation has eased and government policies has begun to loosen, many countries are still implementing lockdown measures and the global economy continues to tighten with changing consumer patterns. However, the Group expects that its operations will gradually return to normal as the epidemic eases and policies are relaxed.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(Foreign currencies in thousands)

	December 31, 2020	
	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 78,427	28.48 (USD:NTD)
USD	84	6.5249 (USD:RMB)
JPY	199,920	0.2763 (JPY:NTD)
RMB	43,954	4.377 (RMB:NTD)
EUR	582	35.02 (EUR:NTD)
Financial liabilities		
Monetary items		
USD	1,580	28.48 (USD:NTD)
USD	959	6.5249 (USD:RMB)
JPY	170,073	0.2763 (JPY:NTD)
RMB	4,264	4.377 (RMB:NTD)
EUR	81	35.02 (EUR:NTD)
CAD	9	22.35 (CAD:NTD)

	December 31, 2019	
	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 80,545	29.98 (USD:NTD)
USD	59	6.9762 (USD:RMB)
JPY	194,387	0.2760 (JPY:NTD)
RMB	15,105	4.305 (RMB:NTD)
EUR	347	33.59 (EUR:NTD)
Financial liabilities		
Monetary items		
USD	3,167	29.98 (USD:NTD)
USD	961	6.9762 (USD:RMB)
JPY	234,396	0.2760 (JPY:NTD)
RMB	2,984	4.305 (RMB:NTD)
EUR	170	33.59 (EUR:NTD)
CAD	1	22.99 (CAD:NTD)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were $130,769 thousand and $61,714 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Group.

34. SEPARATELY DISCLOSED ITEMS

Except for the following, the Group has no other significant transactions. In the preparation of the consolidated financial statements, major transactions between the parent company and its subsidiaries and their balances have been completely eliminated upon consolidation.

a. Information about significant transactions and investees:

   1) Financing provided to others (Table 1)

   2) Endorsements/guarantees provided (Table 2)

   3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities) (Table 3)

   4) Others: intercompany relationships and significant intercompany transactions (Table 4)

b. Information on investees (excluding investees in mainland China) (Table 5)

c. Information on investments in mainland China:

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7)

d. Information about main shareholders whose ownership percentages are more than 5%, showing the name of the shareholder, the number of shares held, and percentage of ownership of each shareholder (Table 8)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods sold, which is measured on the same basis as the Group’s consolidated financial statements. The reported segments of the consolidated financial statements are the automatic production line and equipment segment and the information and controller segment.

a. Segment revenue and operating results

	Segment Revenue For the Year Ended December 31		Segment Profit For the Year Ended December 31	
	2020	2019	2020	2019
Automatic production line and equipment segment	$ 5,051,648	$ 8,869,524	$ 1,513,681	$ 1,908,787
Information and controller segment	3,857,017	3,637,809	369,625	416,827
Total amount from continuing operations	$ 8,908,665	$12,507,333	1,883,306	2,325,614
Unallocated amount:				
Operating expenses			(1,216,004)	(1,445,868)
Other gains and losses			1,592	(389)
Non-operating income and expenses			(91,121)	(31,667)
Income before income tax			$ 577,773	$ 847,690

The revenue reported above is generated from transactions with external customers. There were no sales between segments for the years ended December 31, 2020 and 2019.

Segment profit refers to the profit earned by various segments, which exclude allocated operating expenses, other gains and losses and non-operating income and expenses. These measured amounts will be reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The measured amounts of the Group's assets were not reported to the chief operating decision maker, so the measured amount of segment assets was zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2020	2019
LCD devices	$ 3,037,621	$ 6,756,639
Information product systems	3,013,867	2,769,295
Robot operating systems	813,960	884,730
Automatic storage systems	812,941	936,404
Industrial controllers	843,150	1,083,315
Semiconductor equipment	387,126	76,950
	$ 8,908,665	$ 12,507,333

d. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
China	$ 3,920,932	$ 7,283,785	$ 790,539	$ 813,321
Taiwan	4,719,807	4,686,165	2,018,741	1,839,719
Others	267,926	537,383	1,006	1,612
	$ 8,908,665	$ 12,507,333	$ 2,810,286	$ 2,654,652

Non-current assets exclude financial assets at fair value through other comprehensive income -non-current, investments accounted for using the equity method, intangible assets, deferred income tax assets, prepayments for equipment, refundable deposits and prepayments for investments.

e. Information about major customers

Customers that individually contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2020		2019	
Customer Name	Amount	%	Amount	%
Customer P	$ 2,103,561	23.61	$ 1,022,968	8.18
Customer FJ	1,367,222	15.35	5,047,647	40.36

TABLE 1

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	MIRLE AUTOMATION CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULITING SERVICES CO., LTD.	Other receivables from related parties	Yes	$ 8,544	$ 8,544	$ -	3	2	$ -	Working capital	$ -	-	$ -	$ 1,639,684	$ 1,639,684	-
		MIRTEK (BVI) CORP. LTD.	Other receivables from related parties	Yes	285	285	-	-	2	-	Working capital	-	-	-	1,639,684	1,639,684	-
		Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	288,882	288,882	-	3	2	-	Working capital	-	-	-	1,639,684	1,639,684	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	350,160	350,160	65,655	-	2	-	Working capital	-	-	-	472,869	472,869	-

Note 1: The total amount of financing provided to others shall not exceed 40% of the net value of the Group’s net value based on its most recent audited or reviewed financial statements. However, foreign companies in which the Group directly and indirectly held 100% of the voting shares are not subject to the preceding restrictions in the preceding requirement, but their total amount of financing provided to others shall not exceed 40% of the Group’s net value.

Note 2: Nature of financing:

1. For business

2. For short-term financing

Note 3: The total amount of financing provided to others shall not exceed 40% of the Group’s net value in its most recent audited or reviewed financial statements. The total amount of financing provided by Mirle Automation Technology (Shanghai) Co., Ltd. to others shall not exceed 40% of its net value in its most recent audited or reviewed financial statements.

Note 4: Financing limit approved by the board of directors.

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	Note 1	$1,229,763	$ 512,640	$ 512,640	$ -	$ -	13	$2,049,605	Yes	No	Yes

Note 1: The Corporation’s indirect wholly-owned subsidiaries.

Note 2: The amount of guarantees provided by the Group to any individual entity shall not exceed 10% of the Group’s net worth. The aggregate amount of guarantees available shall not exceed 50% of the Group’s net worth. The aggregate amount of guarantees given by the parent company on behalf of subsidiaries or subsidiaries on behalf of the parent company shall not exceed 30% of the Group’s net worth.

TABLE 3

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Mirle Automation Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500	$ 39,098	7	$ 39,098	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143	-	5	-	Note 1
MIRTEK (BVI) CORP. LTD.	AMERICAN MERCHANTS HEAT CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	1,654	-	6	-	Note 1

Note 1: The market value was based on the fair value as of December 31, 2020.

Note 2: As of December 31, 2020, the above marketable securities had not been pledged or mortgaged.

Note 3: See Tables 5 and 6 for detailed information on subsidiaries and associates.

TABLE 4

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 2)	% of Total Sales or Assets
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	1	Sales	$ 66,576	-	1
			1	Purchase	688	-	-
			1	Manufacturing expenses	3	-	-
			1	Other expenses	2	-	-
			1	Contract assets	12,664	-	-
			1	Accounts receivable from related parties	49,231	-	1
			1	Other receivables from related parties	53	-	-
		IOT SERVICES INFORMATION SYSTEM CORPORATION	1	Sales	10,969	-	-
			1	Purchase	684	-	-
			1	Manufacturing expenses	18,777	-	-
			1	Other expenses	28,571	-	-
			1	Accounts receivable from related parties	335	-	-
			1	Accounts payable to related parties	1,589	-	-
			1	Accrued expenses and other current liabilities	43,771	-	-
			1	Contract liabilities	51	-	-
		Mirle Automation (Kunshan) Co., Ltd.	1	Sales	36,249	-	
			1	Purchase	4,537	-	-
			1	Contract assets	4,541	-	-
			1	Accounts receivable from related parties	128	-	-
			1	Other receivables from related parties	31	-	-
			1	Property transaction	655	-	-
		VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	1	Sales	6,857	-	-
			1	Interest income	117	-	-
			1	Accounts receivable from related parties	4,401	-	-
		MIRLE AUTOMATION INTER CO., LTD.	1	Sales	14	-	-
			1	Accounts receivable from related parties	1,205	-	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	3	Sales	10,523	-	-
			3	Purchase	97,236	-	1
			3	Other receivable from related parties	65,472	-	1

Note 1: 1 represents transactions between the parent company and its subsidiaries, 3 represents transactions between subsidiaries.

Note 2: Sales and purchases between the parent company and its subsidiaries are handled in accordance with general sales and payment terms.

TABLE 5

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
MIRLE AUTOMATION CORPORATION	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	$ 951,348	$ 950,457	29,641	100	$ 1,703,233	$ 84,166	$ 84,166	Subsidiary
	DAVID INVESTMENT CO., LTD	Taipei City	Investment	76,000	76,000	-	99	78,198	6,380	6,372	Subsidiary
	MIRLE AUTOMATION INTER CO., LTD.	Thailand	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	101,221	101,221	10,000	100	90,594	4,109	4,109	Subsidiary
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Taipei City	Computer application package software design, computer and peripheral equipment sales	42,075	-	1,275	51	42,075	(4,953)	-	Subsidiary
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,523	21	-	-	-	Note 2
	MAIN DRIVE CORPORATION	Hsinchu County	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	72,280	33,000	7,228	27.61	37,374	(84,344)	(20,915)	Associate
MIRTEK (BVI) CORP. LTD.	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000	100	520,292	(32,602)	(32,602)	Second-tier subsidiary
DAVID INVESTMENT CO., LTD	IOT SERVICES INFORMATION SYSTEM CORPORATION	Taipei City	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	76,000	76,000	7,600	99	78,192	6,388	6,379	Second-tier subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Vietnam	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	15,520	15,520	-	100	22,296	3,390	3,390	Third-tier subsidiary

Note 1: Refer to Table 6 for information on investments in mainland China.

Note 2: FORMOSA MEDICAL DEVICES INC. was dissolved on May 27, 2020, but the liquidation procedures have not yet been completed.

TABLE 6

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Mirle Automation Technology (Shanghai) Co., Ltd.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	US$ 13.23 million (Note 2)	Note 1	US$ 11.61 million (Note 3)	$ -	$ -	US$ 11.61 million	$ 116,853	100	$ 116,853 (Note 5)	$ 1,182,172	$ -
Mirle Automation (Kunshan) Co., Ltd.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	US$ 17 million (Note 4)	Note 1	US$ 17 million	-	-	US$ 17 million	(32,602)	100	(32,602) (Note 5)	520,292	-

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$28.61 million	US$31.56 million	$ 2,459,526

Note 1: Reinvestment in mainland China through the establishment and investment in MIRTEK (BVI) CORP. LTD. in a third region.

Note 2: Accumulated outward remittance for investment from Taiwan is US$7.9 million, the amount of retained earnings transferred to common shares is US$2.95 million and the investment amount of Xinji Photoelectric Co., Ltd. is US$2.38 million. After that, the Corporation acquired full ownership of Mirle Automation Technology (Shanghai) Co., Ltd. through MIRTEK (BVI) CORP. LTD.

Note 3: Accumulated outward remittance for investment from Taiwan is US$7.9 million. The Corporation obtained the shares of Mirle Automation Technology (Shanghai) Co., Ltd. by paying US$3.71 million to Xinji Photoelectric Co., Ltd.

Note 4: Accumulated outward remittance for investment from Taiwan is US$17 million. The Corporation established and invested in MIRLE HOLDING CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation acquired full ownership of Mirle Automation (Kunshan) Co., Ltd. through MIRLE HOLDING CO., LTD.

Note 5: Calculated based on the audited financial statements of the investees for the same reporting periods as those of the Group.

(Concluded)

TABLE 7

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Mirle Automation Technology (Shanghai) Co., Ltd.	Sales	$ 66,576	0.75	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	$ 49,231	5.71	$ -	None
	Purchase	688	0.01	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
Mirle Automation (Kunshan) Co., Ltd.	Sales	36,249	0.41	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	128	0.01	-	None
	Purchase	4,537	0.06	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
	Property transaction	2,677	0.03	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	31	-	655	None

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ABOUT MAIN SHAREHOLDERS
DECEMBER 31, 2020

No.	Name	Shares	
		Number of Shares Held	Ownership Percentage
1	I-MEI FOODS CO., LTD.	11,496,066	5.87%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Group based on the number of common shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Group as of the last business day for the current year. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.