

**Promate Solutions Corporation and  
Subsidiaries**

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

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Promate Solutions Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Promate Solutions Corporation and its subsidiaries (collectively, the "Group") as of March 31, 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 March 31, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$4,565 thousand and NT\$4,009 thousand, respectively, representing 0.27% and 0.26%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$1,953 thousand and NT\$2,025 thousand, respectively, representing 0.36% and 0.43%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2020 and 2019, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$35 thousand and NT\$(109) thousand, respectively, representing 0.06% and (0.18%), 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 March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

The engagement partners on the reviews resulting in this independent auditors’ review report are Li Huang Lee and Po Jen Weng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 12, 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	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 780,279	47	\$ 833,430	52	\$ 568,294	36
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	8,721	-	3,036	-	9,450	-
Financial assets at amortized cost - current (Notes 4, 9, 14, 32 and 29)	121,084	7	-	-	61,766	4
Accounts receivable (Notes 4, 10, 11 and 29)	212,930	13	278,471	18	253,058	16
Accounts receivable from related parties (Notes 4, 11, 23, 29 and 30)	4,024	-	4,964	-	5,710	-
Other receivables (Notes 4, 11 and 29)	15,910	1	11,123	1	10,542	1
Current tax assets	1	-	3	-	1	-
Inventories (Note 12)	342,281	21	282,484	18	654,246	29
Prepayments (Notes 17 and 30)	5,913	-	5,620	-	10,598	-
Other current assets (Note 17)	125	-	53	-	59	-
Total current assets	<u>1,491,268</u>	<u>89</u>	<u>1,419,184</u>	<u>89</u>	<u>1,373,723</u>	<u>87</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 29)	28,938	2	14,892	1	18,825	1
Property, plant and equipment (Notes 4 and 14)	47,664	3	47,268	3	56,388	4
Right-of-use assets (Notes 4, 15 and 30)	79,335	5	84,521	5	100,130	6
Other intangible assets (Note 16)	6,372	-	7,219	1	8,813	1
Deferred tax assets (Note 23)	10,008	1	14,981	1	13,374	1
Prepayments for business facilities (Note 17)	3,582	-	4,025	-	606	-
Guarantee deposits paid (Notes 17 and 29)	136	-	136	-	136	-
Total non-current assets	<u>176,035</u>	<u>11</u>	<u>173,042</u>	<u>11</u>	<u>198,272</u>	<u>13</u>
<b>TOTAL</b>	<u>\$ 1,667,303</u>	<u>100</u>	<u>\$ 1,592,226</u>	<u>100</u>	<u>\$ 1,571,995</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities - current (Notes 4, 19 and 23)	\$ 38,074	2	\$ 39,767	3	\$ 38,028	2
Notes payable (Notes 18 and 29)	11	-	11	-	11	-
Accounts payable (Notes 18 and 29)	204,598	12	168,437	11	133,223	9
Accounts payable to related parties (Notes 18, 29 and 30)	68,455	4	63,829	4	40,959	3
Other payables (Notes 19 and 29)	93,141	6	102,405	6	82,562	5
Other payables - related parties (Notes 19, 29 and 30)	3,173	-	2,325	-	2,376	-
Current tax liabilities (Note 25)	36,675	2	28,696	2	42,528	3
Provisions - current (Note 20)	5,268	1	11,164	1	15,204	1
Lease liabilities - current (Notes 4, 15, 29 and 30)	20,633	1	20,940	1	20,168	1
Other current liabilities (Note 19)	2,138	-	2,334	-	2,129	-
Total current liabilities	<u>472,166</u>	<u>28</u>	<u>439,908</u>	<u>28</u>	<u>377,188</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>						
Provisions - noncurrent (Note 20)	3,256	-	6,960	-	9,541	-
Deferred tax liabilities (Note 25)	468	-	3	-	76	-
Lease liabilities - noncurrent (Notes 4, 15, 29 and 30)	53,937	4	62,530	4	74,091	5
Net defined benefit liabilities - noncurrent (Note 21)	15,116	1	15,252	1	15,275	1
Total non-current liabilities	<u>72,777</u>	<u>5</u>	<u>84,745</u>	<u>5</u>	<u>98,983</u>	<u>6</u>
Total liabilities	<u>544,943</u>	<u>33</u>	<u>524,653</u>	<u>33</u>	<u>476,171</u>	<u>30</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22)</b>						
Share capital						
Ordinary shares	382,549	23	382,549	24	382,549	24
Capital surplus	396,393	24	396,393	25	400,600	26
Retained earnings						
Legal reserve	84,663	5	84,663	5	66,035	4
Special reserve	26	-	26	-	42	-
Unappropriated earnings	263,697	16	206,670	13	245,010	16
Total retained earnings	<u>348,386</u>	<u>21</u>	<u>291,359</u>	<u>18</u>	<u>311,087</u>	<u>20</u>
Other equity						
Exchange differences on translation of foreign financial statements	(30)	-	(50)	-	(25)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(4,938)	(1)	(2,628)	-	1,613	-
Total other equity interest	<u>(4,968)</u>	<u>(1)</u>	<u>(2,728)</u>	<u>-</u>	<u>1,588</u>	<u>1</u>
Total equity attributable to owners of the Company	<u>1,122,360</u>	<u>67</u>	<u>1,067,573</u>	<u>67</u>	<u>1,095,824</u>	<u>70</u>
Total equity	<u>1,122,360</u>	<u>67</u>	<u>1,067,573</u>	<u>67</u>	<u>1,095,824</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 1,667,303</u>	<u>100</u>	<u>\$ 1,592,226</u>	<u>100</u>	<u>\$ 1,571,995</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)

	<b>For the Three Months Ended March 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Notes 4, 23 and 30)				
Sales	\$ 422,217	100	\$ 451,063	100
OPERATING COSTS (Notes 12, 16, 21, 24 and 30)				
Cost of sales	<u>(296,908)</u>	<u>(70)</u>	<u>(322,337)</u>	<u>(72)</u>
GROSS PROFIT	<u>125,309</u>	<u>30</u>	<u>128,726</u>	<u>28</u>
OPERATING EXPENSES (Notes 11, 16, 21, 24 and 30)				
Selling and marketing expenses	(29,450)	(7)	(29,990)	(7)
General and administrative expenses	(9,018)	(2)	(10,438)	(2)
Research and development expenses	<u>(19,766)</u>	<u>(5)</u>	<u>(19,879)</u>	<u>(4)</u>
Total operating expenses	<u>(58,075)</u>	<u>(14)</u>	<u>(60,307)</u>	<u>(13)</u>
OPERATING PROFIT	<u>67,075</u>	<u>16</u>	<u>68,419</u>	<u>15</u>
NON-OPERATING INCOME (Note 24)				
Other income	1,666	-	1,850	-
Other gains and losses	2,408	1	2,955	1
Finance costs	<u>(570)</u>	<u>-</u>	<u>(501)</u>	<u>-</u>
Total non-operating income and expenses	<u>3,504</u>	<u>1</u>	<u>4,304</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	70,579	17	72,723	16
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(13,539)</u>	<u>(3)</u>	<u>(14,577)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>57,040</u>	<u>14</u>	<u>58,146</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
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	(2,273)	(1)	1,613	-
Income tax relating to items that will not be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(2,273)</u>	<u>(1)</u>	<u>1,613</u>	<u>-</u>

(Continued)

## PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

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

	<b>For the Three Months Ended March 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	\$ 26	-	\$ 1	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20</u>	<u>-</u>	<u>1</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(2,253)</u>	<u>(1)</u>	<u>1,614</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 54,787</u>	<u>13</u>	<u>\$ 59,760</u>	<u>13</u>
<b>EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 24)</b>				
From continuing operations				
Basic	<u>\$1.49</u>		<u>\$1.52</u>	
Diluted	<u>\$1.48</u>		<u>\$1.51</u>	

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

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**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						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)	Share Capital		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
Net profit for the three months March 31, 2019	-	-	-	-	-	58,146	-	-	58,146
Other comprehensive income (loss) for the three months March 31, 2019, net of income tax	-	-	-	-	-	-	1	1,613	1,614
Total comprehensive income for the three months March 31, 2019	-	-	-	-	-	58,146	1	1,613	59,760
BALANCE AT MARCH 31, 2019	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 400,600</u>	<u>\$ 66,035</u>	<u>\$ 42</u>	<u>\$ 245,010</u>	<u>\$ (25)</u>	<u>\$ 1,613</u>	<u>\$ 1,095,824</u>
BALANCE AT JANUARY 1, 2020	38,255	\$ 382,549	\$ 396,393	\$ 84,663	\$ 26	\$ 206,670	\$ (50)	\$ (2,678)	\$ 1,067,573
Net profit for the three months March 31, 2020	-	-	-	-	-	57,040	-	-	57,040
Other comprehensive income (loss) for the three months March 31, 2020, net of income tax	-	-	-	-	-	-	20	(2,273)	(2,253)
Total comprehensive income for the three months March 31, 2020	-	-	-	-	-	57,040	20	(2,273)	54,787
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	(13)	-	13	-
BALANCE AT MARCH 31, 2020	<u>38,255</u>	<u>\$ 382,549</u>	<u>\$ 396,393</u>	<u>\$ 84,663</u>	<u>\$ 26</u>	<u>\$ 263,697</u>	<u>\$ (30)</u>	<u>\$ (4,938)</u>	<u>\$ 1,122,360</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 Three Months Ended March 31	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 70,579	\$ 72,723
Depreciation expenses	8,949	10,243
Amortization expenses	847	855
Expected credit loss (gain)/provision (reversal of provision) for bad debt expense	(90)	(552)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,726	(90)
Interest expense	570	501
Other adjustments to reconcile profit (loss)	(8,279)	3,762
Interest incomes	(1,663)	(1,793)
Dividend income	(3)	
Impairment loss on non-financial assets	(1,000)	353
Unrealized foreign exchange loss (gain)	(612)	5
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(8,411)	(9,360)
Decrease (increase) in accounts receivable	65,631	(11,703)
Decrease (increase) in accounts receivable due from related parties	940	1,741
Decrease (increase) in other receivable	(4,787)	420
Decrease (increase) in inventories	(58,797)	70,715
Decrease (increase) in prepayments	(293)	(3,652)
Decrease (increase) in other current assets	(72)	(18)
Increase (decrease) in contract liabilities	(1,693)	7,035
Increase (decrease) in accounts payable	36,161	(12,520)
Increase (decrease) in accounts payable to related parties	4,626	6,707
Increase (decrease) in other payable	(9,264)	(17,504)
Increase (decrease) in other payable to related parties	848	(230)
Increase (decrease) in other current liabilities	(196)	(8)
Increase (decrease) in net defined benefit liability	(136)	(125)
Increase (decrease) in provisions	(1,321)	(6,032)
Cash generated from operations	95,260	111,473
Interest received	1,663	1,793
Income tax paid	(126)	(123)
Net cash generated from operating activities	<u>96,797</u>	<u>113,143</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(16,364)	(17,212)
Proceeds from disposal of financial assets at fair value through other comprehensive income	45	-

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# PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
Acquisition of financial assets at amortized cost	\$ (300,518)	\$ (246,891)
Proceeds from disposal of financial assets at amortized cost	180,060	185,120
Acquisition of property, plant and equipment	-	(430)
Increase in prepayments for business facilities	(3,702)	(606)
Proceeds from sale of financial assets at fair value dividends received	<u>3</u>	<u>-</u>
Net cash used in investing activities	<u>(140,476)</u>	<u>(80,019)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Payments of lease liabilities	<u>(9,484)</u>	<u>(9,484)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>12</u>	<u>1</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,151)	23,641
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>\$ 780,279</u>	<u>\$ 568,294</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 THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

Promate Solutions Corporation (the “Company”) is a listed company that was 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% in March 31, 2020 and 2019.

The Company’s shares have been listed on OTC trading at Taipei Exchange since Mar 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 May 11, 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 (note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2021

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

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.

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 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.

There were no significant uncertainties in the accounting policies, estimates and basic assumptions adopted by the Group after being evaluated by the management of the Group.

**6. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Cash on hand	\$ 918	\$ 914	\$ 1,394
Checking accounts and demand deposits	429,361	402,522	283,890
Cash equivalents (investment with original maturities less than three months time deposits)	<u>350,000</u>	<u>429,994</u>	<u>283,010</u>
	<u>\$ 780,279</u>	<u>\$ 833,430</u>	<u>\$ 568,294</u>

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Demand deposits	0.001%-0.35%	0.001%-0.35%	0.01%-0.035%
Time deposits	0.59%-0.6%	0.59%-2.28%	0.59%-2.67%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTP:			
Non-derivative financial assets			
Domestic quoted shares	<u>\$ 8,721</u>	<u>\$ 3,036</u>	<u>\$ 9,450</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 28,938</u>	<u>\$ 14,892</u>	<u>\$ 18,825</u>
<u>Investments in equity instruments at FVTOCI</u>			

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Domestic investments			
Listed shares			
HIGGSTEC Inc.	<u>\$ 28,938</u>	<u>\$ 14,892</u>	<u>\$ 18,825</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

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments			
Repurchase agreement			
Macquarie Croup Ltd. Croup Ltd.	\$ -	\$ -	\$ 30,946
Industrial and Commercial Bank of China	-	-	30,820
Standard Chartered PLC	15,203	-	-
Mizuho Bank, Ltd.	45,386	-	-
Citigroup Inc.	30,270	-	-
Goldman Sachs group Inc.	<u>30,225</u>	<u>-</u>	<u>-</u>
	<u>\$ 121,084</u>	<u>\$ -</u>	<u>\$ 61,766</u>

The Group company purchased the Repurchase agreement bonds issued by International Bill Finance Co., Ltd. in 2020 and 2019, and the coupon rates were 1.35% to 1.9% and 2.5% to 2.7%, 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

Mar 31, 2020

	<b>At Amortized Cost</b>
Gross carrying amount	\$ 121,084
Less: Allowance for impairment loss	-
Amortization costs	121,084
Fair value adjust	-
	<u>\$ 121,084</u>

Mar 31, 2019

	<b>At Amortized Cost</b>
Gross carrying amount	\$ 61,766
Less: Allowance for impairment loss	-
Amortization costs	61,766
Fair value adjust	-
	<u>\$ 61,766</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's exposure and the external credit ratings are

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 comprises: Is as follows:

<b>Credit Rating</b>	<b>Definition</b>	<b>Basis of Recognition of Expected Credit Losses</b>
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:

Mar 31, 2020

<b>Credit Rating</b>	<b>Basis of Recognition of Rate Credit Losses</b>	<b>Gross Carrying Amount Amortization Costs</b>
Normal	0%-0.01%	<u>\$ 121,084</u>

Mar 31, 2019

<b>Credit Rating</b>	<b>Basis of Recognition of Rate Credit Losses</b>	<b>Gross Carrying Amount Amortization Costs</b>
Normal	0%-0.01%	<u>\$ 61,766</u>

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost for the three months ended March 31, 2020 and 2019

## 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Accounts receivables</u>			
At amortized cost			
Gross carrying amount	\$ 213,088	\$ 278,719	\$ 253,576
Gross carrying amount-related parties	4,024	4,964	5,710
Less: Allowance for impairment loss	<u>(158)</u>	<u>(248)</u>	<u>(518)</u>
	<u>\$ 216,954</u>	<u>\$ 283,435</u>	<u>\$ 258,768</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>

(Continued)



	March 31, 2020	December 31, 2019	March 31, 2019
<u>Others receivables</u>			
Tax refund receivables	\$ 14,667	\$ 9,549	\$ 6,909
Others	<u>1,243</u>	<u>1,574</u>	<u>3,633</u>
	<u>\$ 15,910</u>	<u>\$ 11,123</u>	<u>\$ 10,542</u>
			(Concluded)

a. Accounts receivables

At amortized cost

The average credit period of the sales of goods was 90-35 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.

March 31, 2020

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Less than 61-90 Days	Less than 91-120 Days	Over 121 Days	Total
Expected credit loss rate	0.05%	0.26%	0.26%	0.26%	0.26%	15.07%-100%	
Gross carrying amount	\$ 200,064	\$ 16,975	\$ -	\$ -	\$ -	\$ 73	\$ 217,112
Loss allowance (Lifetime ECL)	<u>(103)</u>	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>(158)</u>
Amortized cost	<u>\$ 199,961</u>	<u>\$ 16,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 216,954</u>

December 31, 2019

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Over 61 Days	Total
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)	<u>(148)</u>	<u>(98)</u>	<u>-</u>	<u>(2)</u>	<u>(248)</u>
Amortized cost	<u>\$ 231,307</u>	<u>\$ 52,117</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 283,435</u>

March 31, 2019

	Not Past Due	Less than 1-30 Days	Less than 31-60 Days	Less than 61-90 Days	Less than 91-120 Days	Total
Expected credit loss rate	0%-0.2%	0.2%	0.2%	0.2%	0.24%	
Gross carrying amount	\$ 213,177	\$ 39,642	\$ 4,570	\$ 248	\$ 1,649	\$ 259,286
Loss allowance (Lifetime ECL)	<u>(426)</u>	<u>(79)</u>	<u>(9)</u>	<u>-</u>	<u>(4)</u>	<u>(518)</u>
Amortized cost	<u>\$ 212,751</u>	<u>\$ 39,563</u>	<u>\$ 4,561</u>	<u>\$ 248</u>	<u>\$ 1,645</u>	<u>\$ 258,768</u>

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

**For the Three Months Ended  
March 31**

	2020	2019
--	------	------

Accounts receivables

Balance at January 1	\$ 248	\$ 1,070
Less: Amount of expected loss reversed	<u>(90)</u>	<u>(552)</u>
Balance at December 31	<u>\$ 158</u>	<u>\$ 518</u>

Overdue receivables

Balance at January 1	<u>\$ 30</u>	<u>\$ 30</u>
Balance at December 31	<u>\$ 30</u>	<u>\$ 30</u>

Compared to Mar 31, 2020 and 2019, Gross carrying amount accounts receivables the decrease \$66,571 thousand and increase \$9,962 thousand, the decrease in loss allowance of \$90 thousand and \$552 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 March 31, 2020, December 31, 2019, and March 31, 2019.

## 12. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Raw materials	\$ 168,972	\$ 125,756	\$ 180,762
Work in process	34,025	22,346	34,130
Finished goods	135,821	131,899	236,177
Merchandise inventories	<u>3,463</u>	<u>2,483</u>	<u>3,177</u>
	<u>\$ 342,281</u>	<u>\$ 282,484</u>	<u>\$ 454,246</u>

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2020 and 2019 were \$296,905 thousand and \$322,327 thousand, respectively. The cost of inventories recognized as cost of goods sold included a reduction of cost of goods sold amounting to \$1,000 thousand and \$353 thousand. The net realizable value of inventories is the increase in the sales price of the inventory in specific markets

## 13. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements.

The entities included in the consolidated statements are listed below.

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
Promate Solutions Co., Ltd	Promate Japan Inc.	Trade of general of electronic commodities	100%	100%	100%	a and b

- a. Promate Japan Inc. was incorporated on Mach 2017 in Tokyo, Japan.
- b. Not significant subsidiaries and their financial statements had not been reviewed.

On 2020 and March 31, 2019, the comparative financial statement of the non-major subsidiaries which concluded in consolidated financial statement was not been review, on 2020 and March 31, 2019, the assets amounted to 4,565 thousands and 4,009 thousands respectively, accounted for consolidated assets 0.27% and 0.26% respectively; the liabilities amounted to 1,953 thousands and 2,025 thousands respectively, accounted for consolidated liabilities 0.36% and 0.43% respectively. In 2020 and 2019, other comprehensive income in first quarter amounted to gain 35 thousands and loss 109 thousand respectively, accounted for total other comprehensive income 0.06% and 0.18% respectively.

## 14. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019
Assets used by the Group	<u>\$ 47,664</u>	<u>\$ 47,268</u>	<u>\$ 56,388</u>

### a. Assets used by the Group - 2019

	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Leasehold Improvements	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 60,201	\$ 2,810	\$ 10,381	\$ 53,857	\$ 17,202	\$ 144,451
Additions	-	-	-	430	-	430
Balance at March 31, 2019	<u>\$ 60,201</u>	<u>\$ 2,810</u>	<u>\$ 10,381</u>	<u>\$ 54,287</u>	<u>\$ 17,202</u>	<u>\$ 144,881</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2019	\$ 26,250	\$ 2,694	\$ 8,135	\$ 34,704	\$ 11,667	\$ 83,450
Depreciation expenses	2,038	116	421	1,860	608	5,043
Balance at March 31, 2019	<u>\$ 28,288</u>	<u>\$ 2,810</u>	<u>\$ 8,556</u>	<u>\$ 36,564</u>	<u>\$ 12,275</u>	<u>\$ 88,493</u>
Carrying amounts at March 31, 2019	<u>\$ 31,913</u>	<u>\$ -</u>	<u>\$ 1,825</u>	<u>\$ 17,723</u>	<u>\$ 4,927</u>	<u>\$ 56,388</u>

### b. Assets used by the Group - 2020

	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Leasehold Improvements	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 61,285	\$ 2,810	\$ 10,381	\$ 56,923	\$ 17,452	\$ 148,851
Additions	-	-	-	-	-	-
Reclassifications	3,990	-	-	155	-	4,145
Disposals	-	-	-	-	(2,369)	(2,369)
Balance at March 31, 2020	<u>\$ 65,275</u>	<u>\$ 2,810</u>	<u>\$ 10,381</u>	<u>\$ 57,078</u>	<u>\$ 15,083</u>	<u>\$ 150,627</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ 33,910	\$ 2,810	\$ 9,252	\$ 41,859	\$ 13,752	\$ 101,583
Depreciation expenses	1,550	-	125	1,797	277	3,749
Disposals	-	-	-	-	(2,369)	(2,369)
Balance at March 31, 2020	<u>\$ 35,460</u>	<u>\$ 2,810</u>	<u>\$ 9,377</u>	<u>\$ 43,656</u>	<u>\$ 11,660</u>	<u>\$ 102,963</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 March 31, 2020	<u>\$ 29,815</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 13,422</u>	<u>\$ 3,423</u>	<u>\$ 47,664</u>

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment.

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	3-12 years
Leasehold improvements	3-10 years

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
Carrying amounts			
Buildings	<u>\$ 79,335</u>	<u>\$ 84,521</u>	<u>\$ 100,130</u>
		<b>For the Three Months Ended March 31</b>	
		<u>2020</u>	<u>2019</u>
Depreciation charge for right-of-use assets			
Buildings		<u>\$ 5,200</u>	<u>\$ 5,200</u>

### b. Lease liabilities - 2019

	March 31, 2020	December 31, 2019	March 31, 2019
Carrying amounts			
Current	<u>\$ 20,633</u>	<u>\$ 20,940</u>	<u>\$ 20,168</u>
Non-current	<u>\$ 53,937</u>	<u>\$ 62,530</u>	<u>\$ 74,091</u>

Discounted rate ranges of lease liabilities were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
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

2019

	<b>For the Three Months Ended March 31</b>	
	<u>2020</u>	<u>2019</u>
Expenses relating to low-value asset leases	\$ <u>50</u>	\$ <u>36</u>
Total cash outflow for lease	\$ <u>(9,534)</u>	\$ <u>(9,520)</u>

The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**16. OTHER INTANGIBLE ASSETS**

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2019	\$ 19,279
Additions	<u>-</u>
Balance at March 31, 2019	<u>\$ 19,279</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2019	\$ 9,611
Amortization expenses	<u>855</u>
Balance at March 31, 2019	<u>\$ 10,466</u>
Carrying amounts at March 31, 2019	<u>\$ 8,813</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 20,179
Additions	-
Disposals	<u>(1,800)</u>
Balance at March 31, 2020	<u>\$ 18,379</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 12,960
Amortization expenses	847
Disposals	<u>(1,800)</u>
Balance at March 31, 2020	<u>\$ 12,007</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 7,219</u>
Carrying amounts at March 31, 2020	<u>\$ 6,372</u>

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

Computer software 3-10 years

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Amortization expenses summarized by function:		
Operating costs	\$ -	\$ -
Selling and marketing expenses	27	29
General and administrative expenses	678	683
Research and development expenses	<u>142</u>	<u>143</u>
	<u>\$ 847</u>	<u>\$ 855</u>

## 17. OTHER ASSETS

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Current</u>			
Prepayments			
Prepayment for purchases and expenses	\$ 5,913	\$ 5,620	\$ 6,552
Offsets against business tax payable	<u>-</u>	<u>-</u>	<u>4,046</u>
	<u>5,913</u>	<u>5,620</u>	<u>10,598</u>
<u>Others current assets</u>			
Temporary payment	<u>125</u>	<u>53</u>	<u>59</u>
	<u>\$ 6,038</u>	<u>\$ 5,673</u>	<u>\$ 10,657</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 3,582	\$ 4,025	\$ 606
Refundable deposits	136	136	136
Overdue receivables (Note 11)	30	30	30
Allowance for impairment loss - overdue receivables	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>
	<u>\$ 3,718</u>	<u>\$ 4,161</u>	<u>\$ 742</u>

## 18. NOTES AND ACCOUNTS PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes payable</u>			
Non-trade	\$ <u>11</u>	\$ <u>11</u>	\$ <u>11</u>
<u>Accounts payable</u>			
Accounts payable	\$ 204,598	\$ 168,437	\$ 133,223
Accounts payable - related parties	<u>68,455</u>	<u>63,829</u>	<u>40,959</u>
	<u>\$ 273,053</u>	<u>\$ 232,266</u>	<u>\$ 174,182</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

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Other payables			
Accrued commissions	\$ 2,217	\$ 2,256	\$ 2,422
Payables for salaries or bonuses	36,628	56,375	28,834
Payables for annual leave	6,400	7,500	5,700
Payables for compensation of employees and remuneration of directors (Note 24)	32,200	25,300	32,100
Other payables-related party (Note 29)	3,173	2,325	2,376
Payables for purchases of equipment	-	860	-
Payable for service	1,339	1,265	1,452
Accrued freights	2,108	2,202	2,102
Other	<u>12,249</u>	<u>6,647</u>	<u>9,952</u>
	<u>\$ 96,314</u>	<u>\$ 104,730</u>	<u>\$ 84,938</u>
<u>Contract liability</u>			
Advance payment	<u>\$ 38,074</u>	<u>\$ 39,767</u>	<u>\$ 38,028</u>
Others			
Receipts under custody and others	<u>\$ 2,138</u>	<u>\$ 2,334</u>	<u>\$ 2,129</u>



## 20. PROVISIONS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Warranties*	<u>\$ 5,268</u>	<u>\$ 11,164</u>	<u>\$ 15,204</u>
<u>Non-current</u>			
Warranties*	<u>\$ 3,256</u>	<u>\$ 6,960</u>	<u>\$ 9,541</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2020</b>	<b>2019</b>
Balance at January 1		\$ 18,124	\$ 27,015
Amount used		(1,321)	(6,032)
Additional provisions recognized		-	3,762
Rotate unused		<u>(8,279)</u>	<u>-</u>
Balance at March 31		<u>\$ 8,524</u>	<u>\$ 24,745</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 March 31, 2020 and 2019, respectively, and 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

	March 31, 2020	December 31, 2019	March 31, 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

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	<u>\$ 396,393</u>	<u>\$ 396,393</u>	<u>\$ 400,600</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, f.

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 board of directors' meetings and the shareholders' meetings on March 16, 2020 and June 9, 2019, respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	2019	2018
Legal reserve	\$ 20,636	\$ 18,628
Special reserve	2,702	-
Cash dividends	181,711	167,939
Cash dividends (additional paid-in capital)	9,564	4,207
Cash dividends per share (NT\$)	5	4

The appropriation of earnings for 2019 are subject to the resolution in the shareholders' meeting to be held on June 15, 2020.

d. Special reserves

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Beginning at January 1	<u>\$ 26</u>	<u>\$ 42</u>
Balance at December 31	<u><u>\$ 26</u></u>	<u><u>\$ 42</u></u>

e. Other equity items

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

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	<u>\$ (50)</u>	<u>\$ (26)</u>
Exchange differences arising on translating the financials statements of foreign operations	26	1
Income tax related to gains arising on translating the financial statements of foreign operations	<u>(6)</u>	<u>-</u>
Other comprehensive income recognized for the period	<u>20</u>	<u>1</u>
Balance at March 31	<u><u>\$ (30)</u></u>	<u><u>\$ (25)</u></u>

2) Unrealized gain or loss on Financial Assets at FVTOCI

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	<u>\$ (2,678)</u>	<u>\$ -</u>
Recognized for the year		
Unrealized gain (loss)-equity instruments	<u>(2,273)</u>	<u>1,613</u>
Other comprehensive Income recognized for the year	<u>(2,273)</u>	<u>1,613</u>
Gain (loss) on disposal of equity instruments transfer to retained earnings	<u>13</u>	<u>-</u>
Balance at March 31	<u><u>\$ (4,938)</u></u>	<u><u>\$ 1,613</u></u>

The treasury stock own by the company was not allowed to be pledged and do not have the right to receive dividend and vote under Securities and Exchange Act.

## 23. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 412,468	\$ 442,769
Service revenue	<u>9,749</u>	<u>8,294</u>
	<u>\$ 422,217</u>	<u>\$ 451,063</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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Trade receivables (Note 11)	<u>\$ 216,954</u>	<u>\$ 283,435</u>	<u>\$ 258,768</u>
Contract liabilities (Note 19)	<u>\$ 38,074</u>	<u>\$ 39,767</u>	<u>\$ 38,028</u>

### c. Disaggregation of revenue

#### For the three months ended March 31, 2020

<u>Goods or service</u>	<b>Embedded Control</b>	<b>Application- specific</b>	<b>Medical Touch</b>	<b>Others</b>	<b>Total</b>
Revenue from sale of goods	\$ 191,673	\$ 65,354	\$ 120,156	\$ 35,285	\$ 412,468
Service revenue	<u>1,047</u>	<u>7,643</u>	<u>1,059</u>	<u>-</u>	<u>9,749</u>
	<u>\$ 192,720</u>	<u>\$ 72,997</u>	<u>\$ 121,215</u>	<u>\$ 35,285</u>	<u>\$ 422,217</u>

For the three months ended March 31, 2019

<u>Goods or service</u>	<b>Embedded Control</b>	<b>Application- specific</b>	<b>Medical Touch</b>	<b>Others</b>	<b>Total</b>
Revenue from sale of goods	\$ 204,342	\$ 82,983	\$ 121,178	\$ 34,266	\$ 442,769
Service revenue	<u>834</u>	<u>6,893</u>	<u>547</u>	<u>20</u>	<u>8,294</u>
	<u>\$ 205,176</u>	<u>\$ 89,876</u>	<u>\$ 121,725</u>	<u>\$ 34,286</u>	<u>\$ 451,063</u>

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

a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest income		
Bank deposits	\$ 1,353	\$ 1,652
Financial assets at amortized cost	310	141
Dividend income	3	-
Others	<u>-</u>	<u>57</u>
	<u>\$ 1,666</u>	<u>\$ 1,850</u>

b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	\$ (2,726)	\$ 90
Net foreign exchange gain (losses)	5,133	2,865
Others	<u>1</u>	<u>-</u>
	<u>\$ 2,408</u>	<u>\$ 2,955</u>

c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on lease liabilities	<u>\$ (570)</u>	<u>\$ (501)</u>

There was no interest capitalization in the combined company in 2020 and January 1 to March 31, 2019

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of deprecation by function		
Operating costs	\$ 2,661	\$ 2,526
Operating expenses	<u>6,288</u>	<u>7,717</u>
	<u>\$ 8,949</u>	<u>\$ 10,243</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>847</u>	<u>855</u>
	<u>\$ 847</u>	<u>\$ 855</u>

e. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 43,950	\$ 46,279
Post-employment benefits(Note 21)		
Defined contribution plans	1,483	1,483
Defined benefit plans	<u>28</u>	<u>38</u>
	<u>1,511</u>	<u>1,521</u>
Other employee benefits	<u>1,627</u>	<u>1,726</u>
Total employee benefits expense	<u>\$ 47,088</u>	<u>\$ 49,526</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 13,781	\$ 13,797
Operating expenses	<u>33,307</u>	<u>35,729</u>
	<u>\$ 47,088</u>	<u>\$ 49,526</u>

f. 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 March 31, 2020 and 2019, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	<u>\$ 5,810</u>	<u>\$ 5,920</u>
Remuneration of directors	<u>\$ 1,090</u>	<u>\$ 1,180</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:

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

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

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.

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>Employees' Compensation</b>	<b>Remuneration of Directors</b>
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.

g. Gain or loss on foreign currency exchange

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gains	\$ 50,797	\$ 5,327
Foreign exchange losses	<u>(45,664)</u>	<u>(2,462)</u>
	<u>\$ 5,133</u>	<u>\$ 2,865</u>

- h. The reversal of impairment of non-financial instruments

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Inventories (included in costs of goods sold)	<u>\$ (1,000)</u>	<u>\$ 353</u>

## 25. INCOME TAXES RELATING TO CONTINUING

- a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current period	\$ 8,616	\$ 14,025
Adjustment for the prior year	<u>(509)</u>	<u>-</u>
	<u>8,107</u>	<u>14,025</u>
Deferred tax		
In respect of the current period	<u>5,432</u>	<u>552</u>
Income tax expense recognized in profit or loss	<u>\$ 13,539</u>	<u>\$ 14,577</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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	<u>\$ 6</u>	<u>\$ -</u>
Income tax recognized in other comprehensive income	<u>\$ 6</u>	<u>\$ -</u>

- c. Income tax assessments

The tax returns of the Company through 2018 have been assessed by the tax authorities.



## 26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2020	2019
Basic earnings per share		
From continuing and discounted operations	<u>\$ 1.49</u>	<u>\$ 1.52</u>
Total	<u>\$ 1.49</u>	<u>\$ 1.52</u>
Diluted earnings per share		
From continuing and discounted operations	<u>\$ 1.48</u>	<u>\$ 1.51</u>
Total	<u>\$ 1.48</u>	<u>\$ 1.51</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 March 31	
	2020	2019
Income for the year attributable to owners of the Company	<u>\$ 57,040</u>	<u>\$ 58,146</u>
Earnings used in the computation of basic earnings per share	<u>\$ 57,040</u>	<u>\$ 58,146</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 57,040</u>	<u>\$ 58,146</u>

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

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of ordinary shares in computation of basic earnings per share	38,255	38,255
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>386</u>	<u>252</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>38,641</u>	<u>38,507</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 Three Months Ended March 31, 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) In the first quarter of 2019, the lease obligation decrease in 2,088 thousand due to decrease in advance payment.
- 2) The Group reclassified prepayments for equipment amounting to 4,145 thousand to property, plant and equipment for the Three Months Ended March 31, 2020.

### b. Reconciliation of liabilities arising from financing activities

For the three months ended March 31 2020

	<b>Balance as of January 1, 2020</b>	<b>Financing Cash Flows</b>	<b>Non-cash Changes Amortization of Interest Expense</b>	<b>Foreign Exchange Differences</b>	<b>Balance as of March 31, 2020</b>
Lease liabilities (Note 3)	<u>\$ 83,470</u>	<u>\$ (9,484)</u>	<u>\$ 570</u>	<u>\$ 14</u>	<u>\$ 74,570</u>

For the three months ended March 31 2019

	<b>Balance as of January 1, 2019</b>	<b>Financing Cash Flows</b>	<b>Non-cash Changes Amortization of Interest Expense</b>	<b>Balance as of March 31, 2019</b>
Lease liabilities (Note 3)	<u>\$ 103,242</u>	<u>\$ (9,484)</u>	<u>\$ 501</u>	<u>\$ 94,259</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 Mar 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 8,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,721</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Securities listed in ROC	<u>\$ 28,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,938</u>

Balance December 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 3,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,036</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Securities listed in ROC	<u>\$ 14,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,892</u>

Balance as of Mar 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Securities listed in ROC	<u>\$ 9,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,450</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Securities listed in ROC	<u>\$ 18,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,825</u>

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

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatory at FVTPL	\$ 8,721	\$ 3,036	\$ 9,450
Financial assets at amortized (Note 1)	1,134,363	1,128,124	899,506
Financial assets at FVTOCI equity instruments			
Investments in equity instruments	28,938	14,892	18,825
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	369,378	337,007	259,131

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.

	<b>U.S. Dollar Impact</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ 2,608 (i)	\$ 3,727 (i)

- 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 reduce during the current year mainly due to the decrease 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:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Fair value interest rate risk			
Financial assets	<u>\$ 471,084</u>	<u>\$ 429,994</u>	<u>\$ 344,776</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 430,279</u>	<u>\$ 403,436</u>	<u>\$ 285,284</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 three months ended March 31, 2020 and 2019 would decrease by \$1,076 thousand and \$713 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 beneficiary certificates. 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 three Months Ended March 31, 2020 and 2019, would have increased/decreased by \$868 thousand and \$565 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 three months ended March 31, 2020 and 2019, would have increased/decreased by \$262 thousand and \$284 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 62.24%, 66.17%, and 68.88% of the Group's accounts receivable balance as of March 31, 2020, December 31, 2019, and March 31, 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 for the three months ended March 31, 2020, December 31, 2019 and for the three months ended March 31 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.

##### March 31, 2020

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	273,053	-
Other payable	96,314	-
Lease liabilities	<u>22,193</u>	<u>56,350</u>
	<u>\$ 391,571</u>	<u>\$ 56,350</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>
Lease liabilities	<u>\$ 22,193</u>	<u>\$ 56,350</u>

December 31, 2019

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>
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:

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

March 31, 2019

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities		
Notes payable	\$ 11	\$ -
Trade payable	174,182	-
Other payable	84,938	-
Lease liabilities	<u>22,193</u>	<u>78,568</u>
	<u>\$ 281,324</u>	<u>\$ 78,568</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>
Lease liabilities	<u>\$ 22,193</u>	<u>\$ 78,568</u>

b) Financing facilities

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Unsecured bank overdraft facilities			
Amount used	\$ 10,000	\$ 10,000	\$ 10,000
Amount unused	<u>190,900</u>	<u>189,920</u>	<u>193,280</u>
	<u>\$ 200,900</u>	<u>\$ 199,920</u>	<u>\$ 203,280</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 March 31, 2020, December 31, 2019 and March 31, 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

Name	Related Party Category
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

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2020	2019
Sale of goods	The Company's Parent company	<u>\$ 4,454</u>	<u>\$ 6,016</u>
Repairs	The Company's Parent company	<u>\$ 9</u>	<u>\$ 17</u>

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2020	2019
Promate Electronic Co., Ltd	\$ 67,448	\$ 57,759
Substantive related party-chairman is a director of the Company	<u>12,270</u>	<u>3,710</u>
	<u>\$ 79,718</u>	<u>\$ 61,469</u>

The related-party transactions were conducted under normal terms.

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

Related Party	March 31, 2020	December 31, 2019	March 31, 2019
The Company's parent company	<u>\$ 4,024</u>	<u>\$ 4,964</u>	<u>\$ 5,710</u>

The outstanding accounts receivables from related parties are unsecured.

For the three months ended March 31 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	March 31, 2020	December 31, 2019	March 31, 2019
Accounts payables	Promate Electronic Co., Ltd	\$ 50,480	\$ 47,345	\$ 36,977
	Substantive related party-chairman is a director of the Company	<u>17,975</u>	<u>16,484</u>	<u>3,982</u>
		<u>\$ 68,455</u>	<u>\$ 63,829</u>	<u>\$ 40,959</u>
Other payables	Subsidiary of Pormate	<u>\$ 3,173</u>	<u>\$ 2,325</u>	<u>\$ 2,376</u>

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements

Acquisition of right-of-use assets

Related Party Category/Name	For the Three Months Ended March 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Promate Electronic Co., Ltd	\$ 39,846	\$ 52,902
Substantive related party-chairman is a director of the Company	<u>4,692</u>	<u>6,256</u>
	<u>\$ 44,538</u>	<u>\$ 59,158</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.

Line Item	Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Lease liabilities	Promate Electronic Co., Ltd	\$ 36,984	\$ 42,272	\$ 46,861
	Substantive related party-chairman is a director of the Company	<u>4,443</u>	<u>5,078</u>	<u>5,630</u>
		<u>\$ 41,427</u>	<u>\$ 47,350</u>	<u>\$ 52,491</u>

Related Party Category/Name	For the Three Months Ended March 31	
	2020	2019
<u>Interest expense</u>		
Promate Electronic Co., Ltd	\$ 286	\$ 259
Substantive related party - chairman is a director of the Company	<u>33</u>	<u>42</u>
	<u>\$ 319</u>	<u>\$ 301</u>

g. Other transactions with related parties

Expense

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2020	2019
Research and development expense	Promate Electronic Co., Ltd Weikeng Industrial Co., Ltd.	\$ 374 <u>87</u>	\$ 670 <u>36</u>
		<u>\$ 461</u>	<u>\$ 706</u>
Professional service fees	Promate Electronics Company USA	<u>\$ 1,961</u>	<u>\$ 3,479</u>
IT information expense	Promate Electronic Co., Ltd	<u>\$ 1,290</u>	<u>\$ 1,290</u>

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
Short-term employee benefits	\$ 4,054	\$ 8,425
Other long-term employee benefits	<u>140</u>	<u>140</u>
	<u>\$ 4,194</u>	<u>\$ 8,565</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 December 31, 2019 and 2018 were as follows:

- a. As of March 31, 2020 and 2019, the Group has all issued letters of guarantee for tariff guarantee amounted to \$10,000 thousand.

- b. As of March 31, 2020 and 2019, commitments due to contracts for the acquisition of equipment were as follows:

	<b>March 31</b>	
	<b>2020</b>	<b>2019</b>
Contract amount		
Paid amount	\$ 3,582	\$ 606
Unpaid amount	<u>5,875</u>	<u>1,281</u>
	<u>\$ 9,457</u>	<u>\$ 1,887</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:

#### March 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,281	30.225 (USD:NTD)	\$ 461,868
EUR	64	33.240 (EUR:NTD)	<u>2,127</u>
			<u>\$ 463,995</u>
<u>Financial liabilities</u>			
Monetary items			
USD	6,651	30.225 (USD:NTD)	<u>\$ 201,026</u>

#### December 31, 2019

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
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>
<u>Financial liabilities</u>			
Monetary items			
USD	5,398	29.98 (USD:NTD)	<u>\$ 161,841</u>

March 31, 2019

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,386	30.82 (USD:NTD)	\$ 505,017
EUR	29	34.61 (EUR:NTD)	1,004
GBP	306	40.11 (GBP:NTD)	<u>12,274</u>
			<u>\$ 518,295</u>
<u>Financial liabilities</u>			
Monetary items			
USD	4,292	30.82 (USD:NTD)	\$ 132,279
EUR	21	34.61 (EUR:NTD)	<u>727</u>
			<u>\$ 133,006</u>

The Group is mainly exposed to the fluctuations other than USD. For the three months ended March 31 2020 and 2019 realized foreign exchange gains) were \$2,794 thousand and \$2,627 thousand, respectively. unrealized foreign exchange losses were \$2,339 thousand and \$238 thousand, respectively.

### 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. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 9) Trading in derivative instruments. (None)
- 10) Significant transactions between the Company and subsidiaries. (None)

11) Information of investees. (Table 4)

- b. Information on investments in mainland China (None)
- c. 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 three months ended March 31, 2020 and 2019 can be determined by reference to the balance sheet and consolidated statement of profit and loss for the three months ended March 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.

## PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Promate Solutions Corporation	<u>Foreign debt investment vehicle</u> Standard Chartered PLC		Financial assets at amortized cost - current		\$ 15,203		\$ 15,203	國內上市(櫃)公司
	Mizuho Bank, Ltd.	"	"		USD 503		USD 503	
	Citigroup Inc.	"	"		45,386		45,386	
	Goldman Sachs group Inc.	"	"		USD 1,502		USD 1,502	
					30,270		30,270	
					USD 1,001		USD 1,001	
					30,225		30,225	
					<u>USD 1,000</u>		<u>USD 1,000</u>	
					<u>\$ 121,084</u>		<u>\$ 121,084</u>	
Promate Solutions Corporation	<u>Ordinary shares</u> HIGGSTECH INC		Financial assets at fair value through other comprehensive income or loss - non-current	1,221,000	<u>\$ 28,938</u>		<u>\$ 28,938</u>	"
	Great Tree Pharmacy Co., Ltd.	"	Financial assets at fair value through profit or loss - current	2,000	\$ 147		\$ 147	"
	SYNGEN BIOTECH CO., LTD	"	"	4,000	342		342	"
	CHIAN HSING FORGING INDUSTRIAL CO.,LTD..	"	"	6,000	190		190	"
	Jinan Acetate Chemical Co., LTD.	"	"	32,100	3,085		3,085	"
	BIOTEQUE CORPORATION	"	"	30,000	2,850		2,850	"
	MAXIGEN BIOTECH INC.	"	"	3,000	48		48	"
	Power Wind Health Industry	"	"	1,197	159		159	"
	M.J. International Co., Ltd.	"	"	5,000	303		303	"
	BROGENT TECHNOLOGIES INC.	"	"	1,100	104		104	"
	Phison Electronics Corp	"	"	5,000	1,240		1,240	"
	Jia Wei Lifestyle, Inc.	"	"	5,483	253		253	"
					<u>\$ 8,721</u>		<u>\$ 8,721</u>	

Note: The fair value of open-end beneficiary certificates and listed market securities was calculated based on the net asset value and closing price as of balance sheet date.

**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 THREE MONTHS ENDED March 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				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		-	-	\$ -	6,554,710	\$ 110,000	-	\$ 110,102	\$ 110,000	\$ 102	-	\$ -



**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 THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Solutions Corporation	Promate Electronic Co., Ltd	Parent company	Purchase	\$ 67,448	20.7	Net 60 days after monthly losing	-	-	Accounts payable \$50,480	18.5	

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars/Foreign Currency)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				March 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Promate Solutions Corporation	PROMATE JAPAN Inc.	Japan	Import and export of electronic related commodities	\$ 2,791	\$ 2,791	100,000	100%	\$ 2,612	\$ 9	\$ 9	

**PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Shares Percentage of Ownership (%)
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.

Note 2: If the shareholder provide their shares to trust, trustee will establish trust account in settlor's name. The shareholder holding more than ten percent of the total shares should register with the Competent Authority under Securities and Exchange Act, the share computed methods was shareholder's share plus the share transfer to trust. The data should file by shareholder can refer to Market Observation Post System.