

**Promate Solutions Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2020 and 2019 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Promate Solutions Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Promate Solutions Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$3,603 thousand and NT\$4,596 thousand, respectively, representing 0.24% and 0.30%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$1,648 thousand and NT\$2,064 thousand, respectively, representing 0.38% and 0.42%, respectively, of the consolidated total liabilities; for the three-month periods ended September 30, 2020 and 2019, and for the nine-month periods ended September 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(204) thousand, NT\$291 thousand, NT\$(622) thousand, NT\$422 thousand respectively, representing (0.32%), 0.58%, (0.33%) and 0.28%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, 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 consolidated financial position of the Group as of September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months then ended September 30, 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 Li Huang Lee and Po Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 318,053	21	\$ 833,430	52	\$ 707,028	47
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	7,221	-	3,036	-	1,924	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 29)	312,261	21	-	-	31,040	2
Accounts receivable (Notes 4, 11, 23 and 29)	279,351	19	278,471	18	244,216	16
Accounts receivable from related parties (Notes 4, 11, 23, 29 and 30)	1,718	-	4,964	-	3,932	-
Other receivables (Notes 4, 11 and 29)	27,307	2	11,123	1	13,005	1
Current tax assets	53	-	3	-	-	-
Inventories (Note 12)	353,964	24	282,484	18	323,321	21
Prepayments (Notes 17 and 30)	2,621	-	5,620	-	11,109	1
Other current assets (Note 17)	30	-	53	-	454	-
Total current assets	<u>1,302,579</u>	<u>87</u>	<u>1,419,184</u>	<u>89</u>	<u>1,336,029</u>	<u>88</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 29)	54,273	4	14,892	1	16,422	1
Property, plant and equipment (Notes 4 and 14)	49,415	3	47,268	3	50,321	3
Right-of-use assets (Notes 4, 15 and 30)	68,923	5	84,521	5	89,778	6
Other intangible assets (Note 16)	4,733	-	7,219	1	7,831	1
Deferred tax assets (Note 25)	12,144	1	14,981	1	12,197	1
Prepayments for business facilities (Note 17)	2,261	-	4,025	-	-	-
Guarantee deposits paid (Notes 17 and 29)	136	-	136	-	138	-
Total non-current assets	<u>191,885</u>	<u>13</u>	<u>173,042</u>	<u>11</u>	<u>176,687</u>	<u>12</u>
TOTAL	<u>\$ 1,494,464</u>	<u>100</u>	<u>\$ 1,592,226</u>	<u>100</u>	<u>\$ 1,512,716</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities - current (Notes 4, 19 and 23)	\$ 37,537	3	\$ 39,767	3	\$ 42,138	3
Notes payable (Notes 18 and 29)	11	-	11	-	11	-
Accounts payable (Notes 18 and 29)	152,175	10	168,437	11	143,371	10
Accounts payable to related parties (Notes 18, 29 and 30)	45,785	3	63,829	4	61,004	4
Other payables (Notes 19 and 29)	92,785	6	102,405	6	88,807	6
Other payables - related parties (Notes 19, 29 and 30)	991	-	2,325	-	2,263	-
Current tax liabilities (Note 25)	11,771	1	28,696	2	35,583	2
Provisions - current (Note 20)	3,560	-	11,164	1	12,638	1
Lease liabilities - current (Notes 4, 15, 29 and 30)	20,864	2	20,940	1	20,413	1
Other current liabilities (Note 19)	2,099	-	2,334	-	2,147	-
Total current liabilities	<u>367,578</u>	<u>25</u>	<u>439,908</u>	<u>28</u>	<u>408,375</u>	<u>27</u>
NON-CURRENT LIABILITIES						
Provisions - noncurrent (Note 20)	2,164	-	6,960	-	8,786	1
Deferred tax liabilities (Note 25)	-	-	3	-	34	-
Lease liabilities - noncurrent (Notes 4, 15, 29 and 30)	43,626	3	62,530	4	64,123	4
Net defined benefit liabilities - noncurrent (Note 21)	14,842	1	15,252	1	15,024	1
Total non-current liabilities	<u>60,632</u>	<u>4</u>	<u>84,745</u>	<u>5</u>	<u>87,967</u>	<u>6</u>
Total liabilities	<u>428,210</u>	<u>29</u>	<u>524,653</u>	<u>33</u>	<u>496,342</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22)						
Share capital						
Ordinary shares	382,549	25	382,549	24	382,549	25
Capital surplus	386,829	26	396,393	25	396,393	26
Retained earnings						
Legal reserve	105,299	7	84,663	5	84,663	6
Special reserve	2,728	-	26	-	26	-
Unappropriated earnings	171,814	12	206,670	13	153,856	10
Total retained earnings	<u>279,841</u>	<u>19</u>	<u>291,359</u>	<u>18</u>	<u>238,545</u>	<u>16</u>
Other equity						
Exchange differences on translation of foreign financial statements	(50)	-	(50)	-	35	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	17,085	1	(2,678)	-	(1,148)	-
Total other equity interest	<u>17,035</u>	<u>1</u>	<u>(2,728)</u>	<u>-</u>	<u>(1,113)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>1,066,254</u>	<u>71</u>	<u>1,067,573</u>	<u>67</u>	<u>1,016,374</u>	<u>67</u>
Total equity	<u>1,066,254</u>	<u>71</u>	<u>1,067,573</u>	<u>67</u>	<u>1,016,374</u>	<u>67</u>
TOTAL	<u>\$ 1,494,464</u>	<u>100</u>	<u>\$ 1,592,226</u>	<u>100</u>	<u>\$ 1,512,716</u>	<u>100</u>

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

PROMATE SOLUTIONS 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 September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)								
Sales	\$ 489,919	100	\$ 466,142	100	\$ 1,370,739	100	\$ 1,348,774	100
OPERATING COSTS (Notes 12, 16, 21, 24 and 30)								
Cost of sales	(351,754)	(72)	(331,881)	(71)	(972,362)	(71)	(974,125)	(72)
GROSS PROFIT	<u>138,165</u>	<u>28</u>	<u>134,261</u>	<u>29</u>	<u>398,377</u>	<u>29</u>	<u>374,649</u>	<u>28</u>
OPERATING EXPENSES (Notes 11, 16, 21, 24 and 30)								
Selling and marketing expenses	(31,784)	(7)	(43,053)	(9)	(100,252)	(7)	(109,839)	(7)
General and administrative expenses	(9,179)	(2)	(7,838)	(2)	(24,805)	(2)	(26,245)	(2)
Research and development expenses	(20,991)	(4)	(22,436)	(5)	(64,263)	(5)	(60,075)	(4)
Total operating expenses	(61,954)	(13)	(73,327)	(16)	(189,320)	(14)	(196,159)	(13)
OPERATING PROFIT	<u>76,211</u>	<u>15</u>	<u>60,934</u>	<u>13</u>	<u>209,057</u>	<u>15</u>	<u>178,490</u>	<u>15</u>
NON-OPERATING INCOME (Note 24 and 30)								
Interest income	545	-	1,409	-	3,245	-	4,820	-
Other income	2,070	1	1,802	-	2,089	-	1,870	1
Other gains and losses	(8,444)	(2)	221	-	(8,435)	-	7,258	(2)
Finance costs	(488)	-	(634)	-	(1,599)	-	(1,828)	-
Total non-operating income and expenses	(6,317)	(1)	2,798	1	(4,700)	-	12,120	(1)
PROFIT BEFORE INCOME TAX	69,894	14	63,732	14	204,357	15	190,610	14
INCOME TAX EXPENSE (Notes 4 and 25)	(13,347)	(2)	(12,208)	(3)	(37,977)	(3)	(37,067)	(2)
NET PROFIT FOR THE PERIOD	<u>56,547</u>	<u>12</u>	<u>51,524</u>	<u>11</u>	<u>166,380</u>	<u>12</u>	<u>153,543</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22 and 25)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain (loss) on investments in equity instruments as at fair value through other comprehensive income	6,373	1	(1,632)	-	23,575	2	(1,148)	1
Income tax relating to items that will not be reclassified	-	-	-	-	-	-	-	-
	<u>6,373</u>	<u>1</u>	<u>(1,632)</u>	<u>-</u>	<u>23,575</u>	<u>2</u>	<u>(1,148)</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating the financial statements of foreign operations	6	-	(4)	-	-	-	76	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(1)	-	1	-	-	-	(15)	-
	<u>5</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>6,378</u>	<u>4</u>	<u>(1,635)</u>	<u>-</u>	<u>23,575</u>	<u>2</u>	<u>(1,087)</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 62,925</u>	<u>13</u>	<u>\$ 49,889</u>	<u>11</u>	<u>\$ 189,955</u>	<u>14</u>	<u>\$ 152,456</u>	<u>13</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 26)								
From continuing operations								
Basic	<u>\$ 1.48</u>		<u>\$ 1.35</u>		<u>\$ 4.35</u>		<u>\$ 4.01</u>	
Diluted	<u>\$ 1.47</u>		<u>\$ 1.34</u>		<u>\$ 4.31</u>		<u>\$ 3.97</u>	

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

Equity Attributable to Owners of the Company

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Issued Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gain on Financial Assets at Fair Value Through Other Comprehensive Income	
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2019	38,255	\$ 382,549	\$ 400,600	\$ 66,035	\$ 42	\$ 186,864	(\$ 26)	\$ -	\$ 1,036,064
By FSC Rule NO 1010012865 appropriated special reserve	-	-	-	-	(16)	16	-	-	-
Appropriation of 2018 earnings									
Legal reserve	-	-	-	18,628	-	(18,628)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(167,939)	-	-	(167,939)
Changes other Capital Surplus									
Capital Surplus issue Cash dividends	-	-	(4,207)	-	-	-	-	-	(4,207)
Net profit for the nine months September 30, 2019	-	-	-	-	-	153,543	-	-	153,543
Other comprehensive income (loss) for the nine months September 30, 2019, net of income tax	-	-	-	-	-	-	61	(1,148)	(1,087)
Total comprehensive income for the nine months September 30, 2019	-	-	-	-	-	153,543	61	(1,148)	152,456
BALANCE AT June 30, 2019	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 396,393</u>	<u>\$ 84,663</u>	<u>\$ 26</u>	<u>\$ 153,856</u>	<u>\$ 35</u>	<u>(\$ 1,148)</u>	<u>\$ 1,016,374</u>
BALANCE AT JANUARY 1, 2020	38,255	\$ 382,549	\$ 396,393	\$ 84,663	\$ 26	\$ 206,670	(\$ 50)	(\$ 2,678)	\$ 1,067,573
Appropriation of 2019 earnings									
Legal reserve	-	-	-	20,636	-	(20,636)	-	-	-
Special reserve	-	-	-	-	2,702	(2,702)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(181,710)	-	-	(181,710)
Changes other Capital Surplus									
Capital Surplus issue Cash dividends	-	-	(9,564)	-	-	-	-	-	(9,564)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	3,812	-	(3,812)	-
Net profit for the nine months September 30, 2020	-	-	-	-	-	166,380	-	-	166,380
Other comprehensive income (loss) for the nine months September 30, 2020, net of income tax	-	-	-	-	-	-	-	23,575	23,575
Total comprehensive income for the nine months September 30, 2020	-	-	-	-	-	166,380	-	23,575	189,955
BALANCE AT September 30, 2020	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 386,829</u>	<u>\$ 105,299</u>	<u>\$ 2,728</u>	<u>\$ 171,814</u>	<u>(\$ 50)</u>	<u>\$ 17,085</u>	<u>\$ 1,066,254</u>

The accompanying notes are an integral part of the consolidated financial statement

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 204,357	\$ 190,610
Depreciation expenses	27,156	30,035
Amortization expenses	2,486	2,507
Expected credit loss (gain)/provision (reversal of provision) for bad debt expense	5,060	448
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,368)	(676)
Interest expense	1,599	1,828
Other adjustments to reconcile profit (loss)	(6,688)	3,647
Interest incomes	(3,245)	(4,820)
Dividend income	(2,066)	(1,803)
Unrealized foreign exchange loss (gain)	3,510	205
Impairment loss on non-financial assets	7,000	(187)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(817)	(1,248)
Decrease (increase) in accounts receivable	(5,940)	(3,861)
Decrease (increase) in accounts receivable due from related parties	3,246	3,519
Decrease (increase) in other receivable	(16,184)	(2,043)
Decrease (increase) in inventories	(78,480)	202,180
Decrease (increase) in prepayments	2,999	(4,163)
Decrease (increase) in other current assets	23	(413)
Increase (decrease) in contract liabilities	(2,230)	11,145
Increase (decrease) in accounts payable	(16,262)	(2,372)
Increase (decrease) in accounts payable to related parties	(18,044)	26,752
Increase (decrease) in other payable	(9,620)	(11,278)
Increase (decrease) in other payable to related parties	(1,334)	(343)
Increase (decrease) in other current liabilities	(235)	10
Increase (decrease) in net defined benefit liability	(410)	(376)
Increase (decrease) in provisions	(5,712)	(9,238)
Cash generated from operations	86,801	430,065
Interest received	3,245	4,820
Income tax paid	(52,118)	(28,438)
Net cash generated from operating activities	<u>37,928</u>	<u>406,447</u>

(Continued)

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$ 307)	(\$ 3,731)
Decrease (increase) in refundable deposits	-	(2)
Payments for intangible assets	-	(670)
Increase in prepayments for business facilities	(11,634)	-
Proceeds from sale of financial assets at fair value dividends received	2,066	1,803
Acquisition of financial assets at fair value through other comprehensive income	(23,663)	(17,570)
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,857	-
Acquisition of financial assets at amortized cost	(1,243,949)	(830,028)
Proceeds from disposal of financial assets at amortized cost	<u>928,178</u>	<u>798,783</u>
Net cash used in investing activities	<u>(341,452)</u>	<u>(51,415)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Cash dividends	(191,274)	(172,146)
Payments of lease liabilities	<u>(20,579)</u>	<u>(20,587)</u>
Net cash used in financing activities	<u>(211,853)</u>	<u>(192,733)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>-</u>	<u>76</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(515,377)	162,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>833,430</u>	<u>544,653</u>
CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENT OF FINANCIAL POSITION	<u>\$ 318,053</u>	<u>\$ 707,028</u>

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

Promate Solutions Corporation (the “Company”) is a listed company established on May 29, 2000. The main business of the Company were medical touch screen display, embedded control systems, R&D manufacture of industrial display and R&D on software and hardware.

According to resolutions of the shareholders' meeting on June 10, 2013, the department of special application product of Promate Electronic Co., Ltd had been transfer to the Company based on Business Mergers And Acquisitions Act. The purpose of division was due to organization adjustment of Promate Electronic Co. According to Board resolutions, the reference date of the division was August 1, 2013. , the value of the division department was 123,900 thousand. The Company had been issued 8,260 thousand ordinary share priced at 15 for division.

The parent company is Promate Electronic Co., Ltd. with equity interests of 66.21% on September 30, 2020 and 2019.

The Company’s shares have been listed on OTC trading at Taipei Exchange since March 2004.

The functional currency of the Company is the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 10, 2020.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, 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 did not have any material impact on the Group’s accounting policies.

Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to “could reasonably be expected to influence” and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC:

New IFRSs	Effect Date Announced by IASB (Note1)
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract	January 1, 2022 (Note5)

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

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

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires to compare the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10 per cent. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the aforementioned amendments in the retained earnings at the date of the initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. 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 Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, 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

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

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 941	\$ 914	\$ 1,870
Checking accounts and demand deposits	267,112	402,522	239,660
Cash equivalents (investment with original maturities less than three months time deposits)			
Cash on hand	<u>50,000</u>	<u>429,994</u>	<u>465,498</u>
	<u>\$ 318,053</u>	<u>\$ 833,430</u>	<u>\$ 707,028</u>

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Demand deposits	0.001%~0.20%	0.001%~0.35%	0.001%~0.35%
Time deposits	0.35%	0.59%~2.28%	0.59%~2.24%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTP:			
Non-derivative financial assets	<u>\$ 7,221</u>	<u>\$ 3,036</u>	<u>\$ 1,924</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 54,273</u>	<u>\$ 14,892</u>	<u>\$ 16,422</u>

Investments in equity instruments at FVTOCI

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Domestic investments			
Listed shares			
HIGGSTEC Inc	<u>\$ 54,273</u>	<u>\$ 14,892</u>	<u>\$ 16,422</u>

These investments in equity instruments are held for medium to long-term strategic purposes. 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. FINANCIAL ASSETS AT AMORTIZED COSTS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Domestic investments			
Repurchase agreement			
—Citi Group	\$ -	\$ -	\$ 31,040
Time deposits with original maturities of less than three months	50,000	-	-
Foreign investments			
Repurchase agreement			
—Bank of China	58,317	-	-
—Bank of Communications	17,867	-	-
—British Telecommunications	58,200	-	-
—CITIC Bank International	29,315	-	-
—Commonwealth Bank of Australia	12,717	-	-
—HSBC Group	45,483	-	-
—Industrial and Commercial Bank of (Asia) Limited	11,262	-	-
—PERTAMINA	29,100	-	-
Less : Allowance for loss	-	-	-
	<u>\$ 312,261</u>	<u>\$ -</u>	<u>\$ 31,040</u>

The Group company purchased the Repurchase agreement bonds issued by International Bill Finance Co., Ltd. on September 30 2020 and 2019, and the coupon rates were 0.45% to 0.75% and 2.45%, respectively.

Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost

September 30, 2020

	<u>At Amortized Cost</u>
Gross carrying amount	\$ 312,261
Less: Allowance for impairment loss	<u>-</u>
Amortization costs	312,261
Fair value adjust	<u>-</u>
	<u>\$ 312,261</u>

September 30, 2019

	<u>At Amortized Cost</u>
Gross carrying amount	\$ 31,040
Less: Allowance for impairment loss	<u>-</u>
Amortization costs	31,040
Fair value adjust	<u>-</u>
	<u>\$ 31,040</u>

In order to minimize credit risk, the management of the Group has delegated a dedicated team to build a credit rating database, with a view to assessing the default risk of investments in debt instruments. For items without external credit ratings, appropriate internal ratings can be given by reference to publicly available financial information. The Group continuously tracks major information from financial institutions to monitor changes in the credit risk of investments in debt instruments, and uses such information to assess whether there is a significant increase in the initially recognized credit risk of investments in debt instruments the Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default records and current financial status of financial institutions supplied by the internal rating team to measure the 12-month or lifetime expected credit losses of investments in debt instruments.

The Group's current credit risk rating mechanism is as follows:

<u>Credit Rating</u>	<u>Definition</u>	<u>Basis of Recognition of Expected Credit Losses</u>
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

The gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

September 30, 2020

<u>Credit Rating</u>	<u>Basis of Recognition of Rate Credit Losses</u>	<u>Gross Carrying Amount Amortized Cost</u>
Normal	0%~0.01%	<u>\$ 312,261</u>

September 30, 2019

<u>Credit Rating</u>	<u>Basis of Recognition of Rate Credit Losses</u>	<u>Gross Carrying Amount Amortized Cost</u>
Normal	0%~0.01%	<u>\$ 31,040</u>

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost for the nine months ended September 30, 2020 and 2019.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Accounts receivables</u>			
At amortized cost			
Gross carrying amount	\$ 284,659	\$ 278,719	\$ 245,734
Gross carrying amount-related parties	1,718	4,964	3,932
Less: Allowance for impairment loss	(<u>5,308</u>)	(<u>248</u>)	(<u>1,518</u>)
	281,069	283,435	248,148
Measured at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 281,069</u>	<u>\$ 283,435</u>	<u>\$ 248,148</u>
<u>Over due receivables</u>			
Overdue receivables	\$ 30	\$ 30	\$ 30
Less: Allowance for impairment loss	(<u>30</u>)	(<u>30</u>)	(<u>30</u>)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Others receivables</u>			
Tax refund receivables	\$ 15,960	9,549	\$ 8,315
Duty Tax refund receivables	1,682	1,488	-
Proceeds from sale of financial assets	9,665	-	-
Others	<u>-</u>	<u>86</u>	<u>4,690</u>
	<u>\$ 27,307</u>	<u>\$ 11,123</u>	<u>\$ 13,005</u>

a. Accounts receivables

At amortized cost

The average credit period of the sales of goods was 90-135 days. No interest was charged on accounts receivables. 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.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. 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 accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts 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 accounts receivables based on the Group's provision matrix.

September 30, 2020

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Less than 61-90 Days	Less than 91-120 Days
Expected credit loss rate	0.32%	1.48%	10.22%	77.78%	~100%
Gross carrying amount	\$174,421	\$ 76,925	\$ 34,968	\$ 63	\$286,377
Loss allowance (Lifetime ECL)	(550)	(1,137)	(3,572)	(49)	(5,308)
Amortized cost	<u>\$173,871</u>	<u>\$ 75,788</u>	<u>\$ 31,396</u>	<u>\$ 14</u>	<u>\$281,069</u>

December 31, 2019

	<u>Not Past Due</u>	<u>Less than 1-30 Days</u>	<u>Less than 31-60 Days</u>	<u>Less than 61-90 Days</u>	<u>Less than 91-120 Days</u>
Expected credit loss rate	0.2%	0.325%	2.07%	8.39~100%	
Gross carrying amount	\$231,455	\$ 52,215	\$ 5	\$ 8	\$283,683
Loss allowance (Lifetime ECL)	(148)	(98)	-	(2)	(248)
Amortized cost	<u>\$231,307</u>	<u>\$ 52,117</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$283,435</u>

September 30, 2019

	<u>Not Past Due</u>	<u>Less than 1-30 Days</u>	<u>Less than 31-60 Days</u>	<u>Less than 61-90 Days</u>
Expected credit loss rate	0.06%	0.11%	99.85%	
Gross carrying amount	\$ 213,902	\$ 34,404	\$ 1,360	\$ 249,666
Loss allowance (Lifetime ECL)	(122)	(38)	(1,358)	(1,518)
Amortized cost	<u>\$ 213,780</u>	<u>\$ 34,366</u>	<u>\$ 2</u>	<u>\$ 248,148</u>

The movements of the loss allowance of accounts receivables were as follows:

	<u>For the Nine Months Ended September 30 2020</u>	<u>For the Nine Months Ended September 30 2019</u>
<u>Accounts receivables</u>		
Balance on January 1	\$ 248	\$ 1,070
Add: Amount of expected credit loss	<u>5,060</u>	<u>448</u>
Balance on September 30	<u>\$ 5,308</u>	<u>\$ 1,518</u>
<u>Overdue receivables</u>		
Balance on January 1	<u>\$ 30</u>	<u>\$ 30</u>
Balance on September 30	<u>\$ 30</u>	<u>\$ 30</u>

Compared to the balance on January 1, 2020 and 2019, the gross carrying amount of accounts receivables on September 30, 2020 and 2019 increased \$2,694 thousand and \$342 thousand. Due to increase in projected credit loss, the loss allowance increased \$5,060 thousand and \$448 thousand.

b. Other receivables

The Group does not accrue interest on other receivables. When determining the recoverability of other receivables, the Group considers any changes in the credit quality of other receivables from the original credit date to the balance sheet date. As historical experience shows that other receivables overdue for more than one year are not recoverable, the Company recognizes 100% allowance for bad debts for other receivables aged over one year. For other receivables aged within one year, the Company determines allowance for bad debt by reference to the past arrears of counterparties and analyzing their current financial position, in order to evaluate irrecoverable amounts.

There was no allowance for impairment loss of other receivables on September 30, 2020, December 31, 2019, and September 30, 2019.

12. INVENTORIES

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Raw materials	\$ 142,168	\$ 125,756	\$ 119,679
Work in process	37,744	22,346	56,561
Finished goods	170,113	131,899	145,048
Merchandise inventories	<u>3,939</u>	<u>2,483</u>	<u>2,033</u>
	<u>\$ 353,964</u>	<u>\$ 282,484</u>	<u>\$ 323,321</u>

Cost of Goods Sold were as follows:

	<u>For the Three Months Ended September 30, 2020</u>	<u>For the Three Months Ended September 30, 2019</u>	<u>For the Nine Months Ended September 30, 2020</u>	<u>For the Nine Months Ended September 30, 2019</u>
Cost of Goods Sold	\$347,754	\$331,881	\$964,361	\$974,072
Loss (gain) on inventory impairment	4,000	-	7,000	(183)
Inventory Scrap	<u>-</u>	<u>-</u>	<u>1,001</u>	<u>236</u>
	<u>\$351,754</u>	<u>\$331,881</u>	<u>\$972,362</u>	<u>\$974,125</u>

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements.

The entity included in the consolidated statements is listed below.

<u>Investor</u>	<u>Investee</u>	<u>Nature of Activities</u>	Proportion of Ownership (%)			Note
			Sept 30, 2020	Dec 31, 2019	Sept 30, 2019	
Promate Solutions Co., Ltd	Promate Japan Inc	Trade of electronic commodities	100%	100%	100%	(1)&(2)

- a. Promate Japan Inc. was incorporated on Mach 2017 in Tokyo, Japan. It is 100% owner by the Company and the nature of its activities include trade of electronic commodities.
- b. Promate Japan Inc. is not a significant subsidiary and their financial statements has not been reviewed.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT\$3,603 thousand and NT\$4,596 thousand, respectively, representing 0.24% and 0.30%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$1,648 thousand and NT\$2,064 thousand, respectively, representing 0.38% and 0.42%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(204) thousand, NT\$291 thousand, NT\$(622) thousand, and NT\$422 thousand, respectively, representing 0.32%, 0.58%, 0.33% and 0.28%, respectively, of the consolidated total comprehensive income.

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2020	December 31, 2019	September 30, 2019
Assets used by the Group	<u>\$ 49,415</u>	<u>\$ 47,268</u>	<u>\$ 50,321</u>

Assets used by the Group – 2019

	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Leasehold Improvement</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2019	\$ 60,201	\$ 2,810	\$ 10,381	\$ 53,857	\$ 17,202	\$ 144,451
Additions	<u>164</u>	<u>-</u>	<u>-</u>	<u>3,336</u>	<u>250</u>	<u>3,750</u>
Balance at September 30, 2019	<u>\$ 60,365</u>	<u>\$ 2,810</u>	<u>\$ 10,381</u>	<u>\$ 57,193</u>	<u>\$ 17,452</u>	<u>\$ 148,201</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2019	\$ 26,250	\$ 2,694	\$ 8,135	\$ 34,704	\$ 11,667	\$ 83,450
Depreciation expenses	<u>6,086</u>	<u>116</u>	<u>979</u>	<u>5,652</u>	<u>1,597</u>	<u>14,430</u>
Balance at September 30 2019	<u>\$ 32,336</u>	<u>\$ 2,810</u>	<u>\$ 9,114</u>	<u>\$ 40,356</u>	<u>\$ 13,264</u>	<u>\$ 97,880</u>
Carrying amounts at September 30, 2019	<u>\$ 28,029</u>	<u>\$ -</u>	<u>\$ 1,267</u>	<u>\$ 16,837</u>	<u>\$ 4,188</u>	<u>\$ 50,321</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 61,285	\$ 2,810	\$ 10,381	\$ 56,923	\$ 17,452	\$ 148,851
Additions	-	-	307	-	-	307
Reclassifications	11,357	-	-	2,041	-	13,398
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,369)</u>	<u>(2,369)</u>
Balance at September 30, 2020	<u>\$ 72,642</u>	<u>\$ 2,810</u>	<u>\$ 10,688</u>	<u>\$ 58,964</u>	<u>\$ 15,083</u>	<u>\$ 160,187</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ 33,910	\$ 2,810	\$ 9,252	\$ 41,859	\$ 13,752	\$ 101,583
Depreciation expenses	5,133	-	367	5,230	828	11,558
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,369)</u>	<u>(2,369)</u>
Balance at September 30, 2020	<u>\$ 39,043</u>	<u>\$ 2,810</u>	<u>\$ 9,619</u>	<u>\$ 47,089</u>	<u>\$ 12,211</u>	<u>\$ 110,772</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 27,375</u>	<u>\$ -</u>	<u>\$ 1,129</u>	<u>\$ 15,064</u>	<u>\$ 3,700</u>	<u>\$ 47,268</u>
Carrying amounts at September 30, 2020	<u>\$ 33,599</u>	<u>\$ -</u>	<u>\$ 1,069</u>	<u>\$ 11,875</u>	<u>\$ 2,872</u>	<u>\$ 49,415</u>

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment. during the nine months ended September 30, 2020 and 2019.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Machinery equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Miscellaneous equipment	3-20 years
Leasehold improvements	3-10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Carrying amounts			
Buildings	<u>\$ 68,923</u>	<u>\$ 84,521</u>	<u>\$ 89,778</u>
	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020
Depreciation charge for right-of-use assets			For the Nine Months Ended September 30 2019
Buildings	<u>\$ 5,200</u>	<u>\$ 5,200</u>	<u>\$ 15,598</u>
			<u>\$ 15,605</u>

b. Lease liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Carrying amounts			
Current	<u>\$ 20,864</u>	<u>\$ 20,940</u>	<u>\$ 20,413</u>
Non-current	<u>\$ 43,626</u>	<u>\$ 62,530</u>	<u>\$ 64,123</u>

Discounted rate ranges of lease liabilities were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Buildings	3%	3%	3%

c. Material lease-in activities and terms

The Group also leased certain buildings for the use as plant and office in a period of 5 years. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Expenses relating to low-value asset leases	<u>\$ 52</u>	<u>\$ 69</u>	<u>\$ 152</u>	<u>\$ 231</u>
Total cash outflow for lease			<u>(\$20,731)</u>	<u>(\$20,818)</u>

16. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance on January 1, 2019	\$ 19,279
Additions	<u>670</u>
Balance on September 30, 2019	<u>\$ 19,949</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2019	\$ 9,611
Amortization expenses	<u>2,507</u>
Balance on September 30, 2019	<u>\$ 12,118</u>
Balance on September 30, 2019	<u>\$ 7,831</u>
<u>Cost</u>	
Balance on January 1, 2020	\$ 20,179
Additions	-
Disposals	<u>(1,800)</u>
Balance on September 30, 2020	<u>\$ 18,379</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ 12,960
Amortization expenses	2,486
Disposals	<u>(1,800)</u>
Balance on September 30, 2020	<u>\$ 13,646</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 7,219</u>
Carrying amounts on September 30, 2020	<u>\$ 4,733</u>

Besides amortization expense, the Group did not acquire, dispose, nor impair any other intangible assets between nine months ended September 30, 2020 and 2019. Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 3-10 years

Amortization expenses summarized by function:

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Operating costs	\$ -	\$ -	\$ -	\$ -
Selling and marketing expenses	27	28	80	76
General and administrative expenses	678	638	2,035	2,004
Research and development expenses	<u>86</u>	<u>142</u>	<u>371</u>	<u>427</u>
	<u>\$ 791</u>	<u>\$ 808</u>	<u>\$ 2,486</u>	<u>\$ 2,507</u>

17. OTHER ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
<u>Prepayments</u>			
Prepayment for purchases and expenses	\$ 2,621	\$ 5,620	\$ 6,849
Offsets against business tax payable	<u>-</u>	<u>-</u>	<u>4,260</u>
	<u>2,621</u>	<u>5,620</u>	<u>11,109</u>
<u>Others current assets</u>			
Temporary payment	<u>30</u>	<u>53</u>	<u>454</u>
	<u>\$ 2,651</u>	<u>\$ 5,673</u>	<u>\$ 11,563</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 2,261	\$ 4,025	\$ -
Refundable deposits	136	136	138
Overdue receivables (Note 11)	30	30	30
Allowance for impairment loss - overdue receivables	(<u>30</u>)	(<u>30</u>)	(<u>30</u>)
	<u>\$ 2,397</u>	<u>\$ 4,161</u>	<u>\$ 138</u>

18. NOTES AND ACCOUNTS PAYABLE

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Notes payable</u>			
Non-trade	\$ 11	\$ 11	\$ 11
<u>Accounts payable</u>			
Accounts payable	\$ 152,175	\$ 168,437	\$ 143,371
Accounts payable - related parties	<u>45,785</u>	<u>63,829</u>	<u>61,004</u>
	<u>\$ 197,960</u>	<u>\$ 232,266</u>	<u>\$ 204,375</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER LIABILITIES

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Current</u>			
<u>Other payables</u>			
Accrued commissions	\$ 2,343	\$ 2,256	\$ 2,389
Payables for salaries or bonuses	51,666	56,375	50,752
Payables for annual leave	4,500	7,500	4,000
Payables for compensation of employees and remuneration of directors (Note 24)	20,200	25,300	18,800
	<u>\$ 93,776</u>	<u>\$ 104,730</u>	<u>\$ 91,070</u>
<u>Other payables-related party (Note 30)</u>			
Payables for purchases of equipment	-	860	19
Payable for service	1,076	1,265	1,899
Accrued freights	2,004	2,202	2,348
Other	<u>10,996</u>	<u>6,647</u>	<u>8,600</u>
	<u>\$ 93,776</u>	<u>\$ 104,730</u>	<u>\$ 91,070</u>
<u>Contract liability</u>			
Advance payment	<u>\$ 37,537</u>	<u>\$ 39,767</u>	<u>\$ 42,138</u>
<u>Others liability</u>			
Receipts under custody and others	<u>\$ 2,099</u>	<u>\$ 2,334</u>	<u>\$ 2,147</u>

20. PROVISIONS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Warranties*	<u>\$ 3,560</u>	<u>\$ 11,164</u>	<u>\$ 12,638</u>
<u>Non-current</u>			
Warranties*	<u>\$ 2,164</u>	<u>\$ 6,960</u>	<u>\$ 8,786</u>
	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019	
Balance on January 1	\$ 18,124	\$ 27,015	
Amount used	(5,712)	(9,238)	
Additional provisions recognized	-	3,647	
Rotate unused	(<u>6,688</u>)	<u>-</u>	
Balance on September 30	<u>\$ 5,724</u>	<u>\$ 21,424</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 sale of goods legislation. The estimate had been made on the basis of historic 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 benefits expense in respect of the Group's defined retirement benefit plans was \$28 thousand and \$38 thousand for the three months ended September 30, 2020 and 2019, respectively, and \$84 thousand and \$113 thousand for the nine months ended September 30, 2020 and 2019, respectively. They were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2019 and 2018, respectively.

22. EQUITY

a. Share capital

Common stock

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>38,255</u>	<u>38,255</u>	<u>38,255</u>
Shares issued	<u>\$ 382,549</u>	<u>\$ 382,549</u>	<u>\$ 382,549</u>

The authorized shares include 4,000 thousand shares allocated for the exercise of employee stock options.

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	<u>\$ 386,829</u>	<u>\$ 396,393</u>	<u>\$ 396,393</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company 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 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 Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 24, (g).

Taking into account future capital expenditure requirements and long-term financial planning of the Company, the total dividends paid in any given year may not be less than 50% of the distributable earnings in that year. However, cumulative distributable earnings cannot be distributed if it is less than 20% of the total paid-up capital. Dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends for the year.

An appropriation of earnings to a legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company'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 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 Company.

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on June 9, 2020 and June 10, 2019, respectively, were as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Legal reserve	\$ 20,636	\$ 18,628
Special reserve	2,702	(16)
Cash dividends	181,710	167,939
Cash dividends (additional paid-in capital)	9,564	4,207
Cash dividends per share (NT\$)	5	4

d. Special reserves

	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Beginning on January 1	\$ 26	\$ 42
Appropriations of special reserves	2,702	-
Rotate of special reserves	<u>-</u>	<u>(16)</u>
Balance on September 30	<u>\$ 2,728</u>	<u>\$ 26</u>

e. Other equity items

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

	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Beginning on January 1	(\$ 50)	(\$ 26)
Exchange differences arising on translating the financials statements of foreign operations	<u>-</u>	<u>61</u>
Other comprehensive income recognized for the period	<u>-</u>	<u>61</u>
Balance on September 30	<u>(\$ 50)</u>	<u>\$ 35</u>

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Balance on January 1	(\$ 2,678)	\$ -
Recognized for the year		
Unrealized gain (loss)-equity instruments	<u>23,575</u>	<u>(1,148)</u>
Other comprehensive Income recognized for the year	<u>23,575</u>	<u>(1,148)</u>

	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Gain (loss) on disposal of equity instruments transfer to retained earnings	(<u>3,812</u>)	<u>-</u>
Balance on September 30	<u>\$ 17,085</u>	<u>(\$ 1,148)</u>

23. REVENUE

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 471,383	\$ 461,791	\$1,330,624	\$1,333,357
Service revenue	<u>18,536</u>	<u>4,351</u>	<u>40,115</u>	<u>15,417</u>
	<u>\$ 489,919</u>	<u>\$ 466,142</u>	<u>\$1,370,739</u>	<u>\$1,348,774</u>

a. Revenue from Sales to customers

Revenue from the sale of goods

Goods are categorized into computer monitors and customized products for manufacturing engineering. The Group engages in the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	September 30, 2020	December 31, 2019	September 30, 2019
Trade receivables (Note 11)	<u>\$ 281,069</u>	<u>\$ 283,435</u>	<u>\$ 248,148</u>
Contract liabilities (Note 20)	<u>\$ 37,537</u>	<u>\$ 39,767</u>	<u>\$ 42,138</u>

c. Disaggregation of revenue

For the nine months ended September 30,2020

	Embedded Control	Application specific	Medical Touch	Others	Total
<u>Goods or service</u>					
Revenue from sale of goods	\$ 503,867	\$ 235,188	\$ 488,071	\$ 103,498	\$1,330,624
Service revenue	<u>3,453</u>	<u>31,202</u>	<u>5,454</u>	<u>6</u>	<u>40,115</u>
	<u>\$ 507,320</u>	<u>\$ 266,390</u>	<u>\$ 493,525</u>	<u>\$ 103,504</u>	<u>\$1,370,739</u>

For the nine months ended September 30,2019

	Embedded Control	Application specific	Medical Touch	Others	Total
<u>Goods or service</u>					
Revenue from sale of goods	\$ 596,936	\$ 247,885	\$ 388,341	\$ 100,195	\$1,333,357
Service revenue	<u>1,940</u>	<u>10,163</u>	<u>3,293</u>	<u>21</u>	<u>15,417</u>
	<u>\$ 598,876</u>	<u>\$ 258,048</u>	<u>\$ 391,634</u>	<u>\$ 100,216</u>	<u>\$1,348,774</u>

**24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER
COMPREHENSIVE INCOME (LOSS)**

a. Interest income

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Bank deposits	\$ 197	\$ 1,100	\$ 2,071	\$ 3,897
Financial assets at amortized cost	<u>348</u>	<u>309</u>	<u>1,174</u>	<u>923</u>
	<u>\$ 545</u>	<u>\$ 1,409</u>	<u>\$ 3,245</u>	<u>\$ 4,820</u>

b. Other income

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Dividend income	\$ 2,052	\$ 1,803	\$ 2,066	\$ 1,803
Others	<u>18</u>	<u>(1)</u>	<u>23</u>	<u>67</u>
	<u>\$ 2,070</u>	<u>\$ 1,802</u>	<u>\$ 2,089</u>	<u>\$ 1,870</u>

c. Other gains and losses

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Gain (loss) on financial instruments				
Mandatorily measured at FVTPL	\$ 1,176	\$ 692	\$ 3,368	\$ 676
Net foreign exchange gain (losses)	(9,526)	(394)	(11,708)	6,659
Others	(94)	(77)	(95)	(77)
	<u>(\$ 8,444)</u>	<u>\$ 221</u>	<u>(\$ 8,435)</u>	<u>\$ 7,258</u>

d. Finance costs

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Interest on lease liabilities	(\$ 488)	(\$ 634)	(\$ 1,599)	(\$ 1,828)

There was no interest capitalization in the combined company from January 1 to September 30, 2020 and 2019.

e. Depreciation and amortization

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
An analysis of depreciation by function				
Operating costs	\$ 2,661	\$ 2,617	\$ 7,982	\$ 7,670
Operating expenses	<u>6,484</u>	<u>7,131</u>	<u>19,174</u>	<u>22,365</u>
	<u>\$ 9,145</u>	<u>\$ 9,748</u>	<u>\$ 27,156</u>	<u>\$ 30,035</u>

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
An analysis of				
amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>791</u>	<u>808</u>	<u>2,486</u>	<u>2,507</u>
	<u>\$ 791</u>	<u>\$ 808</u>	<u>\$ 2,486</u>	<u>\$ 2,507</u>

f. Employee benefits expense

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Short-term benefits	\$ 45,158	\$ 56,862	\$141,383	\$147,509
Post-employment benefits(Note 21)				
Defined contribution plans	1,499	1,467	4,483	4,433
Defined benefit plans	<u>28</u>	<u>38</u>	<u>84</u>	<u>113</u>
	<u>1,527</u>	<u>1,525</u>	<u>4,567</u>	<u>4,546</u>
Other employee benefits	<u>1,806</u>	<u>1,884</u>	<u>5,217</u>	<u>5,268</u>
Total employee benefits expense	<u>\$ 48,491</u>	<u>\$ 57,241</u>	<u>\$151,167</u>	<u>\$157,323</u>

An analysis of employee
benefits expense by
function

Operating costs	\$ 13,495	\$ 13,441	\$ 41,196	\$ 41,030
Operating expenses	<u>34,996</u>	<u>43,800</u>	<u>109,971</u>	<u>116,293</u>
	<u>\$ 48,491</u>	<u>\$ 57,241</u>	<u>\$151,167</u>	<u>\$157,323</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation at the rates of no less than 7.5%~10% and remuneration of directors at the rates of no higher than 3%, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended September 30, 2020 and 2019, and the nine months ended September 30, 2020, 2019, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Employees' compensation	7.5%	7.5%	7.5%	7.5%
Remuneration of directors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Employees' compensation	<u>\$ 5,770</u>	<u>\$ 5,250</u>	<u>\$ 16,850</u>	<u>\$ 15,670</u>
Remuneration of directors	<u>\$ 1,230</u>	<u>\$ 1,050</u>	<u>\$ 3,350</u>	<u>\$ 3,130</u>

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

The compensation to employees and remuneration to the directors of 2019 and 2018 were approved by the Company's board of directors on March 16, 2020 and March 21, 2019, respectively, were as below:

	For the Year Ended December 31, 2019		For the Year Ended December 31, 2018	
	Cash	Share	Cash	Share
Employees' compensation	\$ 21,170	\$ -	\$ 21,500	\$ -
Remuneration of directors	4,200	-	3,500	-

There was 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, 2018.

The Company's board of directors on March 16, 2020, The 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

were adjusted to profit or loss for the years ended December 31, 2020.

	For the Year Ended December 31, 2019	
	<u>Employees' compensation</u>	<u>Remuneration of directors</u>
Approved amounts by the Company's board of directors	<u>\$ 21,170</u>	<u>\$ 4,200</u>
Financial statements actual amounts	<u>\$ 21,100</u>	<u>\$ 4,200</u>

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

h. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Foreign exchange gains	\$ 68,180	\$ 4,318	\$ 89,010	\$ 19,470
Foreign exchange losses	(77,706)	(4,712)	(100,718)	(12,811)
Net gain (loss)	(\$ 9,526)	(\$ 394)	(\$ 11,708)	\$ 6,659

i. The reversal of impairment of non-financial instruments

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Inventories (included in costs of goods sold)	\$ 4,000	\$ -	\$ 7,000	(\$ 187)

25. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Current tax				
In respect of the current period	\$ 15,355	\$ 11,031	\$ 36,906	\$ 35,893

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Adjustment for the prior year	65	10	65	10
Current tax	<u>-</u>	<u>-</u>	<u>(1,828)</u>	<u>(508)</u>
	<u>15,420</u>	<u>11,041</u>	<u>35,143</u>	<u>35,395</u>
Deferred tax				
In respect of the current period	<u>(2,073)</u>	<u>1,167</u>	<u>2,834</u>	<u>1,672</u>
Income tax expense recognized in profit or loss	<u>\$ 13,347</u>	<u>\$ 12,208</u>	<u>\$ 37,977</u>	<u>\$ 37,067</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. The Group has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Income tax expense recognized in other comprehensive income

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
<u>Deferred tax</u>				
In respect of the current year- Translation of foreign operations	<u>\$ 1</u>	<u>(\$ 1)</u>	<u>\$ -</u>	<u>\$ 15</u>
Income tax recognized in other comprehensive income	<u>\$ 1</u>	<u>(\$ 1)</u>	<u>\$ -</u>	<u>\$ 15</u>

c. Income tax assessments

The tax returns of the Company through 2018 have been assessed by tax authorities. The tax returns of subsidiary Promate Japan prior to 2019 have not been assessed by tax authorities.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Basic earnings per share				
From continuing and discounted operations	<u>\$ 1.48</u>	<u>\$ 1.35</u>	<u>\$ 4.35</u>	<u>\$ 4.01</u>
Total	<u>\$ 1.48</u>	<u>\$ 1.35</u>	<u>\$ 4.35</u>	<u>\$ 4.01</u>
Diluted earnings per share				
From continuing and discounted operations	<u>\$ 1.47</u>	<u>\$ 1.34</u>	<u>\$ 4.31</u>	<u>\$ 3.97</u>
Total	<u>\$ 1.47</u>	<u>\$ 1.34</u>	<u>\$ 4.31</u>	<u>\$ 3.97</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Income for the year attributable to owners of the Company	<u>\$ 56,547</u>	<u>\$ 51,524</u>	<u>\$166,380</u>	<u>\$153,543</u>
Earnings used in the computation of basic earnings per share	<u>\$ 56,547</u>	<u>\$ 51,524</u>	<u>\$166,380</u>	<u>\$153,543</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 56,547</u>	<u>\$ 51,524</u>	<u>\$166,380</u>	<u>\$153,543</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
Weighted average number of ordinary shares in computation of basic earnings per share	38,255	38,255	38,255	38,255
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>242</u>	<u>239</u>	<u>338</u>	<u>398</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>38,497</u>	<u>38,494</u>	<u>38,593</u>	<u>38,653</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group 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. CASH FLOW INFORMATION

a. Non-cash transactions

For the nine months ended September 30, 2020 and 2019, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

1. For the nine months ended September 30, 2020 and 2019, the lease obligation decrease in \$2,088 thousand due to decrease in advance payment.
2. The group acquired property, plant, and equipment in the nine months ended September 30, 2020, causing other payables to increase \$19 thousand.

3. The Group reclassified prepayments for equipment amounting to \$13,398 thousand to property, plant and equipment for the nine months ended September 30, 2020.

b. Reconciliation of liabilities arising from financing activities

For the nine months ended September 30 2020

	Balance as of		<u>Non-cash Changes</u>		Balance as of
	January 1, 2020	Financing Cash Flows	Amortization of Interest Expense	Foreign Exchange Difference	
Lease liabilities	<u>\$83,470</u>	<u>(\$ 20,579)</u>	<u>\$ 1,599</u>	<u>\$-</u>	<u>\$64,490</u>

For the nine months ended September 30 2019

	Balance as of		Amortization of Interest Expense		Balance as of
	January 1, 2020	Financing Cash Flows	Amortization of Interest Expense	Foreign Exchange Difference	
Lease liabilities	<u>\$103,242</u>	<u>(\$ 20,587)</u>	<u>\$ 1,828</u>	<u>\$ 53</u>	<u>\$ 84,536</u>

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

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

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value that are very close to maturity or whose

future prices equals their carrying amounts, approximates their fair values.

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

Fair value hierarchy

Balance as of September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 7,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,221</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
– Securities listed in ROC	<u>\$ 54,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,273</u>

Balance as of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 3,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,036</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity				
– Securities listed in ROC	<u>\$ 14,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,892</u>

Balance as of September 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 1,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,924</u>
Mutual funds				
<u>Financial assets at FVTOCI</u>				
	<u>\$ 16,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,422</u>

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

c. Categories of financial instruments

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatory at FVTPL	\$ 7,221	\$ 3,036	\$ 1,924
Financial assets at amortized (Note 1)	938,826	1,128,124	999,359
Financial assets at FVTOCI equity instruments			
Investments in equity instruments	54,273	14,892	16,422
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	291,747	337,007	295,456

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivables, other receivables and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payable, accounts payables, and other payable.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debit investments, accounts receivables, accounts payables and Lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to financial risks of changes in foreign currency exchange rates.

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

The Group's had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts and currency swaps.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and as for the carrying amounts of derivatives exposing to foreign currency risk at the end of the reporting period, refer to Note 32.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in exchange rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Nine Months Ended	For the Nine Months Ended
	September 30 2020	September 30 2019
Profit or loss	<u>\$ 5,017</u>	<u>\$ 3,902</u>

(i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables and accounts payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increase during the current year mainly due to the increase of accounts receivable balance in the USD. In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Fair value interest rate risk			
— Financial assets	<u>\$ 362,261</u>	<u>\$ 429,994</u>	<u>\$ 496,538</u>
Cash flow interest rate risk			
— Financial assets	<u>\$ 268,053</u>	<u>\$ 403,436</u>	<u>\$ 241,530</u>

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables

were held constant, the Group's pre-tax profit for the nine months ended September 30, 2020 and 2019 would decrease by \$2,010 thousand and \$1,811 thousand, which was mainly attributable to the Group's exposure to the floating-interest rates on bank deposits.

The Group's sensitivity to interest rates reduced during the year, mainly affected by the decrease in bank deposits with variable interest rates.

c) Other price risk

The Group was exposed to equity price risk through its investments in mutual funds. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 3% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30,2020 and 2019 would have increased/decreased by \$1,628 thousand and \$493 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 3% higher/lower, the pre-tax profit for the nine months ended September 30,2020, and 2019,would have increased/decreased by \$217 thousand and \$58 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to equity prices reduced in the current year, mainly due to a decrease in investments in fund beneficiary certificates.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in 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 provided by the Group could arise from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on

contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

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 allowances are made for irrecoverable amounts. The Group has signed a contract with the bank to sell accounts receivable, and there is no need to guarantee to the ability of debtors in accounts receivable to affect fulfillment of debt obligations due to credit risk within the bank's underwriting limit. Hence, the management of the Group believes that the credit risk of the Group has declined significantly

Ongoing credit evaluation is performed on the status of accounts receivables and, where appropriate, credit guarantee insurance cover would be purchased.

Accounts receivable from customers exceeding 5% of the total accounts receivable accounted for 72.43%, 66.17%, and 76% of the Group's accounts receivable balance as of September 30, 2020, December 31, 2019, and September 30, 2019, respectively.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents 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.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2020, December 31, 2019 and September 30 2019, the Group's

available unutilized bank loan facilities set out in section (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included 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 agreed repayment dates.

September 30, 2020

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	197,960	-
Other payable	93,776	-
Lease liabilities	<u>22,190</u>	<u>56,340</u>
	<u>\$ 313,937</u>	<u>\$ 56,340</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,190</u>	<u>\$ 56,340</u>

December 31, 2019

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	232,266	-
Other payable	104,730	-
Lease liabilities	<u>22,190</u>	<u>76,946</u>
	<u>\$ 359,197</u>	<u>\$ 76,946</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,190</u>	<u>\$ 76,946</u>

September 30, 2019

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	204,375	-
Other payable	91,070	-
Lease liabilities	<u>22,204</u>	<u>76,994</u>
	<u>\$ 317,660</u>	<u>\$ 76,994</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Lease liabilities	<u>\$ 22,204</u>	<u>\$ 76,994</u>

b) Financing facilities

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Unsecured bank overdraft facilities			
– Amount used	\$ 10,000	\$ 10,000	\$ 10,000
– Amount unused	<u>186,400</u>	<u>189,920</u>	<u>194,160</u>
	<u>\$ 196,400</u>	<u>\$ 199,920</u>	<u>\$ 204,160</u>

30. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is Promate Electronic Co., Ltd., which held 66.21% of the Company's ordinary shares on September 30, 2020, December 31, 2019 and September 30, 2019.

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions

between the Group and other related parties are disclosed below.

a. Names and categories of related parties

<u>Name</u>	<u>Related Party Category</u>
Promate Electronic Co., Ltd	The Company's Parent company
Promate Electronic (Shenzhen) Co., Ltd	Subsidiary of Promate
Promate Electronic (Shanghai) Co., Ltd	Subsidiary of Promate
PROMATE ELECTRONICS COMPANY USA	Subsidiary of Promate
Weikeng Industrial Co., Ltd	Substantive related party-chairman is a director of the Company

b. Operating revenues

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30 2020</u>	<u>For the Three Months Ended September 30 2019</u>	<u>For the Nine Months Ended September 30 2020</u>	<u>For the Nine Months Ended September 30 2019</u>
		Sale of goods	The Company's Parent company	\$ 1,946	\$ 5,763
	Subsidiary of Promate	<u>61</u>	<u>48</u>	<u>61</u>	<u>469</u>
		<u>\$ 2,007</u>	<u>\$ 5,811</u>	<u>\$ 12,357</u>	<u>\$ 19,838</u>
Repairs	The Company's Parent company	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 36</u>	<u>\$ 65</u>

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30 2020</u>	<u>For the Three Months Ended September 30 2019</u>	<u>For the Nine Months Ended September 30 2020</u>	<u>For the Nine Months Ended September 30 2019</u>
Promate Electronic Co., Ltd	\$ 64,026	\$ 52,482	\$ 205,797	\$ 169,145

Related Party Category/Name	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
	Substantive related party-chairman is a director of the Company	<u>8,102</u>	<u>6,195</u>	<u>35,488</u>
	<u>\$72,128</u>	<u>\$58,677</u>	<u>\$241,285</u>	<u>\$182,384</u>

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Related Party	September 30, 2020	December 31, 2019	September 30, 2019
The Company's parent company	\$ 1,658	\$ 4,964	\$ 3,924
Subsidiary of Promate	<u>60</u>	<u>-</u>	<u>8</u>
	<u>\$ 1,718</u>	<u>\$ 4,964</u>	<u>\$ 3,932</u>

The outstanding accounts receivables from related parties are unsecured. For the nine months ended September 30 2020 and 2019, no impairment loss was recognized for accounts receivables from related parties.

e. Other receivables from related parties

Line Item	Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Accounts payables	Promate Electronic Co., Ltd	\$35,986	\$47,345	\$54,255
	Substantive related party-chairman is a director of the Company	<u>9,799</u>	<u>16,484</u>	<u>6,749</u>
		<u>\$45,785</u>	<u>\$63,829</u>	<u>\$61,004</u>
Other payables	Subsidiary of Pormate	<u>\$ 991</u>	<u>\$ 2,325</u>	<u>\$ 2,263</u>

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements

Line Item	Related Party Category	September 30, 2020	December 31, 2019	September 30, 2019
Lease liabilities	Promate Electronic Co., Ltd	\$31,757	\$42,272	\$41,959
	Substantive related party-chairman is a director of the Company	<u>3,808</u>	<u>5,078</u>	<u>5,041</u>
		<u>\$35,565</u>	<u>\$47,350</u>	<u>\$47,000</u>

Related Party Category/Name	For the Three Months Ended September 30 2020	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2020	For the Nine Months Ended September 30 2019
<u>Interest expense</u>				
Promate Electronic Co., Ltd	\$ 248	\$ 323	\$ 809	\$ 931
Substantive related party - chairman is a director of the Company	<u>29</u>	<u>37</u>	<u>95</u>	<u>121</u>
	<u>\$ 277</u>	<u>\$ 360</u>	<u>\$ 904</u>	<u>\$ 1,052</u>

Lessor	Location	Lease Term Payment Method
Promate Electronic Co., Ltd	Chingpu Plant	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$929,000.
Substantive related party-chairman is a director of the Company	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT\$111,000.

g. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three	For the Three	For the Nine	For the Nine
		Months Ended	Months Ended	Months Ended	Months Ended
		September 30	September 30	September 30	September 30
		2020	2019	2020	2019
Research and development expense	Promate Electronic Co., Ltd Weikeng Industrial Co., Ltd.	\$ 424 <u>18</u>	\$ 137 <u>80</u>	\$ 1,248 <u>420</u>	\$ 899 <u>332</u>
		<u>\$ 442</u>	<u>\$ 217</u>	<u>\$ 1,668</u>	<u>\$ 1,231</u>
Professional service fees	PROMATE ELECTRONICS COMPANY USA	<u>\$2,833</u>	<u>\$3,661</u>	<u>\$7,106</u>	<u>\$10,665</u>
IT information expense	Promate Electronic Co., Ltd	<u>\$1,290</u>	<u>\$1,290</u>	<u>\$2,580</u>	<u>\$2,580</u>

h. Compensation of key management personnel

Related Party Category/Name	For the Three	For the Three	For the Nine	For the Nine
	Months Ended	Months Ended	Months Ended	Months Ended
	September 30	September 30	September 30	September 30
	2020	2019	2020	2019
Short-term employee benefits	\$ 9,974	\$ 10,094	\$ 17,842	\$ 22,203
Other long-term employee benefits	<u>140</u>	<u>140</u>	<u>420</u>	<u>420</u>
	<u>\$ 10,114</u>	<u>\$ 10,234</u>	<u>\$ 18,262</u>	<u>\$ 22,623</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2020 and 2019 were as follows:

- a. As of September 30, 2020 and 2019, the Group has all issued letters of guarantee for tariff guarantee amounted to \$10,000 thousand

- b. As of September 30, 2020 and 2019, commitments due to contracts for the acquisition of equipment were as follows:

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Contract amount		
Paid amount	\$ 2,261	\$ -
Unpaid amount	<u>969</u>	<u>-</u>
	<u>\$ 3,230</u>	<u>\$ -</u>

32.SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' 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:

Unit: In Thousands for Currencies

September 30, 2020

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 21,499	29.10 (USD: NTD)	\$ 625,621
EUR	157	34.15 (EUR: NTD)	<u>5,362</u>
			<u>\$ 630,983</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	4,260	29.10 (USD: NTD)	\$ 123,966
EUR	40	34.15 (EUR: NTD)	<u>1,366</u>
			<u>\$ 125,332</u>

December 31, 2019

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,755	29.98 (USD: NTD)	\$ 592,255
EUR	118	33.59 (EUR: NTD)	3,959

GBP	86	39.36 (GBP: NTD)	<u>3,392</u>
			<u>\$ 599,606</u>

Financial liabilities

Monetary items

USD	5,398	29.98 (USD: NTD)	<u>\$ 161,841</u>
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September 30, 2019

	Foreign		
	Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16,560	31.04 (USD: NTD)	\$ 514,022
EUR	94	33.95 (EUR: NTD)	3,191
GBP	42	38.20 (GBPT: NTD)	<u>1,604</u>
			<u>\$ 518,817</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,989	31.04 (USD: NTD)	\$ 123,819
EUR	32	33.95 (EUR: NTD)	<u>1,086</u>
			<u>\$ 124,905</u>

The Group is mainly exposed to the fluctuations other than USD. For the three months ended September 30, 2020 and 2019, realized foreign exchange gains(losses) were \$(8,302) thousand and \$(1,512) thousand, respectively; Unrealized foreign exchange gains(losses) were \$(1,224) thousand and \$1,118 thousand, for the nine months ended September 30, 2020 and 2019, realized foreign exchange gains(losses) were \$(15,760) thousand and \$6,768 thousand, respectively; Unrealized foreign exchange gains(losses) were \$4,052 thousand and \$(109) thousand.

33.SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and
- b. information on investees:
 - 1) Financing provided to others. (None)
 - 2) Endorsement/guarantee provided. (None)
 - 3) Marketable securities held. (Table 1)

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 9) Trading in derivative instruments. (None)
 - 10) Significant transactions between the Company and subsidiaries. (None)
 - 11) Information of investees. (Table 4)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders: The following is the information of major shareholders: Name of major shareholder, number of shares owned and percentage of ownership of shareholders whose percentage of ownership of shareholders is higher than 5%. (Table 5)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to the requirements of IAS 34, the Group engages in organization management and resource allocation in a single operating segment, and its business is concentrated in a single industry related to mainframes and peripheral equipment for point-of-sale systems. In addition, the Group provides segment information reviewed by the CODM, whose basis of measurement is similar to that of financial statements. Therefore, the revenue and total assets of reportable segments for the nine months ended September 31, 2020 and 2019 can be determined by reference to the balance sheet and consolidated statement of profit and loss for the nine months ended September 31, 2020 and 2019.

The CODM considers the sales units engaging in the sale of mainframes and peripheral equipment in each country as separate operating segments. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

- a. These operating segments have similar long-term gross profit margins.

- b. Similar product nature and transaction method.
- c. Products are delivered to customers in the same way.

TABLE 1

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

September 30, 2020

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	SEPTEMBER 30, 2020				Note (Note 4)
				Number of Shares	Carrying Amount (Noted 3)	Percentage of Ownership (%)	Fair Value	
Promate Solutions Corporation	<u>Foreign debt investment vehicle</u>							
	Bank of China		Financial assets at amortized cost - current		\$ 58,317		\$ 58,317	Domestic Companies
	Bank of Communications		"		USD 2,004		USD 2,004	
	British Telecommunications		"		17,867		17,867	
	CITIC Bank International		"		USD 614		USD 614	
	Gommonwealth Bank of Australia		"		58,200		58,200	
	HSBC Group		"		USD 2,000		USD 2,000	
	Industrial and Commercial Bank of China (Asia) Limited		"		29,315		29,315	
	PERTAMINA		"		USD 1,007		USD 1,007	
	Time deposits with original maturities of less than three months		"		12,717		12,717	
					USD 437		USD 437	
					45,483		45,483	
					USD 1,563		USD 1,536	
					11,262		11,262	
					USD 387		USD 387	
					29,100		29,100	
					USD 1,000		USD 1,000	
					<u>50,000</u>		<u>50,000</u>	
					<u>\$ 312,261</u>		<u>\$ 312,261</u>	
Promate Solutions Corporation	<u>Ordinary shares</u>							
	HIGGSTEC INC		Financial assets at fair value through other comprehensive income or loss - non-current	1,221,000	<u>\$ 54,273</u>		<u>\$ 54,273</u>	"
	Mosel Vitelic Inc.		Financial assets at fair value through profit or loss - current	30,000	\$ 836		\$ 836	"
	WIN Semiconductors Corp.		"	9,000	2,578		2,578	"
	UserJoy Technology		"	3,297	232		232	"
	Episil Holding Inc.		"	50,000	1,392		1,392	"
	Pacific Hospital Supply Co. Ltd		"	6,598	464		464	"
	Zhong Yang Technology Co.,Ltd		"	30,000	1,524		1,524	"
	Power Wind Health Industry Incorporated	"	"	1,256	<u>195</u>		<u>195</u>	"
					<u>\$ 7,221</u>		<u>\$ 7,221</u>	

Note1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities as promulgated in IFRS 9 "Financial Instruments."

Note2. When the issuers of marketable securities are not related parties, this column can be left blank

Note3. If measured by fair value, please fill in the carrying balance, which is adjusted through fair value valuation with loss allowance deducted, in the carrying amount column; if not measured by fair value, please fill in the carrying balance at amortized cost (loss allowance is already deducted).

Note4. The number of shares of securities, the amount pledged as security or pledged for loans, and the restrictions on use under some agreements shall be stated in the remarks column if the securities presented herein have such conditions.

Note5. Please refer to Table III for relevant information on investments in subsidiaries

TABLE 2

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counter-Party (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Promate Solutions Corporation	Fund - UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	President Securities Corporation	-	-	\$ -	11,316,827	\$ 190,000	11,316,827	\$ 190,166	\$ 190,000	\$ 166	-	\$ -
	Fund - Bank of China.	Financial assets at amortized cost - current	China Bills Finance Corporation Foreign Branch Fund	-	-	-	-	118,838 (USD 4,004)	-	59,856 (USD 2,004)	59,730 (USD 2,000)	126 (Note 4)	-	58,317 (USD 2,004)
	Fund - Mizuho Bank, Ltd.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Branch Fund	-	-	-	-	120,285 (USD 4,012)	-	120,548 (USD 4,021)	120,285 (USD 4,012)	263 (Note 4)	-	-
	Fund - Citigroup Ltd.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Branch Fund	-	-	-	-	90,317 (USD 3,004)	-	90,452 (USD 3,009)	90,317 (USD 3,004)	135 (Note 4)	-	-
	Fund - Goldman Sachs group Ltd.	Financial assets at amortized cost - current	International Bills Finance Corporation Foreign Branch Fund	-	-	-	-	89,721 (USD 3,005)	-	89,837 (USD 3,009)	89,721 (USD 3,005)	116 (Note 4)	-	-
	Fund - Mexico Government Bonds.	Financial assets at amortized cost - current	China Bills Finance Corporation Foreign Branch Fund	-	-	-	-	88,589 (USD 3,002)	-	88,635 (USD 3,004)	88,589 (USD 3,002)	46 (Note 4)	-	-

Note1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities.

Note2. The accumulated amount of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT\$300 million or 20% of the Company's paid-in capital.

Note3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

Note4. Interest received on bonds when they expire under repurchase agreements is recognized as interest income.

TABLE 3
PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Solutions Corporation	Promate Electronic Co., Ltd	Parent company	Purchase	\$ 205,797	22.56	Net 60 days after monthly closing	-	-	Accounts payable \$ 35,986	18.18%	

Note1. Where related parties' transaction conditions are different from the general ones, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.

Note2. In case of advance payment (receipt), the reasons, contractual terms, the amount, and differences from general transactions shall be stated in the remarks column.

Note3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars/Foreign Currency)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2020			Net Income (Loss) of the Investee (Note 2(2))	Investment Gain (Loss) (Note 2(3))	Note
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Promate Solutions Corporation	PROMATE JAPAN Inc	Japan	Trade of electronic commodities	\$ 2,791	\$ 2,791	10,000	100%	\$ 1,955	(\$ 622)	(\$ 622)	

Note1. Where a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information on foreign investees may only include the holding company's relevant information.

Note2. In cases other than those described in Note 1, the following information shall be provided:

- 1) "Investee name," "region," "main business items," "the original investment amount," and "the final stake" shall be filled in in order according to the reinvestment situation of the (public) Company and the reinvestment situation of each investee directly or indirectly controlled, and the relationship between each investee and the (public) Company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary).
- 2) In the column of "Profit and loss of investee in the current period," the current profit and loss amount of each investee shall be filled in.
- 3) In the column of "investment gains and losses recognized in the current period," only the recognized profit and loss amount of each subsidiary that is directly invested by the (public) Company and each investee assessed by equity method shall be filled in, and the rest is not required to be filled in. Where the "gains and losses of subsidiaries that are invested directly are recognized for the current period," it shall be confirmed that the gains and losses of the subsidiaries have included their investment gains and losses that shall be recognized in accordance with the regulations.

TABLE 5**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****SEPTEMBER 30, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Number of Shares
Promate Electronic Co., Ltd	25,327,500	66.21%

Note 1: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.