

**Mirle Automation Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Mirle Automation Corporation (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2020 and 2019 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three-month period then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 11 to the consolidated financial statements, we did not review the financial statements of some immaterial subsidiaries included in the consolidated financial statements. As of and for the three months ended March 31, 2020 and 2019, total assets amounted to NT\$901,934 thousand and NT\$1,079,572 thousand, which represented 8.14% and 7.94% of the consolidated total assets, respectively, and total liabilities amounted to NT\$109,306 thousand and NT\$91,502 thousand, which represented 1.59% and 0.99% of the consolidated total liabilities, respectively. The total comprehensive loss of these subsidiaries amounted to NT\$(10,602) thousand and NT\$(3,664) thousand, which represented (8.78)% and (1.47)% of the consolidated total comprehensive loss for the three months ended March 31, 2020 and 2019, respectively.

As stated in Note 12 to the consolidated financial statements, the investments accounted for using the equity method amounted to NT\$20,671 thousand and NT\$43,882 thousand as of March 31, 2020 and 2019, respectively, and the share of loss of associates accounted for using the equity method was NT\$3,747 thousand and NT\$1,159 thousand for the three months ended December 31,

2020 and 2019, respectively. Recognition and disclosure were based on unreviewed financial statements of the investees for the same reporting periods. These investment amounts, as well as related information disclosed in Note 33 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for the financial statements of subsidiaries and investees as well as related information disclosed in the preceding paragraph which we have not reviewed and may require adjustments to the consolidated financial statements, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Group as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month period ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2020

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 28)	\$ 2,294,727	21	\$ 2,211,104	19	\$ 2,653,674	19
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	80,064	1	-	-	550,990	4
Contract assets - current (Note 23)	2,846,472	26	2,798,069	24	3,345,129	25
Notes receivable (Notes 9, 23 and 28)	81,217	1	98,022	1	86,397	1
Accounts receivable (Notes 9, 23 and 28)	455,779	4	909,137	8	1,224,695	9
Receivables from related parties (Notes 23, 28 and 29)	931	-	4,000	-	2,205	-
Other receivables (Notes 9 and 28)	73,541	-	77,192	1	115,492	1
Inventories (Note 10)	2,113,554	19	2,207,603	19	2,385,896	17
Other current assets (Note 17)	<u>200,387</u>	<u>2</u>	<u>200,500</u>	<u>2</u>	<u>295,670</u>	<u>2</u>
Total current assets	<u>8,146,672</u>	<u>74</u>	<u>8,505,627</u>	<u>74</u>	<u>10,660,148</u>	<u>78</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 28)	39,316	-	39,316	1	42,220	-
Investments accounted for using the equity method (Note 12)	20,671	-	24,418	-	43,882	-
Property, plant and equipment (Notes 13 and 30)	2,286,409	21	2,278,356	20	2,294,880	17
Right-of-use assets (Note 14)	367,597	3	376,296	3	295,095	2
Intangible assets (Notes 16 and 30)	48,033	1	51,376	1	50,163	1
Goodwill (Note 15)	11,624	-	12,663	-	-	-
Deferred income tax assets (Notes 4 and 25)	7,779	-	7,779	-	7,779	-
Prepayment for equipment	19,239	-	19,378	-	44,222	1
Refundable deposits (Note 28)	<u>136,148</u>	<u>1</u>	<u>147,789</u>	<u>1</u>	<u>153,254</u>	<u>1</u>
Total non-current assets	<u>2,936,816</u>	<u>26</u>	<u>2,957,371</u>	<u>26</u>	<u>2,931,495</u>	<u>22</u>
TOTAL	<u>\$ 11,083,488</u>	<u>100</u>	<u>\$ 11,462,998</u>	<u>100</u>	<u>\$ 13,591,643</u>	<u>100</u>

LIABILITIES AND EQUITY	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Short-term bank loans (Notes 18 and 28)	\$ 500,000	5	\$ 900,000	8	\$ 459,399	3
Contract liabilities - current (Notes 23 and 29)	1,573,105	14	1,520,694	13	1,950,674	14
Notes payable (Note 28)	43,110	-	75,491	1	173,840	1
Accounts payable (Note 28)	3,046,014	28	3,334,036	29	5,019,812	37
Accounts payable to related parties (Notes 28 and 29)	67	-	191	-	-	-
Current income tax liabilities (Notes 4 and 25)	160,503	1	141,488	1	239,764	2
Provisions - current (Note 20)	6,444	-	8,035	-	7,250	-
Lease liabilities - current (Notes 14 and 28)	23,475	-	24,625	-	20,767	-
Current portion of long-term debts (Notes 18 and 28)	-	-	-	-	208,393	2
Accrued expenses and other current liabilities (Notes 19, 28 and 29)	<u>498,727</u>	<u>5</u>	<u>797,868</u>	<u>7</u>	<u>603,065</u>	<u>5</u>
Total current liabilities	<u>5,851,445</u>	<u>53</u>	<u>6,802,428</u>	<u>59</u>	<u>8,682,964</u>	<u>64</u>
NON-CURRENT LIABILITIES						
Long-term debt (Notes 18 and 28)	476,158	4	10,000	-	60,000	1
Lease liabilities - non-current (Notes 14 and 28)	262,216	2	267,997	2	181,557	1
Net defined benefit liability - non-current (Notes 4, 21 and 24)	298,879	3	308,447	3	299,365	2
Guarantee deposits received (Note 28)	3,507	-	3,530	-	3,719	-
Other noncurrent liabilities	<u>425</u>	<u>-</u>	<u>463</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>1,041,185</u>	<u>9</u>	<u>590,437</u>	<u>5</u>	<u>544,641</u>	<u>4</u>
Total liabilities	<u>6,892,630</u>	<u>62</u>	<u>7,392,865</u>	<u>64</u>	<u>9,227,605</u>	<u>68</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Note 22)						
Common stock	1,955,312	18	1,955,312	17	1,955,312	14
Capital surplus	258,245	2	258,245	2	262,505	2
Retained earnings						
Legal reserve	785,624	7	785,624	7	690,243	5
Special reserve	108,311	1	108,311	1	74,865	-
Unappropriated earnings	1,276,182	12	1,135,806	10	1,452,313	11
Other equity						
Exchange differences on translating foreign operations	(184,422)	(2)	(164,948)	(1)	(66,041)	-
Unrealized gain (loss) on investments in financial assets at fair value through other comprehensive income	<u>(8,399)</u>	<u>-</u>	<u>(8,399)</u>	<u>-</u>	<u>(5,495)</u>	<u>-</u>
Total equity attributable to shareholders of the Corporation	4,190,853	38	4,069,951	36	4,363,702	32
NON-CONTROLLING INTERESTS (Note 22)	<u>5</u>	<u>-</u>	<u>182</u>	<u>-</u>	<u>336</u>	<u>-</u>
Total stockholders' equity	<u>4,190,858</u>	<u>38</u>	<u>4,070,133</u>	<u>36</u>	<u>4,364,038</u>	<u>32</u>
TOTAL	<u>\$ 11,083,488</u>	<u>100</u>	<u>\$ 11,462,998</u>	<u>100</u>	<u>\$ 13,591,643</u>	<u>100</u>

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 23, 29 and 34)	\$ 2,097,421	100	\$ 3,392,595	100
OPERATING COSTS (Notes 10 and 24)	<u>1,685,878</u>	<u>80</u>	<u>2,791,698</u>	<u>83</u>
GROSS PROFIT	<u>411,543</u>	<u>20</u>	<u>600,897</u>	<u>17</u>
OPERATING EXPENSES (Notes 14, 24, 29 and 34)				
Selling and marketing expense	97,891	5	106,547	3
General and administrative expense	105,660	5	107,812	3
Research and development expense	91,964	4	132,205	4
Expected credit (gain) loss (Note 9)	<u>(4,099)</u>	<u>-</u>	<u>1,951</u>	<u>-</u>
Total operating expenses	<u>291,416</u>	<u>14</u>	<u>348,515</u>	<u>10</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 24 and 34)	<u>43</u>	<u>-</u>	<u>(243)</u>	<u>-</u>
OPERATING INCOME	<u>120,170</u>	<u>6</u>	<u>252,139</u>	<u>7</u>
NONOPERATING INCOME AND EXPENSES				
Other income (Notes 16, 24 and 34)	27,626	1	25,336	1
Other gains and losses (Notes 24, 27 and 34)	(1,557)	-	(1,075)	-
Financial costs (Notes 24 and 34)	(3,451)	-	(2,905)	-
Share of loss of associates (Notes 12 and 34)	(3,747)	-	(1,159)	-
Foreign exchange gain (loss), net	<u>25,628</u>	<u>1</u>	<u>(3,666)</u>	<u>-</u>
Total non-operating income and expenses	<u>44,499</u>	<u>2</u>	<u>16,531</u>	<u>1</u>
INCOME BEFORE INCOME TAX	164,669	8	268,670	8
INCOME TAX EXPENSE (Notes 4 and 25)	<u>24,293</u>	<u>1</u>	<u>56,047</u>	<u>2</u>
NET INCOME	<u>140,376</u>	<u>7</u>	<u>212,623</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	<u>(19,651)</u>	<u>(1)</u>	<u>36,914</u>	<u>1</u>
Total other comprehensive income	<u>(19,651)</u>	<u>(1)</u>	<u>36,914</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 120,725</u>	<u>6</u>	<u>\$ 249,537</u>	<u>7</u>
NET INCOME (LOSS) ATTRIBUTABLE TO				
Shareholders of the Corporation	\$ 140,376	7	\$ 212,628	6
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
	<u>\$ 140,376</u>	<u>7</u>	<u>\$ 212,623</u>	<u>6</u>

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Corporation	\$ 120,902	6	\$ 249,402	7
Non-controlling interests	<u>(177)</u>	<u>-</u>	<u>135</u>	<u>-</u>
	<u>\$ 120,725</u>	<u>6</u>	<u>\$ 249,537</u>	<u>7</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.72</u>		<u>\$ 1.09</u>	
Diluted	<u>\$ 0.72</u>		<u>\$ 1.09</u>	

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

(Concluded)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation										Other Equity				
	Share Capital Issued and Outstanding		Equity Component of Convertible Bonds Issued by the Corporation	Capital Surplus		Total	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interest	Total Equity
				Investments in Associates and Joint Ventures Accounted for Using the Equity Method	Treasury Shares		Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
	(In Thousands)	Amount													
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
Net profit (loss) for the three months ended March 31, 2019	-	-	-	-	-	-	-	-	212,628	212,628	-	-	212,628	(5)	212,623
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	-	-	-	-	-	36,774	-	36,774	140	36,914
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	-	-	-	212,628	212,628	36,774	-	249,402	135	249,537
BALANCE, MARCH 31, 2019	<u>195,531</u>	<u>\$ 1,955,312</u>	<u>\$ 234,579</u>	<u>\$ 8,776</u>	<u>\$ 19,150</u>	<u>\$ 262,505</u>	<u>\$ 690,243</u>	<u>\$ 74,865</u>	<u>\$ 1,452,313</u>	<u>\$ 2,217,421</u>	<u>\$ (66,041)</u>	<u>\$ (5,495)</u>	<u>\$ 4,363,702</u>	<u>\$ 336</u>	<u>\$ 4,364,038</u>
BALANCE, JANUARY 1, 2020	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
Net profit for the three months ended March 31, 2020	-	-	-	-	-	-	-	-	140,376	140,376	-	-	140,376	-	140,376
Other comprehensive loss for the three months ended March 31, 2020	-	-	-	-	-	-	-	-	-	-	(19,474)	-	(19,474)	(177)	(19,651)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	-	-	140,376	140,376	(19,474)	-	120,902	(177)	120,725
BALANCE, MARCH 31, 2020	<u>195,531</u>	<u>\$ 1,955,312</u>	<u>\$ 234,579</u>	<u>\$ 4,516</u>	<u>\$ 19,150</u>	<u>\$ 258,245</u>	<u>\$ 785,624</u>	<u>\$ 108,311</u>	<u>\$ 1,276,182</u>	<u>\$ 2,170,117</u>	<u>\$ (184,422)</u>	<u>\$ (8,399)</u>	<u>\$ 4,190,853</u>	<u>\$ 5</u>	<u>\$ 4,190,858</u>

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 164,669	\$ 268,670
Adjustments for:		
Depreciation expenses	37,857	35,932
Amortization expenses	5,841	5,272
Expected credit (gain) loss	(4,099)	1,951
Financial costs	3,451	2,905
Interest income	(6,739)	(1,693)
Loss share of loss of associates	3,747	1,159
(Gain) loss on disposal of property, plant and equipment	(47)	243
Loss on disposal of other assets	4	-
Write-downs of inventories	1,118	814
Net gain on foreign currency exchange	(28,173)	(9,636)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(80)	(468)
Lease modification benefit	(6)	-
Changes in operating assets and liabilities		
Contract assets	(48,403)	145,777
Notes receivable	16,847	117,701
Accounts receivable	473,746	(237,877)
Accounts receivable from related parties	3,069	5,045
Other receivables	3,651	55,902
Inventories	93,102	(243,230)
Other current assets	(57)	40,144
Contract liabilities	52,411	833,893
Notes payable	(32,381)	84,216
Accounts payable	(289,597)	38,240
Accounts payables to related parties	(124)	-
Provisions	(1,591)	(619)
Accrued expenses and other current liabilities	(245,498)	(216,532)
Net defined benefit liability	(9,568)	(30,617)
Cash generated from operations	193,150	897,192
Income tax paid	(5,278)	(28,507)
Net cash generated from operating activities	187,872	868,685
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(280,000)	(300,000)
Disposal of financial assets at fair value through profit or loss	200,016	200,180
Acquisition of property, plant and equipment	(97,884)	(15,375)
Disposal of property, plant and equipment	465	-
Decrease in refundable deposits	11,641	1,478
Increase in intangible assets	(2,612)	(9,800)

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MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
Increase in prepayments for equipment	\$ -	\$ (6,105)
Decrease in prepayments for equipment	139	-
Interest received	<u>6,909</u>	<u>1,434</u>
Net cash used in investing activities	<u>(161,326)</u>	<u>(128,188)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	1,130,000	550,000
Decrease in short-term bank loans	(1,530,000)	(440,601)
Proceeds from long-term borrowings	467,408	-
Repayments of long-term borrowings	(1,250)	(119,464)
Increase in guarantee deposits	-	76
Decrease in guarantee deposits	(23)	-
Repayment of the principal portion of lease liabilities	(6,268)	(5,122)
Interest paid	<u>(3,475)</u>	<u>(2,785)</u>
Net cash generated from (used in) financing activities	<u>56,392</u>	<u>(17,896)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>685</u>	<u>21,964</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,623	744,565
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,211,104</u>	<u>1,909,109</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,294,727</u>	<u>\$ 2,653,674</u>

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

(Concluded)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 automation equipment system and its components, various parking facilities, medical equipment and designing, developing, producing, selling, providing after-sales service and leasing business of its automation equipment. The Corporation also provides development and sales of software and databases, which are used by its automation equipment; moreover, the engineering planning, installation, consulting and maintenance of the above products are provided by the Corporation.

The Corporation’s shares was initially listed and started 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 reported to the board of directors and issued on May 11, 2020.

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

- a. Initial application of the amendments to 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of the Corporation and entities controlled by the Corporation (collectively referred to as the “Group”).

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

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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. 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).

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

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 9,722	\$ 9,735	\$ 9,800
Demand deposits	1,305,464	1,586,734	2,126,918
Checking accounts	771	560	629
Cash equivalent			
Time deposits with original maturities of less than 3 months	779,238	596,046	515,227
Time deposits with original maturities of more than 3 months and less than 1 year	<u>199,532</u>	<u>18,029</u>	<u>1,100</u>
	<u>\$ 2,294,727</u>	<u>\$ 2,211,104</u>	<u>\$ 2,653,674</u>

Cash equivalent is within 1 year from the date of acquisition, highly liquid, and readily convertible to a known amount of cash, and is 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:

	March 31, 2020	December 31, 2019	March 31, 2019
Bank deposits	0.001%-2.80%	0.001%-2.50%	0.001%-2.73%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
Financial assets at fair value through profit or loss (FVTPL) - current			
Financial assets held for trading			
Non-derivative financial assets			
Mutual funds	\$ 80,064	\$ -	\$ 550,990

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 39,316	\$ 39,316	\$ 42,220
Foreign investments			
Unlisted shares	\$ 39,316	\$ 39,316	\$ 42,220

The Corporation invested in TIEF FUND, L.P. for medium to long-term strategic purposes, and expects to make 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 Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>			
Operating	\$ 81,731	\$ 98,578	\$ 86,923
Less: Allowance for impairment loss	(514)	(556)	(526)
	\$ 81,217	\$ 98,022	\$ 86,397
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 632,886	\$ 1,090,329	\$ 1,370,908
Less: Allowance for impairment loss	(177,107)	(181,192)	(146,213)
	\$ 455,779	\$ 909,137	\$ 1,224,695

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Other receivables</u>			
Business tax	\$ 54,167	\$ 12,636	\$ 71,301
Others	<u>22,313</u>	<u>67,495</u>	<u>47,130</u>
	76,480	80,131	118,431
Less: Allowance for impairment loss	<u>(2,939)</u>	<u>(2,939)</u>	<u>(2,939)</u>
	<u>\$ 73,541</u>	<u>\$ 77,192</u>	<u>\$ 115,492</u>
			(Concluded)

a. Notes receivable and trade receivables

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 debts. 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 trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix 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 a trade 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 trade receivables 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 trade receivables based on the Group's provision matrix.

March 31, 2020

	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 223,313	\$ 141,028	\$ 170,896	\$ 179,380	\$ 714,617
Loss allowance (Lifetime ECLs)	<u>(4,612)</u>	<u>(5,849)</u>	<u>(11,413)</u>	<u>(155,747)</u>	<u>(177,621)</u>
Amortized cost	<u>\$ 218,701</u>	<u>\$ 135,179</u>	<u>\$ 159,483</u>	<u>\$ 23,633</u>	<u>\$ 536,996</u>

December 31, 2019

	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 395,937	\$ 546,546	\$ 46,193	\$ 200,231	\$ 1,188,907
Loss allowance (Lifetime ECLs)	<u>(8,172)</u>	<u>(13,521)</u>	<u>(8,670)</u>	<u>(151,385)</u>	<u>(181,748)</u>
Amortized cost	<u>\$ 387,765</u>	<u>\$ 533,025</u>	<u>\$ 37,523</u>	<u>\$ 48,846</u>	<u>\$ 1,007,159</u>

March 31, 2019

	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 566,921	\$ 548,674	\$ 133,612	\$ 208,624	\$ 1,457,831
Loss allowance (Lifetime ECLs)	<u>(13,472)</u>	<u>(14,036)</u>	<u>(8,315)</u>	<u>(110,916)</u>	<u>(146,739)</u>
Amortized cost	<u>\$ 553,449</u>	<u>\$ 534,638</u>	<u>\$ 125,297</u>	<u>\$ 97,708</u>	<u>\$ 1,311,092</u>

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

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 181,748	\$ 144,495
Add: Net remeasurement of loss allowance	-	1,951
Less: Net remeasurement of loss allowance	(4,099)	-
Foreign exchange gains and losses	<u>(28)</u>	<u>293</u>
Balance at March 31	<u>\$ 177,621</u>	<u>\$ 146,739</u>

As of March 31, 2020, December 31, 2019 and March 31, 2019, the amounts of loss allowance which included individually impaired notes receivable and trade receivables of debtors in significant financial difficulty were \$128,207 thousand, \$127,451 thousand and \$79,740 thousand, respectively. The expected credit losses recognized are carrying amounts of notes receivable and trade receivables. The Group does not hold any collateral over the balance of these notes receivable and trade receivables.

10. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Finished goods	\$ 49,595	\$ 55,657	\$ 84,184
Work in progress	1,607,555	1,496,025	1,327,448
Raw materials	456,404	569,880	974,264
Inventory in transit	<u>-</u>	<u>86,041</u>	<u>-</u>
	<u>\$ 2,113,554</u>	<u>\$ 2,207,603</u>	<u>\$ 2,385,896</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2020 and 2019 was \$1,685,878 thousand and \$2,791,698 thousand, respectively. The cost of goods sold for the three months ended March 31, 2020 included inventory write-downs of \$1,118 thousand and revenue from sale of scraps of \$20 thousand. The cost of goods sold for the three months ended March 31, 2019 included inventory write-downs of \$814 thousand and revenue from sale of scraps of \$87 thousand.

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

11. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
MIRLE AUTOMATION CORPORATION	MIRTEK (BVI) CORP. LTD.	Investment	100%	100%	100%	1
	MIRLE AUTOMATION INTER CO., LTD	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	100%	100%	-	1
MIRTEK (BVI) CORP. LTD.	David Investment co., ltd.	Investment	99%	99%	99%	1
	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%	100%	2
MIRLE HOLDING CO., LTD.	MIRLE HOLDING CO., LTD.	Investment	100%	100%	100%	1
	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%	100%	1
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%	99%	1
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%	100%	1

Remarks:

- 1) Company is an immaterial subsidiary; its financial statements have not been reviewed. Management considers that even if these financial statements are to be reviewed, they would not have a significant impact on the Group.
- 2) Company is a material subsidiary; its financial statements have been reviewed.

The Group 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 less than THB80,000 thousand, which was approved by the board of directors on March 25, 2019. The Group had remitted THB61,861 thousand to have control over MIRLE AUTOMATION INTER CO., LTD. on November 4, 2019 and remitted THB20,908 thousand to acquire the remaining equity on December 31, 2019. Refer to Note 29 to the consolidated financial statements for the year ended December 31, 2019.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Investments in associates</u>			
Material associates			
MAIN DRIVE CORPORATION	\$ 20,671	\$ 24,418	\$ 31,564
MIRLE AUTOMATION INTER CO., LTD.	<u>-</u>	<u>-</u>	<u>12,318</u>
	<u>\$ 20,671</u>	<u>\$ 24,418</u>	<u>\$ 43,882</u>

Refer to Note 33(b) for the nature of activities, principal places of business and countries of incorporation of associates.

The Group adopts the equity method to measure the above associates.

a. Material associates

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>		
	March 31, 2020	December 31, 2019	March 31, 2019
MAIN DRIVE CORPORATION	20.4%	20.4%	22%
MIRLE AUTOMATION INTER CO., LTD.	-	-	49%

The Corporation acquired 3,300 thousand common stock of MAIN DRIVE CORPORATION for NT\$33,000 thousand in October 2018, obtained 22% ownership interest of MAIN DRIVE CORPORATION and had a significant influence on the company.

The Corporation did not acquire the equity of MAIN DRIVE CORPORATION from its seasoned equity offering in accordance with the proportion of ownership, which caused the proportion of ownership to decrease from 22% to 20.4%.

The Corporation subscribed for 1,850 thousand common stock of MAIN DRIVE CORPORATION in cash for NT\$18,500 thousand on May 11, 2020, which was approved by the board of directors.

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

MAIN DRIVE CORPORATION

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 58,661	\$ 88,264	\$ 131,871
Non-current assets	100,729	91,566	13,422
Current liabilities	(32,542)	(39,975)	(1,820)
Non-current liabilities	<u>(25,523)</u>	<u>(20,160)</u>	<u>-</u>
Equity	<u>\$ 101,325</u>	<u>\$ 119,695</u>	<u>\$ 143,473</u>

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Proportion of the Group's ownership	20.4%	20.4%	22%
Equity attributable to the Group	<u>\$ 20,671</u>	<u>\$ 24,418</u>	<u>\$ 31,564</u>
Carrying amount	<u>\$ 20,671</u>	<u>\$ 24,418</u>	<u>\$ 31,564</u> (Concluded)

	For the Three Months Ended March 31	
	2020	2019
Operating revenue	<u>\$ 826</u>	<u>\$ -</u>
Net loss for the period	<u>\$ (18,370)</u>	<u>\$ (4,964)</u>

MIRLE AUTOMATION INTER CO., LTD.

	March 31, 2019
Current assets	\$ 55,550
Non-current assets	3,065
Current liabilities	<u>(35,603)</u>
Equity	<u>\$ 23,012</u>
Proportion of the Group's ownership	49%
Equity attributable to the Group	\$ 11,276
Goodwill	<u>1,042</u>
Carrying amount	<u>\$ 12,318</u>
	For the Three Months Ended March 31, 2019
Operating revenue	<u>\$ 135</u>
Net loss for the period	<u>\$ (136)</u>

- b. The investments in associates accounted for using the equity method, and the share of profit or loss and other comprehensive income (loss) of those investments for the years ended December 31, 2020 and 2019 were based on unreviewed financial statements of the investees for the same reporting periods as those of the Group. Management considers that even if these financial statements are to be reviewed, they would not have a significant impact on the Group.

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019
Assets used by the Group	\$ 2,285,902	\$ 2,236,653	\$ 2,251,308
Assets leased under operating leases	<u>507</u>	<u>41,703</u>	<u>43,572</u>
	<u>\$ 2,286,409</u>	<u>\$ 2,278,356</u>	<u>\$ 2,294,880</u>

	Assets Used by the Group						Assets Leased under Operating Leases		
	Freehold Land	Buildings and Accessory Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Work In Progress	Buildings and Accessory 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	-	-	1,985	50	927	41,303	-	-	44,265
Transfers from assets leased under operating leases	-	24,662	17,355	-	-	-	-	-	42,017
Disposals	-	-	(376)	(420)	(96)	-	-	-	(892)
Transfers to assets used by the Group	-	-	-	-	-	-	(24,662)	(17,355)	(42,017)
Reclassified	-	-	3,668	-	-	(3,668)	-	-	-
Effects of foreign currency exchange differences	-	(4,782)	99	(365)	(410)	-	(969)	(663)	(7,090)
Balance at March 31, 2020	<u>\$ 179,901</u>	<u>\$ 2,301,421</u>	<u>\$ 319,540</u>	<u>\$ 47,231</u>	<u>\$ 84,891</u>	<u>\$ 94,165</u>	<u>\$ 524</u>	<u>\$ -</u>	<u>\$ 3,027,673</u>
Accumulated depreciation									
Balance at January 1, 2020	\$ -	\$ 473,180	\$ 158,477	\$ 29,476	\$ 44,773	\$ -	\$ 714	\$ 1,756	\$ 708,376
Depreciation expenses	-	16,870	9,326	1,293	2,900	-	49	-	30,438
Transfers from assets leased under operating leases	-	720	1,691	-	-	-	-	-	2,411
Disposals	-	-	(340)	(105)	(29)	-	-	-	(474)
Transfers to assets used by the Group	-	-	-	-	-	-	(720)	(1,691)	(2,411)
Effects of foreign currency exchange differences	-	(876)	(233)	(297)	(237)	-	(26)	(65)	(1,734)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 489,894</u>	<u>\$ 168,921</u>	<u>\$ 30,367</u>	<u>\$ 47,407</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 736,606</u>
Accumulated impairment									
Balance at January 1, 2020 and March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,658</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 179,901</u>	<u>\$ 1,808,361</u>	<u>\$ 133,674</u>	<u>\$ 18,490</u>	<u>\$ 39,697</u>	<u>\$ 56,530</u>	<u>\$ 25,441</u>	<u>\$ 16,262</u>	<u>\$ 2,278,356</u>
Carrying amounts at March 31, 2020	<u>\$ 179,901</u>	<u>\$ 1,811,527</u>	<u>\$ 145,961</u>	<u>\$ 16,864</u>	<u>\$ 37,484</u>	<u>\$ 94,165</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 2,286,409</u>
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	-	618	4,459	96	3,288	1,374	-	-	9,835
Disposals	-	-	(4,666)	-	(153)	-	-	-	(4,819)
Reclassified	-	4,148	-	-	-	(4,148)	-	-	-
Effects of foreign currency exchange differences	-	17,834	1,709	500	827	-	-	-	20,870
Balance at March 31, 2019	<u>\$ 179,901</u>	<u>\$ 2,308,496</u>	<u>\$ 283,529</u>	<u>\$ 47,459</u>	<u>\$ 85,537</u>	<u>\$ 1,375</u>	<u>\$ 26,111</u>	<u>\$ 18,374</u>	<u>\$ 2,950,782</u>
Accumulated depreciation									
Balance at January 1, 2019	\$ -	\$ 416,550	\$ 141,791	\$ 25,842	\$ 38,031	\$ -	\$ 126	\$ 137	\$ 622,477
Depreciation expenses	-	16,547	8,392	1,502	2,694	-	236	413	29,784
Disposals	-	-	(4,438)	-	(138)	-	-	-	(4,576)
Effects of foreign currency exchange differences	-	2,069	789	314	386	-	1	-	3,559
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 435,166</u>	<u>\$ 146,534</u>	<u>\$ 27,658</u>	<u>\$ 40,973</u>	<u>\$ -</u>	<u>\$ 363</u>	<u>\$ 550</u>	<u>\$ 651,244</u>
Accumulated impairment									
Balance at January 1, 2019 and March 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,658</u>
Carrying amounts at March 31, 2019	<u>\$ 179,901</u>	<u>\$ 1,873,330</u>	<u>\$ 132,337</u>	<u>\$ 19,801</u>	<u>\$ 44,564</u>	<u>\$ 1,375</u>	<u>\$ 25,748</u>	<u>\$ 17,824</u>	<u>\$ 2,294,880</u>

Operating leases are related to leases of buildings and accessory equipment and machinery equipment with lease terms between 2 to 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:

	March 31, 2020	December 31, 2019	March 31, 2019
Year 1	\$ 120	\$ 4,197	\$ 5,770
Year 2	120	2,212	6,374
Year 3	120	3,178	1,931
Year 4	60	3,147	3,113
Year 5	-	3,053	3,113
Year 5 onwards	<u>-</u>	<u>11,703</u>	<u>15,565</u>
	<u>\$ 420</u>	<u>\$ 27,490</u>	<u>\$ 35,866</u>

There was no indication of impairment for the three months ended March 31, 2020 and 2019, respectively.

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

Buildings and accessory 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 comprises main building of plant and electromechanical power equipment and are depreciated on a straight-line basis over their estimated useful lives, which are 40-50 years and 3-15 years, respectively.

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 366,615	\$ 374,163	\$ 291,117
Buildings	262	453	1,256
Transportation equipment	<u>720</u>	<u>1,680</u>	<u>2,722</u>
	<u>\$ 367,597</u>	<u>\$ 376,296</u>	<u>\$ 295,095</u>
	For the Three Months Ended March 31		
	2020	2019	
Depreciation charge for right-of-use assets			
Land		\$ 6,925	\$ 5,567
Buildings		191	234
Transportation equipment		<u>303</u>	<u>347</u>
		<u>\$ 7,419</u>	<u>\$ 6,148</u>

Except for recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2020 and 2019.

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 23,475</u>	<u>\$ 24,625</u>	<u>\$ 20,767</u>
Non-current	<u>\$ 262,216</u>	<u>\$ 267,997</u>	<u>\$ 181,557</u>

Range of discount rate for lease liabilities was as follows:

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

c. Material lease-in activities and terms

The Group leases certain land, buildings and transportation equipment for the use of office and operation with lease terms of 2-50 years, 2 years and 2-3 years, respectively. The Group has no option to purchase the land, buildings and transportation equipment for a nominal amount at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold property, plant and equipment are set out in Note 13.

	For the Three Months Ended March 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 4,750</u>	<u>\$ 7,285</u>
Expenses relating to low-value asset leases	<u>\$ 439</u>	<u>\$ 820</u>
Total cash outflow for leases	<u>\$ (11,457)</u>	<u>\$ (13,227)</u>

The Group leases certain buildings and office equipment which qualify as short-term leases and certain office equipment which 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.

15. GOODWILL

	March 31, 2020	December 31, 2019	March 31, 2019
Goodwill	<u>\$ 11,624</u>	<u>\$ 12,663</u>	<u>\$ -</u>

**For the Three
Months Ended
March 31, 2020**

Balance at January 1	\$ 12,663
Effect of foreign currency exchange differences	<u>(1,039)</u>
Balance at March 31	<u>\$ 11,624</u>

16. OTHER INTANGIBLE ASSETS

	Franchises	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ 9,389	\$ 58,319	\$ 39,103	\$ 106,811
Additions	-	2,380	232	2,612
Decrease	-	(43)	-	(43)
Effect of foreign currency exchange differences	<u>-</u>	<u>(78)</u>	<u>(133)</u>	<u>(211)</u>
Balance at March 31, 2020	<u>9,389</u>	<u>60,578</u>	<u>39,202</u>	<u>109,169</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	3,286	29,031	23,118	55,435
Amortization expense	117	4,141	1,583	5,841
Decrease	-	(39)	-	(39)
Effect of foreign currency exchange differences	<u>-</u>	<u>(62)</u>	<u>(39)</u>	<u>(101)</u>
Balance at March 31, 2020	<u>3,403</u>	<u>33,071</u>	<u>24,622</u>	<u>61,136</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 6,103</u>	<u>\$ 29,288</u>	<u>\$ 15,985</u>	<u>\$ 51,376</u>
Carrying amounts at March 31, 2020	<u>\$ 5,986</u>	<u>\$ 27,507</u>	<u>\$ 14,540</u>	<u>\$ 48,033</u>
<u>Cost</u>				
Balance at January 1, 2019	\$ 9,389	\$ 50,374	\$ 35,365	\$ 95,128
Additions	-	8,630	1,170	9,800
Effect of foreign currency exchange differences	<u>-</u>	<u>235</u>	<u>337</u>	<u>572</u>
Balance at March 31, 2019	<u>9,389</u>	<u>59,239</u>	<u>36,872</u>	<u>105,500</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2019	2,816	30,476	16,500	49,792
Amortization expense	118	3,478	1,676	5,272
Effect of foreign currency exchange differences	<u>-</u>	<u>182</u>	<u>91</u>	<u>273</u>
Balance at March 31, 2019	<u>2,934</u>	<u>34,136</u>	<u>18,267</u>	<u>55,337</u>
Carrying amounts at March 31, 2019	<u>\$ 6,455</u>	<u>\$ 25,103</u>	<u>\$ 18,605</u>	<u>\$ 50,163</u>

The Corporation signed several purchasing and selling contracts with Taiwan Power Company which would expire 20 years in parallel with the first date of generator set. The gains were recorded in other comprehensive income for the three months ended March 31, 2020 and 2019 amounted to \$646 thousand and \$652 thousand, respectively.

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

17. OTHER CURRENT ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Overpaid VAT	\$ 58,609	\$ 59,784	\$ 72,243
Prepayment for construction	54,643	63,717	94,706
Payment in advance	33,425	24,528	59,154
Temporary payment	22,050	22,080	22,065
Others	<u>31,660</u>	<u>30,391</u>	<u>47,502</u>
	<u>\$ 200,387</u>	<u>\$ 200,500</u>	<u>\$ 295,670</u>

18. BORROWINGS

a. Short-term bank loans

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 500,000</u>	<u>\$ 900,000</u>	<u>\$ 459,399</u>

The effective interest rate ranges on the working capital loan were 0.78%-0.80%, 0.78%-0.86% and 0.79%-1.8% as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

b. Long-term debts

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Unsecured borrowings</u>			
Bank loans - expired continually before February 25, 2025	\$ 476,158	\$ 10,000	\$ 268,393
Less: Current portions	<u>-</u>	<u>-</u>	<u>(208,393)</u>
	<u>\$ 476,158</u>	<u>\$ 10,000</u>	<u>\$ 60,000</u>

The effective interest rate ranges on the bank loans were 0.60%-1.10% , 1.10% and 1.00%-1.23% as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
Bonus	\$ 233,685	\$ 377,672	\$ 286,526
Salaries	98,031	113,217	104,565
Employees' compensation and remuneration of directors and supervisors	26,081	21,983	35,967
Payable for equipment	3,168	56,787	11,681
Others	<u>137,762</u>	<u>228,209</u>	<u>164,326</u>
	<u>\$ 498,727</u>	<u>\$ 797,868</u>	<u>\$ 603,065</u>

20. PROVISIONS - CURRENT

	March 31, 2020	December 31, 2019	March 31, 2019
Warranties	<u>\$ 6,444</u>	<u>\$ 8,035</u>	<u>\$ 7,250</u>
		For the Three Months Ended March 31	
		2020	2019
Balance at January 1		\$ 8,035	\$ 7,869
Additional provisions recognized		7,189	4,434
Amount used		(8,773)	(5,071)
Effect of foreign currency exchange differences		<u>(7)</u>	<u>18</u>
Balance at March 31		<u>\$ 6,444</u>	<u>\$ 7,250</u>

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.

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$1,524 thousand and \$2,201 thousand for the three months ended March 31, 2020 and 2019, respectively, and were calculated using the actuarially determined pension cost discount rates as of December 31, 2019 and 2018.

22. EQUITY

a. Capital share

1) Common share

	March 31, 2020	December 31, 2019	March 31, 2019
Share authorized (in thousands of shares)	226,000	226,000	226,000
Share authorized	<u>\$ 2,260,000</u>	<u>\$ 2,260,000</u>	<u>\$ 2,260,000</u>
Share issued and fully paid (in thousands of shares)	195,531	195,531	195,531
Share issued	<u>\$ 1,955,312</u>	<u>\$ 1,955,312</u>	<u>\$ 1,955,312</u>

Fully paid common share, which have a par value of \$10, carry 1 vote per share and carry a right to dividends.

20,000 thousand shares of the share capital were reserved for the issuance of employee share options, preferred shares with warrants share options or bonds with attached share options.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to capital share (1)			
Conversion of bonds	\$ 234,579	\$ 234,579	\$ 234,579
Treasury share transactions	<u>19,150</u>	<u>19,150</u>	<u>19,150</u>
	253,729	253,729	253,729
<u>May be used to offset a deficit only</u>			
Share of changes in capital surplus of or joint ventures (2)	135	135	-
<u>May not be used for any purpose</u>			
Changes in ownership interests in subsidiaries	<u>4,381</u>	<u>4,381</u>	<u>8,776</u>
	<u>\$ 258,245</u>	<u>\$ 258,245</u>	<u>\$ 262,505</u>

- 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) According to IAS 28, if the Corporation did not acquire the equity of its associates from their seasoned equity offering in accordance with the proportion of ownership, which caused the proportion of ownership to change but still had significant impact, its adjusted capital surplus may only be used to offset a deficit.

c. Retained earnings and dividends policy

The Corporation's Articles of Incorporation State that, 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 24(g).

According to the Corporation's Articles, the dividends policy is to enable the shareholders to share the Group's profit and operating performance, continue expanding and stable its profitability, the total cash dividends paid in any given year should be at least 40% of total dividends distributed.

An appropriation of earnings to a 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 Group.

The appropriations of earnings for 2019 and 2018 were approved in the board of directors' meeting on March 19, 2020 and shareholders' meetings on June 14, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For Year 2019	For Year 2018
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 appropriations of earnings for 2019 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 12, 2020.

d. Non-controlling interests

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 182	\$ 201
Share of loss for the period	-	(5)
Other comprehensive (loss) income for the period		
Exchange differences on translating the financial statements of foreign entities	<u>(177)</u>	<u>140</u>
Balance at March 31	<u>\$ 5</u>	<u>\$ 336</u>

23. REVENUE

a. Revenue from contracts with customers

	For the Three Months Ended March 31	
	2020	2019
Revenue from contracts with customers		
Construction contract revenue	\$ 1,407,255	\$ 2,876,075
Revenue from the sale of goods	573,856	421,080
Revenue from the rendering of services	<u>116,310</u>	<u>95,440</u>
	<u>\$ 2,097,421</u>	<u>\$ 3,392,595</u>

b. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019	January 1, 2019
Notes receivable (Note 9)	<u>\$ 81,217</u>	<u>\$ 98,022</u>	<u>\$ 86,397</u>	<u>\$ 193,006</u>
Accounts receivable (Note 9)	<u>\$ 455,779</u>	<u>\$ 909,137</u>	<u>\$ 1,224,695</u>	<u>\$ 993,938</u>
Receivables from related parties (Note 29)	<u>\$ 931</u>	<u>\$ 4,000</u>	<u>\$ 2,205</u>	<u>\$ 7,250</u>
Contract assets - current				
Construction of properties	<u>\$ 2,846,472</u>	<u>\$ 2,798,069</u>	<u>\$ 3,345,129</u>	<u>\$ 3,490,906</u>
Contract liabilities - current				
Construction of properties	<u>\$ 1,573,105</u>	<u>\$ 1,520,694</u>	<u>\$ 1,950,674</u>	<u>\$ 1,116,781</u>

c. Disaggregation of revenue

	Reportable Segments						
	LCD Device	Information Product System	Robot Operating System	Industrial Controller	Automatic Storage System	Semiconductor Equipment	Total
For the three months ended March 31, 2020							
Type of goods or services							
Construction contracts	\$ 966,306	\$ 174,190	\$ 106,225	\$ 56,249	\$ 92,533	\$ 11,753	\$ 1,407,256
Sale of goods	12,454	425,409	32,750	101,019	2,225	-	573,857
Rendering of services	<u>2,280</u>	<u>99,670</u>	<u>6,398</u>	<u>239</u>	<u>7,721</u>	<u>-</u>	<u>116,308</u>
	<u>\$ 981,040</u>	<u>\$ 699,269</u>	<u>\$ 145,373</u>	<u>\$ 157,507</u>	<u>\$ 102,479</u>	<u>\$ 11,753</u>	<u>\$ 2,097,421</u>

	Reportable Segments						
	LCD Device	Information Product System	Robot Operating System	Industrial Controller	Automatic Storage System	Total	
For the three months ended March 31, 2019							
Type of goods or services							
Construction contracts	\$ 1,663,105	\$ 430,173	\$ 104,498	\$ 115,233	\$ 563,066	\$ 2,876,075	
Sale of goods	22,463	203,093	101,829	89,764	3,931	421,080	
Rendering of services	<u>6,753</u>	<u>72,616</u>	<u>6,192</u>	<u>1,313</u>	<u>8,566</u>	<u>95,440</u>	
	<u>\$ 1,692,321</u>	<u>\$ 705,882</u>	<u>\$ 212,519</u>	<u>\$ 206,310</u>	<u>\$ 575,563</u>	<u>\$ 3,392,595</u>	

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Three Months Ended March 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$ 47	\$ (243)
Loss on disposal of other assets	<u>(4)</u>	<u>-</u>
	<u>\$ 43</u>	<u>\$ (243)</u>

b. Other income

	For the Three Months Ended March 31	
	2020	2019
Interest income - bank deposits	\$ 6,739	\$ 1,693
Franchise income (Note 16)	646	652
Rental income (Note 13)	399	1,612
Government grants income (Note 27)	-	1,875
Others	<u>19,842</u>	<u>19,504</u>
	<u>\$ 27,626</u>	<u>\$ 25,336</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2020	2019
Net gain on fair value changes of financial instruments at fair value through profit or loss	\$ 80	\$ 468
Other net loss	<u>(1,637)</u>	<u>(1,543)</u>
	<u>\$ (1,557)</u>	<u>\$ (1,075)</u>

d. Finance costs

	For the Three Months Ended March 31	
	2020	2019
Interest on bank loans	\$ 1,997	\$ 1,918
Interest on lease liabilities	<u>1,454</u>	<u>987</u>
	<u>\$ 3,451</u>	<u>\$ 2,905</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2020	2019
Property, plant and equipment	\$ 30,438	\$ 29,784
Right-of-use assets	7,419	6,148
Other intangible assets	<u>5,841</u>	<u>5,272</u>
	<u>\$ 43,698</u>	<u>\$ 41,204</u>
An analysis of depreciation by function		
Operating costs	\$ 12,335	\$ 13,909
Operating expense	<u>25,522</u>	<u>22,023</u>
	<u>\$ 37,857</u>	<u>\$ 35,932</u>
An analysis of amortization by function		
Operating costs	\$ 1,386	\$ 1,615
Selling and marketing expense	307	386
General and administrative expense	2,462	2,035
Research and development expense	1,569	1,118
Other expense	<u>117</u>	<u>118</u>
	<u>\$ 5,841</u>	<u>\$ 5,272</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 11,215	\$ 10,764
Defined benefit plans (Note 21)	<u>1,524</u>	<u>2,201</u>
	12,739	12,965
Other employee benefits	<u>380,111</u>	<u>403,484</u>
Total employee benefits expense	<u>\$ 392,850</u>	<u>\$ 416,449</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 202,589	\$ 212,861
Operating expenses	<u>190,261</u>	<u>203,588</u>
	<u>\$ 392,850</u>	<u>\$ 416,449</u>

g. Employees' compensation and remuneration of directors

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. For the three months ended March 31, 2020 and 2019, respectively, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2020	2019
Employees' compensation	1%	1%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended March 31	
	2020	2019
Employees' compensation	\$ 1,655	\$ 2,657
Remuneration of directors	2,482	3,986

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

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the board of directors on March 19, 2020 and March 25, 2019, respectively, are as shown below:

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 8,602	\$ -	\$ 11,725	\$ -
Remuneration of directors	12,903	-	17,588	-

There is no difference between the actual amounts of employees' compensation and remuneration of directors 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 resolved by the Corporation's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current period	\$ 24,293	\$ 56,047
Deferred tax		
In respect of the current period	-	-
Income tax expense recognized in profit or loss	<u>\$ 24,293</u>	<u>\$ 56,047</u>

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.

b. Income tax assessments

Income tax returns of the Corporation through 2017 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2020	2019
Basic earnings per share	\$ 0.72	\$ 1.09
Diluted earnings per share	\$ 0.72	\$ 1.09

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 Periods

	For the Three Months Ended March 31	
	2020	2019
Net profit attributable to owner of the Corporation	\$ 140,376	\$ 212,628
Earnings used in the computation of basic earnings per share	140,376	212,628
Earnings used in the computation of diluted earnings per share	\$ 140,376	\$ 212,628

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

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of common shares used in the computation of basic earnings per share	195,531	195,531
Effect of potentially dilutive common share:		
Employees' compensation	318	300
Weighted average number of common shares used in the computation of dilutive earnings per share	195,849	195,831

If the Corporation offered to settle compensation paid to employees in cash or shares, 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.

27. GOVERNMENT GRANTS

The Corporation participated in a project called “Hangzhou Aerospace Composite Materials Smart Manufacturing Production Pioneering Project”, which was proposed by the Ministry of Economic Affairs, with Institute for Information Industry in October 2017. The subsidy provided by the Ministry of Economic Affairs was NT\$31,740 thousand. As of March 31, 2020, the accumulated government grants income recognized was NT\$31,652 thousand.

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

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	\$ 80,064	\$ -	\$ -	\$ 80,064
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 39,316	\$ 39,316

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

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	\$ 550,990	\$ -	\$ -	\$ 550,990
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 42,220	\$ 42,220

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

If there is no market price available for derivatives, the valuation approach is used. The estimates and assumptions used by the Group in the valuation approach are consistent with the information used by market participants as estimates and assumptions when pricing financial instruments and that information is available to the Group.

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

The fair values of unlisted shares were determined using the following approach. In this approach, to estimate the fair value of the target, the Group estimated the price of the target by assets and liabilities items or used the observable stock prices of companies at the end of the period, compared items of balance sheets or income statements, calculated the implied value multiplier for the price and evaluated the value of the target at balance sheet dates.

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 80,064	\$ -	\$ 550,990
Financial assets at amortized cost			
Cash and cash equivalents	2,294,727	2,211,104	2,653,674
Notes receivable - net (including related parties)	81,361	98,057	86,567
Accounts receivable - net (including related parties)	456,566	913,102	1,226,730
Other receivables	73,541	77,192	115,492
Refundable deposits	136,148	147,789	153,254
Financial assets at FVTOCI			
Equity instruments	39,316	39,316	42,220
<u>Financial liabilities</u>			
Amortized cost			
Short-term bank loans	500,000	900,000	459,399
Notes payable	43,110	75,491	173,840
Accounts payable (including related parties)	3,046,081	3,334,227	5,019,812
Accrued expenses and other current liabilities	498,727	797,868	603,065
Long-term debt (including current portion)	476,158	10,000	268,393
Lease liabilities	285,691	292,622	202,324
Guarantee deposits received	3,507	3,530	3,719

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 managements in accordance with relevant regulations and internal control system. During the execution of the financial plans, the Group strictly complied with 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 32.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuation of USD and 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. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens/weakens 5% against the relevant foreign currency.

	USD Impact		JPY Impact		EUR Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2020	2019	2020	2019	2020	2019
Profit or loss	\$(108,328)	\$(159,668)	\$ (963)	\$ 6,962	\$ (656)	\$ 1,777

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:

	March 31, 2020	December 31, 2019	March 31, 2019
Fair value interest rate risk			
Financial assets	\$ 918,736	\$ 624,370	\$ 526,756
Financial liabilities	617,408	300,000	-
Cash flow interest rate risk			
Financial assets	1,375,991	1,586,734	2,126,918
Financial liabilities	358,750	610,000	727,792

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 three months ended March 31, 2020 and 2019 would decrease by \$897 thousand and \$1,819 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 rate changed during the current year mainly due to the 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 24.28%, 58.86% and 75.86% of total trade receivables as of March 31, 2020, December 31, 2019 and March 31, 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 trade receivables 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 table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has 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 table includes 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.

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 274,384	\$ 751,973	\$ 137,082	\$ 17,534
Lease liabilities	2,587	4,794	22,153	298,511
Variable interest rate liabilities	250,000	100,000	-	8,750
Fixed interest rate liabilities	-	150,000	-	467,408
	<u>\$ 526,971</u>	<u>\$ 1,006,767</u>	<u>\$ 159,235</u>	<u>\$ 792,203</u>

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	<u>\$ 29,534</u>	<u>\$ 138,450</u>	<u>\$ 106,701</u>	<u>\$ 53,360</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (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	-	-
	<u>\$ 1,062,058</u>	<u>\$ 1,281,498</u>	<u>\$ 169,165</u>	<u>\$ 326,590</u>

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	<u>\$ 30,265</u>	<u>\$ 109,933</u>	<u>\$ 122,331</u>	<u>\$ 71,412</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 577,124	\$ 2,006,262	\$ 280,080	\$ 20,208
Lease liabilities	2,037	4,074	18,330	198,676
Variable interest rate liabilities	350,000	169,464	198,328	10,000
	<u>\$ 929,161</u>	<u>\$ 2,179,800</u>	<u>\$ 496,738</u>	<u>\$ 228,884</u>

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	<u>\$ 24,441</u>	<u>\$ 84,720</u>	<u>\$ 98,041</u>	<u>\$ 15,915</u>	<u>\$ -</u>	<u>\$ -</u>

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

b) Financing facilities

	March 31, 2020	December 31, 2019	March 31, 2019
Long-term bank loan facilities:			
Amount used	\$ 705,912	\$ 10,000	\$ 497,366
Amount unused	<u>2,226,563</u>	<u>2,019,780</u>	<u>1,245,754</u>
	<u>\$ 2,932,475</u>	<u>\$ 2,029,780</u>	<u>\$ 1,743,120</u>
Short-term bank loan facilities:			
Amount used	\$ 983,429	\$ 1,654,596	\$ 1,623,263
Amount unused	<u>4,459,396</u>	<u>3,894,184</u>	<u>5,298,831</u>
	<u>\$ 5,442,825</u>	<u>\$ 5,548,780</u>	<u>\$ 6,922,094</u>

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	Related Party Category
MIRLE AUTOMATION INTER CO., LTD.	Associates before November 2019
MAIN DRIVE CORPORATION	Associates
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI Jisheng Co., Ltd.	Subsidiaries of key management personnel
I-MEI MACROBIOTICS CO., LTD.	Subsidiaries of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Substantive related parties
I-MEI STORE COMPANY LTD.	Substantive related parties
I-MEI MULTIMEDIA E-CONTENT PRODUCTION & MARKETING CO., LTD.	Substantive related parties
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related parties
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related parties

b. Operating transaction

	For the Three Months Ended March 31	
	2020	2019
<u>Sales of goods</u>		
Substantive related parties	\$ 452	\$ 669
Associates	300	-
Key management personnel	222	4,553
Subsidiaries of key management personnel	<u>-</u>	<u>50</u>
	<u>\$ 974</u>	<u>\$ 5,272</u>

(Continued)

	For the Three Months Ended March 31	
	2020	2019
<u>Other expense</u>		
Substantive related parties	\$ <u>184</u>	\$ <u>187</u>
<u>Other loss</u>		
Associates	\$ <u>11</u>	\$ <u>-</u> (Concluded)

The products sold to related parties have no other suitable counterparties to compare with, so the payment term is the same as general customers. Other expenses of the Group and related parties are management and support expenses, which are based on the prices decided by the two sides and payment terms.

c. Balances on balance sheet date

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Receivables from related parties</u>			
Substantive related parties			
I-MEI STORE COMPANY LTD.	\$ 380	\$ 1,310	\$ 508
Others	1	-	19
Associates			
MAIN DRIVE CORPORATION	315	-	-
MIRLE AUTOMATION INTER CO., LTD.	-	-	1,370
Key management personnel			
I-MEI FOODS CO., LTD.	91	2,655	32
Subsidiaries of key management personnel			
Others	<u>-</u>	<u>-</u>	<u>106</u>
	<u>\$ 787</u>	<u>\$ 3,965</u>	<u>\$ 2,035</u>
<u>Notes receivable from related parties</u>			
Subsidiaries of key management personnel			
I-MEI FOODS CO., LTD.	\$ 144	\$ 3	\$ 170
I-MEI MULTIMEDIA E-CONTENT PRODUCTION & MARKETING CO., LTD.	<u>-</u>	<u>32</u>	<u>-</u>
	<u>\$ 144</u>	<u>\$ 35</u>	<u>\$ 170</u>
<u>Payables to related parties</u>			
Associates			
MAIN DRIVE CORPORATION	<u>\$ 67</u>	<u>\$ 191</u>	<u>\$ -</u> (Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Contract liabilities</u>			
Substantive related parties	\$ <u>-</u>	\$ <u>19</u>	\$ <u>499</u>
<u>Accrued expenses and other current liabilities</u>			
Substantive related parties	\$ 187	\$ -	\$ 188
Subsidiaries of key management personnel	<u>1</u>	<u>-</u>	<u>-</u>
	\$ <u>188</u>	\$ <u>-</u>	\$ <u>188</u>
			(Concluded)

The outstanding payables to related parties are not pledged as collateral and will be paid off by cash. The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

d. Compensation of key management personnel

The compensation to directors and the key management personnel for the three months ended March 31, 2020 and 2019 was as follows:

	For the Three Months Ended March 31	
	2020	2019
Short-term benefits	\$ 18,277	\$ 23,120
Post-employment benefits	<u>592</u>	<u>801</u>
	\$ <u>18,869</u>	\$ <u>23,921</u>

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 credit facilities.

	March 31, 2020	December 31, 2019	March 31, 2019
Property, plant and equipment	\$ -	\$ 106,293	\$ 136,443
Other intangible assets	<u>5,986</u>	<u>6,103</u>	<u>6,455</u>
	\$ <u>5,986</u>	\$ <u>112,396</u>	\$ <u>142,898</u>

31. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group's significant commitments and contingencies as of March 31, 2020 were as follows:

The endorsement/guarantee of the Corporation on behalf of Mirle Automation Technology (Shanghai) Co., Ltd. was \$634,725 thousand.

32. 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 foreign currencies and respective functional currencies were as follows:

March 31, 2020		
	Foreign Currencies	Exchange Rate
<u>Financial assets</u>		
Monetary items		
USD	\$ 74,672	30.225(USD:NTD)
USD	92	7.0851(USD:RMB)
JPY	316,570	0.2788(JPY:NTD)
RMB	24,997	4.255(RMB:NTD)
EUR	493	33.24(EUR:NTD)
<u>Financial liabilities</u>		
Monetary items		
USD	1,963	30.225(USD:NTD)
USD	1,120	7.0851(USD:RMB)
JPY	247,489	0.2788(JPY:NTD)
RMB	4,524	4.255(RMB:NTD)
EUR	98	33.24(EUR:NTD)
CAD	1	21.31(CAD:NTD)
December 31, 2019		
	Foreign Currency	Exchange Rate
<u>Financial assets</u>		
Monetary items		
USD	\$ 80,545	29.980 (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)

(Continued)

December 31, 2019		
	Foreign Currency	Exchange Rate
<u>Financial liabilities</u>		
Monetary items		
USD	\$ 3,167	29.980 (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)
		(Concluded)

March 31, 2019		
	Foreign Currency	Exchange Rate
<u>Financial assets</u>		
Monetary items		
USD	\$ 106,507	30.82 (USD:NTD)
USD	45	6.7335 (USD:RMB)
JPY	285,195	0.2783 (JPY:NTD)
RMB	3,703	4.58 (RMB:NTD)
EUR	19	34.61 (EUR:NTD)

Financial liabilities

Monetary items		
USD	2,269	30.82 (USD:NTD)
USD	670	6.7335 (USD:RMB)
JPY	785,434	0.2783 (JPY:NTD)
JPY	86	0.0608 (JPY:RMB)
RMB	1,776	4.58 (RMB:NTD)
EUR	774	34.61 (EUR:NTD)
EUR	272	7.5568 (EUR:RMB)

For the three months ended March 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were \$25,628 thousand and \$(3,666) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Group.

33. 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 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)
 - 5) Information on investees (excluding investees in mainland China) (Table 5)
- b. 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)
- c. Information about main shareholders whose ownership percentage are more than 5%, showing the name, ownership amount and percentage (Table 8)

34. 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 automatic production line and equipment segment and information and controller segment.

a. Segment revenue and operating results

	Segment Revenue		Segment Profit	
	Three Months Ended		Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Automatic production line and equipment segment	\$ 1,188,624	\$ 2,679,222	\$ 322,889	\$ 527,689
Information and controller segment	<u>908,797</u>	<u>713,373</u>	<u>88,654</u>	<u>73,208</u>
Total amounts from continuing operations	<u>\$ 2,097,421</u>	<u>\$ 3,392,595</u>	411,543	600,897
Unallocated amount:				
Operating expenses			(291,416)	(348,515)
Other gains and losses			43	(243)
Non-operating income and expenses			<u>44,499</u>	<u>16,531</u>
Income before income tax			<u>\$ 164,669</u>	<u>\$ 268,670</u>

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

Segment profit means the profits 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.

TABLE 1

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 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 Borrowing Amount (Note 5)	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 CONSULTING SERVICES CO., LTD.	Other receivables from related parties	Yes	\$ 15,113	\$ 15,,113	\$ 6,045	3	2	\$ -	Working capital	\$ -	-	\$ -	\$ 1,676,341	\$ 1,676,341	-
		Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	280,830	280,830	-	3	2	-	Working capital	-	-	-	1,676,341	1,676,341	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	340,400	340,400	197,858	0-3	2	-	Working capital	-	-	-	430,363	430,363	-

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

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

Note 4: Facilities of financing provided to others approved by the board of directors.

Note 5: The amount has been completely eliminated.

TABLE 2

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 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 Borrowing Amount	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	Note
		Name	Relationship											
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	Note 1	\$1,257,256	\$ 634,725	\$ 634,725	\$ -	\$ -	15	\$2,095,427	Yes	No	Yes	

Note 1: Indirect investments, the Corporation’s wholly-owned subsidiaries.

Note 2: The amount of guarantees provided by the Group to any individual entity shall not exceed ten percent of the Group’s net worth. The aggregate amount of guarantees available shall not exceed fifty percent of the Group’s net worth. The aggregate amount of guarantees given by parent on behalf of subsidiaries or subsidiaries on behalf of parent shall not exceed thirty percent of the Group’s net worth.

TABLE 3

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Marketable Securities Type and Issue	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares (Thousands)	Carrying Value	% of Ownership	Fair Value	
Mirle Automation Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500	\$ 39,316	7	\$ 39,316	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143	-	5	-	Note 1
	JIH SUN MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	2,687	40,033	-	40,033	Note 2
	TAISHIN TA-CHONG MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	2,803	40,031	-	40,031	Note 2
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 March 31, 2020.

Note 2: The fair value was based on the net assets value of the fund as of March 31, 2020.

Note 3: As of March 31, 2020, the above marketable securities had not been pledged or mortgaged.

Note 4: See Table 5 and Table 6 for detailed information on subsidiaries and associates.

TABLE 4**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 2)	% of Total Sales or Assets
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	1	Sales	\$ 9,319	-	-
			1	Purchase	23	-	-
			1	Accounts receivable from related parties	51,957	-	-
			1	Other receivables from related parties	2,041	-	-
			1	Accounts payable to related parties	53	-	-
		IOT SERVICES INFORMATION SYSTEM CORPORATION	1	Sales	4,989	-	-
			1	Manufacturing expenses	4,749	-	-
			1	Other expenses	6,506	-	-
			1	Accounts receivable from related parties	116	-	-
			1	Accounts payable to related parties	873	-	-
			1	Accrued expenses and other current liabilities	29,505	-	-
			1	Contract liabilities	959	-	-
		Mirle Automation (Kunshan) Co., Ltd.	1	Sales	6,878	-	-
			1	Purchase	4,537	-	-
			1	Accounts receivable from related parties	6,704	-	-
			1	Accounts payable to related parties	4,537	-	-
			1	Contract liabilities	555	-	-
			1	Advance received	5,771	-	-
		VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	1	Interest income	45	-	-
			1	Other accounts receivable from related parties	6,152	-	-
		MIRLE AUTOMATION INTER CO., LTD.	1	Accounts receivable from related parties	1,190	-	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	3	Other accounts receivable from related parties	215,205	-	2
			3	Other accounts payable to related parties	1,722	-	-

Note 1: No. 1 Parent company to the subsidiaries. No. 3 Subsidiaries to the subsidiaries.

Note 2: Sales and purchases between parent company and subsidiary are processed in accordance with general sales and purchase terms.

TABLE 5

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 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 March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
MIRLE AUTOMATION CORPORATION	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	\$ 950,457	\$ 950,457	29,611	100	\$ 1,613,062	\$ 33,927	\$ 33,927	Subsidiary
	David Investment co., ltd	Taipei City	Investment	76,000	76,000	-	99	73,116	147	147	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	81,799	(2,164)	(2,164)	Associate
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,523	21	-	-	-	Associate
	MAIN DRIVE CORPORATION	Hsinchu County	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	33,000	33,000	3,300	20.4	20,671	(18,370)	(3,747)	Associate
MIRTEK (BVI) CORP. LTD.	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000	100	537,155	(4,525)	(4,525)	Sub-subsubsidiary
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	73,104	147	147	Sub-subsubsidiary
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	20,669	795	795	Third-tier subsidiary

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

TABLE 6

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 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 March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					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\$ 1,323 ten thousand (Note 2)	Note 1	US\$ 1,161 ten thousand (Note 3)	\$ -	\$ -	US\$ 1,161 ten thousand	\$ 38,452	100%	\$ 38,452 (Note 5)	\$ 1,075,907	\$ -	
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\$ 1,700 ten thousand (Note 4)	Note 1	US\$ 1,700 ten thousand	-	-	US\$ 1,700 ten thousand	(4,525)	100%	(4,525) (Note 6)	537,155	-	

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US\$2,861 ten thousand	US\$3,156 ten thousand	\$ 2,514,512

Note 1: By establishing MIRTEK (BVI) CORP. LTD. through investment in the third region and then invested in companies in mainland china.

Note 2: Accumulated outward remittance for investment from Taiwan is US\$790 ten thousand, the amount of retained earnings transferred to common stock is US\$295 ten thousand and the investment amount of Xinji Photoelectric Co., Ltd. is US\$238 ten thousand. 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\$790 ten thousand. The Corporation obtained the shares of Mirle Automation Technology (Shanghai) Co., Ltd. by paying US\$371 ten thousand to Xinji Photoelectric Co., Ltd.

Note 4: Accumulated outward remittance for investment from Taiwan is US\$1,700 ten thousand. The Corporation invested and established 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 by reviewed financial statements of the investees for the same reporting periods as those of the Group.

Note 6: Calculated by unreviewed 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 THREE MONTHS ENDED MARCH 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	\$ 9,319	-	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions to compare	\$ 51,957	10	\$ -	None
	Purchase	23	-	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions to compare	(53)	-	-	None
Mirle Automation (Kunshan) Co., Ltd.	Sales	6,878	-	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions to compare	6,704	1	-	None
	Purchase	4,537	-	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions to compare	(4,537)	-	-	None

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ABOUT MAIN SHAREHOLDERS
MARCH 31, 2020

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