

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019**

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,058,744	15	\$ 1,986,235	15	\$ 1,771,278	14
Financial assets at fair value through profit or loss - current (Note 7)	646,605	5	758,940	6	818,864	7
Financial assets at amortized cost - current (Note 9)	73,390	1	73,083	-	46,846	-
Notes receivable (Note 10)	52,616	-	107,142	1	89,684	1
Trade receivables (Note 10)	2,643,982	19	2,778,155	21	2,123,514	17
Trade receivables from related parties (Notes 10 and 27)	7,622	-	4,038	-	7,562	-
Other receivables	74,477	1	40,587	-	160,536	1
Other receivables from related parties (Note 27)	171	-	79	-	1,122	-
Current tax assets	11,107	-	8,176	-	5,245	-
Inventories (Note 11)	2,399,981	17	2,039,498	15	1,852,741	15
Other current assets	260,054	2	149,103	1	78,782	1
Total current assets	8,228,749	60	7,945,036	59	6,956,174	56
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	9,255	-	9,255	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	306,953	2	422,422	3	474,357	4
Financial assets measured at cost - non-current (Note 9)	219,435	2	86,983	1	-	-
Investments accounted for using equity method (Note 13)	445,059	3	447,290	4	463,526	4
Property, plant and equipment (Note 14)	4,070,072	30	4,054,149	30	4,070,435	33
Right-of-use assets (Note 15)	94,260	1	96,162	1	98,451	1
Investment properties (Note 16)	53,348	-	54,565	1	169,355	1
Other intangible assets	29,555	-	27,816	-	21,521	-
Deferred tax assets (Note 23)	34,697	-	39,349	-	33,540	-
Prepayment for equipment	315,667	2	169,470	1	102,420	1
Refundable deposits	5,051	-	5,345	-	2,760	-
Other non-current assets	4,802	-	10,928	-	7,532	-
Total non-current assets	5,588,154	40	5,423,734	41	5,453,152	44
TOTAL	\$ 13,816,903	100	\$ 13,368,770	100	\$ 12,409,326	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 170,475	1	\$ 63,485	1	\$ 180,820	2
Financial liabilities at fair value through profit or loss - current (Note 7)	5,202	-	3,963	-	1,332	-
Trade payables	1,586,655	12	1,659,086	12	900,265	7
Trade payables to related parties (Note 27)	88	-	78	-	107	-
Other payables (Note 18)	612,585	4	724,671	5	395,866	3
Other payables to related parties (Note 27)	3,066	-	2,850	-	1,211	-
Current tax liabilities (Note 23)	100,735	1	48,135	-	8,337	-
Lease liabilities - current (Note 15)	3,074	-	3,087	-	666	-
Current portion of long-term borrowings (Note 17)	151,270	1	209,860	2	435,350	4
Other current liabilities	120,067	1	81,304	1	22,637	-
Total current liabilities	2,753,217	20	2,796,519	21	1,946,591	16
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	1,889,331	14	1,637,635	12	1,241,196	10
Deferred tax liabilities (Note 23)	102,128	1	123,400	1	143,130	1
Lease liabilities - non-current (Note 15)	2,193	-	2,949	-	-	-
Net defined benefit liabilities - non-current (Note 19)	71,291	-	74,031	1	65,321	1
Guarantee deposits received	38,806	-	36,485	-	28,711	-
Total non-current liabilities	2,103,749	15	1,874,500	14	1,478,358	12
Total liabilities	4,856,966	35	4,671,019	35	3,424,949	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital						
Ordinary shares	3,097,570	23	3,097,570	23	3,097,570	25
Capital surplus	1,666,690	12	1,666,690	13	1,666,296	13
Retained earnings						
Legal reserve	1,413,518	10	1,413,518	10	1,349,083	11
Special reserve	254,907	2	254,907	2	222,793	2
Unappropriated earnings	3,168,808	23	2,789,438	21	2,799,386	22
Total retained earnings	4,837,233	35	4,457,863	33	4,371,262	35
Other equity						
Exchange differences on translating the financial statements of foreign operations	(613,795)	(5)	(584,617)	(4)	(243,015)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	(27,761)	-	60,245	-	92,264	1
Total other equity	(641,556)	(5)	(524,372)	(4)	(150,751)	(1)
Total equity	8,959,937	65	8,697,751	65	8,984,377	72
TOTAL	\$ 13,816,903	100	\$ 13,368,770	100	\$ 12,409,326	100

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

TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
REVENUE (Note 21)	\$ 2,151,182	100	\$ 1,622,940	100
COST OF GOODS SOLD (Note 22)	<u>(1,510,491)</u>	<u>(70)</u>	<u>(1,283,491)</u>	<u>(79)</u>
GROSS PROFIT	<u>640,691</u>	<u>30</u>	<u>339,449</u>	<u>21</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	106,374	5	94,996	6
General and administrative expenses	88,572	4	72,499	5
Research and development expenses	<u>169,633</u>	<u>8</u>	<u>114,119</u>	<u>7</u>
Total operating expenses	<u>364,579</u>	<u>17</u>	<u>281,614</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>276,112</u>	<u>13</u>	<u>57,835</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 22)	26,007	1	31,382	2
Other gains and losses (Note 22)	7,369	-	4,040	-
Finance costs (Note 22)	(5,205)	-	(5,863)	-
Share of profits of associates and joint venture (Note 13)	<u>(6,300)</u>	<u>-</u>	<u>(996)</u>	<u>-</u>
Total non-operating income and expenses	<u>21,871</u>	<u>1</u>	<u>28,563</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	297,983	14	86,398	5
INCOME TAX EXPENSE (Note 23)	<u>(41,125)</u>	<u>(2)</u>	<u>(8,669)</u>	<u>-</u>
NET PROFIT	<u>256,858</u>	<u>12</u>	<u>77,729</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	34,478	1	37,872	2
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>28</u>	<u>-</u>	<u>(152)</u>	<u>-</u>
	<u>34,506</u>	<u>1</u>	<u>37,720</u>	<u>2</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (31,740)	(1)	\$ 113,001	7
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,562</u>	<u>-</u>	<u>3,907</u>	<u>-</u>
	<u>(29,178)</u>	<u>(1)</u>	<u>116,908</u>	<u>7</u>
Other comprehensive income for the period, net of income tax	<u>5,328</u>	<u>-</u>	<u>154,628</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 262,186</u>	<u>12</u>	<u>\$ 232,357</u>	<u>14</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 0.83</u>		<u>\$ 0.25</u>	
Diluted	<u>\$ 0.82</u>		<u>\$ 0.25</u>	

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	309,757	\$ 3,097,570	\$ 1,665,116	\$ 1,349,083	\$ 222,793	\$ 2,671,184	\$ (359,923)	\$ 105,017	\$ 8,750,840
Net profit for the three months ended March 31, 2019	-	-	-	-	-	77,729	-	-	77,729
Other comprehensive loss for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	(87)	116,908	37,807	154,628
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	77,642	116,908	37,807	232,357
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	50,560	-	(50,560)	-
Surplus donated	-	-	1,223	-	-	-	-	-	1,223
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	(43)	-	-	-	-	-	(43)
BALANCE AT MARCH 31, 2019	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,666,296</u>	<u>\$ 1,349,083</u>	<u>\$ 222,793</u>	<u>\$ 2,799,386</u>	<u>\$ (243,015)</u>	<u>\$ 92,264</u>	<u>\$ 8,984,377</u>
BALANCE AT JANUARY 1, 2020	309,757	\$ 3,097,570	\$ 1,666,690	\$ 1,413,518	\$ 254,907	\$ 2,789,438	\$ (584,617)	\$ 60,245	\$ 8,697,751
Net profit for the three months ended March 31, 2020	-	-	-	-	-	256,858	-	-	256,858
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(29,178)	34,506	5,328
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	256,858	(29,178)	34,506	262,186
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	122,086	-	(122,086)	-
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	-	-	426	-	(426)	-
BALANCE AT MARCH 31, 2020	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,666,690</u>	<u>\$ 1,413,518</u>	<u>\$ 254,907</u>	<u>\$ 3,168,808</u>	<u>\$ (613,795)</u>	<u>\$ (27,761)</u>	<u>\$ 8,959,937</u>

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 297,983	\$ 86,398
Adjustments for:		
Depreciation expenses	195,469	190,443
Amortization expenses	1,639	687
Net gain on fair value change of financial assets/liabilities at fair value through profit or loss	(2,044)	(9,505)
Finance costs	5,205	5,863
Interest income	(7,072)	(3,401)
Share of profits of associates and joint ventures	6,300	996
Loss (gain) on disposal of property, plant and equipment	13	(346)
Reversal of impairment losses recognized on property, plant and equipment	2,340	(1,432)
Changes in operating assets and liabilities:		
Notes receivable	54,526	(4,023)
Trade receivables	134,152	507,729
Trade receivables from related parties	(3,584)	1,433
Other receivables	(33,951)	(6,265)
Other receivables from related parties	(92)	(326)
Inventories	(360,581)	(35,678)
Other current assets	(107,487)	(13,435)
Trade payables	(72,431)	(426,557)
Trade payables to related parties	10	10
Other payables	(112,058)	(167,820)
Other payables to related parties	216	(1,906)
Other current liabilities	38,763	871
Net defined benefit liabilities - non-current	(2,740)	(2,712)
Cash generated from operations	34,576	121,024
Interest paid	(5,221)	(5,853)
Income taxes paid	(20,159)	(22,220)
Net cash generated by operating activities	<u>9,196</u>	<u>92,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial liabilities at fair value through profit or loss	(3,963)	-
Proceeds from sale of financial assets at fair value through profit or loss	116,060	136,950
Proceeds from sale of financial assets at fair value through other comprehensive income	160,211	70,940
Purchase of sale of financial assets at amortized cost	(134,151)	(46,846)
Proceeds from sale of financial assets at amortized cost	-	149,345
Acquisition of investments accounted for using equity method	-	(63,083)

(Continued)

TXC 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
Payments for property, plant and equipment	\$ (226,132)	\$ (107,181)
Proceeds from disposal of property, plant and equipment	1,391	2,038
Payments for intangible assets	(3,481)	-
Decrease in other non-current assets	7,445	2,281
Increase in prepayment for equipment	(147,222)	(15,246)
Interest received	7,094	2,730
Dividend received	<u>39</u>	<u>-</u>
Net cash (used in) generated by investing activities	<u>(222,709)</u>	<u>131,928</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short-term borrowings	106,476	150,105
Proceeds from long-term borrowings	193,196	469,754
Repayments of long-term borrowings	-	(415,625)
Proceeds from guarantee deposits received	2,321	2,554
Repayment of the principal portion of lease liabilities	(781)	(664)
Return of shareholders' cash dividends	<u>-</u>	<u>1,223</u>
Net cash generated by financing activities	<u>301,212</u>	<u>207,347</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(15,190)</u>	<u>33,650</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,509	465,876
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,986,235</u>	<u>1,305,402</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,058,744</u>	<u>\$ 1,771,278</u>

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality quartz unite crystal, automotive crystal, crystal oscillator (CXO), and timing module (TM) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, wearable device, internet of things and vehicle electronics, etc.

TXC’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

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

In order to ensure investors’ rights and interests, the Company filed an application to Taiwan Corporate Governance Association for corporate governance assessment certification. The Company acquired CG6005 general version of corporate governance assessment and authentication and CG6008 advanced version of corporate governance assessment and authentication on March 23, 2011 and June 27, 2013, respectively. On the first “Corporate Governance Assessment and Authentication” which is jointly held by the “Taiwan Stock Exchange” and “Taipei Exchange”, the Company was listed as the top 20 percent of the listed companies in 2014 and awarded the top 5 percent of the listed companies from 2015 to 2017. The Company will continue to strengthen corporate governance functions in order to work with international standards and to protect public interests.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 7, 2020.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have 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	Effective 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, 2022

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

- 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

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

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 the 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, including structured entities).

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 interests of the Group 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.

d. Other significant accounting policies

Except for the following, please 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) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

3) 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

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 1,445	\$ 1,199	\$ 1,482
Checking accounts and demand deposits	1,994,771	1,661,861	1,498,386
Cash equivalents (investments with original maturities less than three months)			
Time deposits	62,528	323,175	75,410
Repurchase agreements collateralized by bonds	<u>-</u>	<u>-</u>	<u>196,000</u>
	<u>\$ 2,058,744</u>	<u>\$ 1,986,235</u>	<u>\$ 1,771,278</u>

The market rate intervals of cash in bank repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Demand deposits	0.001%-1.92%	0.001%-1.92%	0.001%-1.92%
Time deposits	0.6%-2.4%	2.12%-3.85%	0.6%-4.3%
Repurchase agreements collateralized by bonds	-	-	0.4%-0.47%

7. FINANCIAL ASSETS AND LIABILITIES 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 FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts (b)	\$ 927	\$ 3,762	\$ 154
Non-derivative financial asset			
Mutual funds	370,782	387,337	511,703
Hybrid financial assets			
Structured deposits (a)	<u>274,896</u>	<u>367,841</u>	<u>307,007</u>
	<u>645,678</u>	<u>755,178</u>	<u>818,710</u>
	<u>\$ 646,605</u>	<u>\$ 758,940</u>	<u>\$ 818,864</u>

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Foreign unlisted shares	<u>\$ 9,255</u>	<u>\$ 9,255</u>	<u>\$ 9,255</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	<u>\$ 5,202</u>	<u>\$ 3,963</u>	<u>\$ 1,332</u> (Concluded)

- a. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. At the end of the reporting period, foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2020</u>			
Knock-out forward	USD/JPY	2020.04.16-2020.04.17	USD1,000/JPY107,050
Knock-out forward	USD/NTD	2020.06.17-2020.06.26	USD3,000/NTD93,350
Sell	USD/JPY	2020.04.06-2020.04.27	USD1,500/JPY166,065
Sell	USD/RMB	2020.04.28-2020.09.28	USD10,000/RMB69,971
Sell	USD/JPY	2020.04.01-2020.04.27	USD1,500/JPY165,935
Exchange contracts	USD/NTD	2020.04.06-2020.06.08	USD7,000/NTD211,210
Foreign exchange forward contracts	USD/NTD	2020.03.31-2020.05.14	USD10,000/NTD303,270
<u>December 31, 2019</u>			
Sell	USD/RMB	2019.10.09-2020.03.27	USD12,000/RMB83,414
Knock-out forward	USD/JPY	2020.01.09	USD1,500/JPY163,525
Knock-out forward	USD/RMB	2020.01.09	RMB10,000/USD1,430
Foreign exchange forward contracts	USD/NTD	2020.01.09-2020.01.17	USD4,000/NTD122,500
Exchange contracts	USD/NTD	2020.01.13-2020.02.19	USD11,000/NTD335,658

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2019</u>			
Sell	USD/NTD	2019.04.15	USD1,000/NTD30,875
Sell	USD/RMB	2019.04.03-2019.06.04	USD9,000/RMB60,382
Sell	USD/JPY	2019.04.03-2019.04.26	USD1,500/JPY163,310
Exchange contracts	USD/NTD	2019.04.22-2019.05.21	USD11,000/NTD339,145
Foreign exchange forward contracts	USD/NTD	2019.04.10-2019.05.09	USD12,000/NTD372,520
Knock-out forward	USD/JPY	2019.04.04-2019.04.08	USD1,000/JPY112,675
Knock-out forward	USD/NTD	2019.04.02-2019.05.27	USD6,000/NTD185,540
			(Concluded)

The Group entered into foreign exchange forward contracts during the three months ended March 31, 2020 and 2019 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Investments in equity instruments at FVTOCI	<u>\$ 306,953</u>	<u>\$ 422,422</u>	<u>\$ 474,357</u>
Investments in Equity Instruments at FVTOCI			
	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Domestic investments			
Unlisted shares			
Win Precision Technology Co., Ltd.	\$ 18,388	\$ 18,388	\$ 14,256
Marson Technology Co., Ltd.	4,773	4,773	4,773
UPI Semiconductor Corp.	<u>45,202</u>	<u>45,202</u>	<u>61,198</u>
	<u>68,363</u>	<u>68,363</u>	<u>80,227</u>
Foreign investments			
Listed shares			
Guandong Failong Crystal Technology Co., Ltd.	-	117,114	227,098
Unlisted shares			
Zhejiang Dongjing Bolante Photoelectric Company Limited	209,815	211,160	167,032
Ningbo SJ Electronics Co., Ltd.	25,621	25,785	-
	<u>3,154</u>	<u>-</u>	<u>-</u>
	<u>238,590</u>	<u>354,059</u>	<u>394,130</u>
	<u>\$ 306,953</u>	<u>\$ 422,422</u>	<u>\$ 474,357</u>

These investments in equity instruments are not held for trading. Instead, they 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.

In the first quarter of 2020 and 2019, the Group sold its shares in Guandong Failong Crystal Technology Co., Ltd. in order to manage credit concentration risk. The shares sold had a fair value of \$160,211 thousand and \$70,940 thousand and its related unrealized gain of \$122,086 thousand and \$50,560 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments			
Pledge deposits (a)	\$ 51,307	\$ 51,094	\$ 46,846
Time deposits with original maturity of more than three months (b)	<u>22,083</u>	<u>21,989</u>	<u>-</u>
Foreign investments			
Debit investment - Westpac Banking Corp. (c)	<u>\$ 73,390</u>	<u>\$ 73,083</u>	<u>\$ 46,846</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than one year (b)	<u>\$ 219,435</u>	<u>\$ 86,983</u>	<u>\$ -</u>

- a. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.
- b. The ranges of interest rates for time deposits with original maturities of more than three months were approximately 2.42%-4.38% and 2.12%-4.38% per annum as of March 31, 2020 and December 31, 2019, respectively.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>			
Notes receivable - operating	\$ 52,622	\$ 107,148	\$ 89,690
Less: Allowance for impairment loss	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
	<u>\$ 52,616</u>	<u>\$ 107,142</u>	<u>\$ 89,684</u>

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,664,992	\$ 2,795,602	\$ 2,144,704
Less: Allowance for impairment loss	<u>(13,388)</u>	<u>(13,409)</u>	<u>(13,628)</u>
	<u>\$ 2,651,604</u>	<u>\$ 2,782,193</u>	<u>\$ 2,131,076</u> (Concluded)

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

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

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2020

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 2,522,528	\$ 194,405	\$ 681	\$ -	\$ -	\$ 2,717,614
Loss allowance (Lifetime ECL)	<u>(11,610)</u>	<u>(1,750)</u>	<u>(34)</u>	<u>-</u>	<u>-</u>	<u>(13,394)</u>
Amortized cost	<u>\$ 2,510,918</u>	<u>\$ 192,655</u>	<u>\$ 647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,704,220</u>

December 31, 2019

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 2,735,024	\$ 163,988	\$ 3,738	\$ -	\$ -	\$ 2,902,750
Loss allowance (Lifetime ECL)	<u>(11,753)</u>	<u>(1,476)</u>	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>(13,415)</u>
Amortized cost	<u>\$ 2,723,271</u>	<u>\$ 162,512</u>	<u>\$ 3,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,889,335</u>

March 31, 2019

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 2,213,013	\$ 19,464	\$ 1,917	\$ -	\$ -	\$ 2,234,394
Loss allowance (Lifetime ECL)	<u>(13,363)</u>	<u>(175)</u>	<u>(96)</u>	<u>-</u>	<u>-</u>	<u>(13,634)</u>
Amortized cost	<u>\$ 2,199,650</u>	<u>\$ 19,289</u>	<u>\$ 1,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,220,760</u>

The expected credit loss rate for each above range of the Group is not more than 1% within and within 90 days of the overdue period; 5% or less within the overdue period from 91 days to 180 days; and 5%-100% when the overdue period exceeds 180 days.

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

	<u>March 31</u>	
	2020	2019
Balance at January 1	\$ 13,415	\$ 13,554
Less: Impairment losses reversed	-	-
Foreign exchange gains and losses	<u>(21)</u>	<u>80</u>
Balance at March 31	<u>\$ 13,394</u>	<u>\$ 13,634</u>

11. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Finished goods	\$ 273,839	\$ 279,332	\$ 304,915
Work in process	355,844	311,538	280,765
Raw materials	445,663	387,027	370,000
Supplies and spare parts	89,594	84,580	89,198
Merchandise	338,582	219,763	360,632
Land for development construction in progress	<u>896,459</u>	<u>757,258</u>	<u>447,231</u>
	<u>\$ 2,399,981</u>	<u>\$ 2,039,498</u>	<u>\$ 1,852,741</u>

The construction in progress is the payment made by Chongqing All Sum to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing All Sum has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013.

The cost of inventories recognized as cost of goods for the years ended March 31, 2020 and 2019 was \$1,510,491 thousand and \$1,283,491 thousand, respectively.

The details of the land for development site are as follows:

	<u>March 31, 2020</u>		
Area	Prepaid Land Rights	Project Cost	Total
Jinfeng Group C Division	<u>\$ 192,923</u>	<u>\$ 703,536</u>	<u>\$ 896,459</u>

Area	December 31, 2019		
	Prepaid Land Rights	Project Cost	Total
Jinfeng Group C Division	\$ 194,159	\$ 563,099	\$ 757,258

Area	March 31, 2019		
	Prepaid Land Rights	Project Cost	Total
Jinfeng Group C Division	\$ 205,329	\$ 241,902	\$ 447,231

12. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
TXC Corporation	Taiwan Crystal Technology International Limited	Investment holding	100	100	100	a, 1
	TXC Technology, Inc.	Marketing activities	100	100	100	b, 1
	TXC Japan Corporation	Marketing activities	100	100	100	c, 1
	Taiwan Crystal Technology (HK) Limited	Investment holding	100	100	100	f, 1
	TXC Europe GmbH	Marketing activities	100	100	-	k, 1
Taiwan Crystal Technology International Limited	Growing Profits Trading Ltd.	International trading	100	100	100	d, 1
	TXC (Ningbo) Corporation	Manufacture and sale of electronic products	100	100	100	e, 1
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Manufacture and sale of electronic products	100	100	100	g, 1
	Chongqing All Sun Company Limited	Marketing activities	100	100	100	h, 1
	Ningbo Jingyu Company Limited	Purchasing and selling electronic component	100	100	100	i, 1
	Ningbo Meishan Bonded Port Area Dingkai Investment Management (Ding Kai Investment)	Investment management	100	100	100	j, 1

Remarks:

- Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.
- TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.
- TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.
- Growing Profits Limited was incorporated on March 9, 1999 in the British Virgin Islands.
- TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.
- Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China. The return on the capital reduction of \$306,500 was approved by the Company's board of directors in July 2018.
- TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.
- Chongqing All Sun Corporation was incorporated on February 14, 2011 in Chongqing, China.
- Ningbo Jingyu Company Limited was incorporated on September 7, 2011 in Ningbo, China.

- j. Ningbo Meishan Bonded Port Area Dingkai Investment Management Co., Ltd. was incorporated on May 12, 2017 in Beilun District, Ningbo, China.
- k. TXC Europe GmbH was founded in Germany on August 17, 2018.
- l. Except for the financial statements for the three months ended March 31, 2020 of TXC (Ningbo) Corporation and TXC (Chongqing) Corporation, all company are immaterial subsidiaries, their financial statements have not been reviewed.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2020	December 31, 2019	March 31, 2019
Investments in associates and joint ventures	<u>\$ 445,059</u>	<u>\$ 447,290</u>	<u>\$ 463,526</u>

a. Investment in associates

	March 31, 2020	December 31, 2019	March 31, 2019
Associates that are not individually material	<u>\$ 396,950</u>	<u>\$ 391,844</u>	<u>\$ 406,903</u>

**For the Three Months Ended
March 31**

	2020	2019
The Group's share of:		
Profit from continuing operations	\$ 2,516	\$ 2,723
Other comprehensive income	<u>2,590</u>	<u>3,755</u>
Total comprehensive income for the period	<u>\$ 5,106</u>	<u>\$ 6,478</u>

Refer to Table 5 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

In 2019, the Company subscribed 1,266 thousand shares of the ordinary shares of Tai-Shing for cash which amounted to \$67,083 thousand. After the subscription, the Company's percentage of ownership in Tai-Shing was 30.98%. The Group recognized goodwill of \$33,970 thousand as cost of investments in associates.

b. Investment joint ventures

	March 31, 2020	December 31, 2019	March 31, 2019
Joint ventures that are not individually material	<u>\$ 48,109</u>	<u>\$ 55,446</u>	<u>\$ 56,623</u>

**For the Three Months Ended
March 31**

	2020	2018
The Group's share of:		
Profit from continuing operations	\$ (7,064)	\$ (3,719)
Other comprehensive income	-	-
Total comprehensive income for the period	\$ (7,064)	\$ (3,719)

Refer to Table 5 “name, locations, and related information of investees on which the Company exercises significant influence” and Table 6 “information on investment in mainland China” for the nature of activities, principal place of business and country of incorporation of the joint ventures.

Except for investments of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., Ltd., which were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., Ltd. which have not been reviewed.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 598,145	\$ 1,315	\$ 2,211,412	\$ 7,233,843	\$ 17,099	\$ 266,923	\$ -	\$ 10,328,737
Additions	-	-	7,180	97,312	1,669	(2,595)	3,615	107,181
Disposals	(1,038)	-	-	(3,246)	(1,860)	(1,106)	-	(7,250)
Transfer to investment properties	-	-	(19,059)	-	-	-	-	(19,059)
Reclassification	-	-	-	(1,000)	-	1,000	-	-
Effect of foreign currency exchange differences	-	-	21,741	98,918	353	3,638	5	124,655
Balance at March 31, 2019	\$ 597,107	\$ 1,315	\$ 2,221,274	\$ 7,425,827	\$ 17,261	\$ 267,860	\$ 3,620	\$ 10,534,264
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 463	\$ 973,376	\$ 5,032,029	\$ 13,013	\$ 199,134	\$ -	\$ 6,218,015
Disposals	-	-	-	(2,641)	(1,860)	(1,057)	-	(5,558)
Depreciation expense	-	47	26,613	148,676	531	6,779	-	182,646
Impairment losses reversed	-	-	-	(1,432)	-	-	-	(1,432)
Transfer to investment property	-	-	(4,288)	-	-	-	-	(4,288)
Reclassification	-	-	-	(952)	-	952	-	-
Effect of foreign currency exchange differences	-	-	8,215	63,554	281	2,396	-	74,446
Balance at March 31, 2019	\$ -	\$ 510	\$ 1,003,916	\$ 5,239,234	\$ 11,965	\$ 208,204	\$ -	\$ 6,463,829
Carrying value at March 31, 2019	\$ 597,107	\$ 805	\$ 1,217,358	\$ 2,186,593	\$ 5,296	\$ 59,656	\$ 3,620	\$ 4,070,435
Carrying value at January 1, 2020 and December 31, 2019	\$ 591,972	\$ 945	\$ 1,301,831	\$ 1,964,305	\$ 3,381	\$ 159,521	\$ 32,196	\$ 4,054,149
<u>Cost</u>								
Balance at January 1, 2020	\$ 591,972	\$ 1,599	\$ 2,520,068	\$ 7,446,580	\$ 15,268	\$ 371,500	\$ 32,196	\$ 10,979,183
Additions	-	-	29,321	179,849	-	16,962	-	226,132
Disposals	-	-	-	(40,995)	(420)	(1,442)	-	(42,857)
Reclassification	-	-	-	51,166	-	(18,805)	(32,361)	-
Effect of foreign currency exchange differences	-	-	(6,533)	(29,019)	(83)	(1,582)	165	(37,052)
Balance at March 31, 2020	\$ 591,972	\$ 1,599	\$ 2,542,856	\$ 7,607,581	\$ 14,765	\$ 366,633	\$ -	\$ 11,125,406

(Continued)

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 656	\$ 1,218,237	\$ 5,482,275	\$ 11,887	\$ 211,979	\$ -	\$ 6,925,034
Disposals	-	-	-	(39,603)	(420)	(1,430)	-	(41,453)
Depreciation expense	-	61	33,379	152,053	426	7,167	-	193,086
Impairment losses	-	-	-	2,340	-	-	-	2,340
Effect of foreign currency exchange differences	-	-	(2,705)	(20,212)	(70)	(686)	-	(23,673)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 717</u>	<u>\$ 1,248,911</u>	<u>\$ 5,576,853</u>	<u>\$ 11,823</u>	<u>\$ 217,030</u>	<u>\$ -</u>	<u>\$ 7,055,334</u>
Carrying value at March 31, 2020	<u>\$ 591,972</u>	<u>\$ 882</u>	<u>\$ 1,293,945</u>	<u>\$ 2,030,728</u>	<u>\$ 2,942</u>	<u>\$ 149,603</u>	<u>\$ -</u>	<u>\$ 4,070,072</u>

(Concluded)

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

Land improvements	6 years
Buildings	
Industrial building	35-61 years
Electrical power systems	4-10 years
Engineering systems	1-17 years
Equipment	
Major production equipments	1-5 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	3-8 years
Office equipment	2-6 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 28.

The Group reversed an impairment loss of NT\$2,340 thousand for certain machinery and equipment that was reused to recognize for the impairment loss in the previous year in 2019.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 89,010	\$ 90,138	\$ 97,785
Buildings	3,305	3,967	666
Transportation equipment	<u>1,945</u>	<u>2,057</u>	<u>-</u>
	<u>\$ 94,260</u>	<u>\$ 96,162</u>	<u>\$ 98,451</u>

	For the Three Months Ended March 31	
	2020	2018
Depreciation charge for right-of-use assets		
Land	\$ 561	\$ 594
Buildings	661	664
Transportation equipment	<u>112</u>	<u>-</u>
	<u>\$ 1,334</u>	<u>\$ 1,258</u>

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	\$ 3,074	\$ 3,087	\$ 666
Non-current	<u>2,193</u>	<u>2,949</u>	<u>-</u>
	<u>\$ 5,267</u>	<u>\$ 6,036</u>	<u>\$ 666</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Buildings	0.86%	0.86%	1.15%
Transportation equipment	0.86%	0.86%	-

c. Material lease-in activities and terms

The Group leases certain warehouses in economic zone with lease terms of 3 years. The Group does not have a bargain purchase option to acquire the leased warehouse at the expiry of the lease periods.

The Group also leases land in china for manufacturing in product with lease terms of 50 years. All of the lease payments had been paid at the inception of the lease agreement. The Group has an extension right at the end of the lease terms. The Group does not have a bargain purchase option to acquire the leased land at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2020	2018
Expenses relating to short-term leases	<u>\$ 43</u>	<u>\$ 22</u>
Total cash outflow for leases	<u>\$ (824)</u>	<u>\$ (686)</u>

The Group leases certain building which qualify as short-term leases which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	March 31, 2020	December 31, 2019	March 31, 2019
Completed investment property	<u>\$ 53,348</u>	<u>\$ 54,565</u>	<u>\$ 169,355</u>
			Completed Investment Property
<u>Cost</u>			
Balance at January 1, 2019			\$ 340,953
Transferred from property, plant and equipment			19,059
Effect of foreign currency exchange differences			<u>1,877</u>
Balance at March 31, 2019			<u>\$ 361,889</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019			\$ (180,865)
Transferred from property, plant and equipment			(6,539)
Depreciation expense			(4,288)
Effect of foreign currency exchange differences			<u>(842)</u>
Balance at March 31, 2019			<u>\$ (192,534)</u>
Carrying amounts at March 31, 2019			<u>\$ 169,355</u>
Carrying amounts at March 31, 2020 and December 31, 2019			<u>\$ 54,565</u>
<u>Cost</u>			
Balance at January 1, 2020			\$ 92,455
Effect of foreign currency exchange differences			<u>(366)</u>
Balance at March 31, 2020			<u>\$ 92,089</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020			\$ (37,890)
Depreciation expense			(1,049)
Effect of foreign currency exchange differences			<u>198</u>
Balance at March 31, 2020			<u>\$ (38,741)</u>
Carrying amounts at March 31, 2020			<u>\$ 53,348</u>

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 5-61 years.

The fair value of the Group's investment properties as of March 31, 2020, December 31, 2019 and March 31, 2019 was \$197,083 thousand, \$197,284 thousand and \$531,661 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All investment properties of the Group was held under freehold interests. The investment properties pledged as collateral for bank borrowing were set out in Note 28.

17. BORROWINGS

a. Short-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Unsecured borrowings</u>			
Bank loans	\$ 151,271	\$ 59,960	\$ 180,820
Letters of credit	<u>19,204</u>	<u>3,525</u>	<u>-</u>
	<u>\$ 170,475</u>	<u>\$ 63,485</u>	<u>\$ 180,820</u>

The interest rate on the letters of credit were 0.40%-1.10%, 1.10% and 0.60%-0.98% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

b. Long-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings (Note 28)</u>			
Bank loans	\$ 278,823	\$ 237,635	\$ 110,806
<u>Unsecured borrowings</u>			
Bank loans	1,761,778	1,609,860	1,565,740
Less: Current portions	<u>(151,270)</u>	<u>(209,860)</u>	<u>(435,350)</u>
Long-term borrowings	<u>\$ 1,889,331</u>	<u>\$ 1,637,635</u>	<u>\$ 1,241,196</u>

The borrowings of the Group were as follows:

	Maturity Date	March 31, 2020	December 31, 2019	March 31, 2019
Floating rate borrowings				
Secured bank borrowing denominated in NT\$	2019.09.01	\$ -	\$ -	\$ 31,250
Secured bank borrowing denominated in RMB	2021.09.04	278,823	237,635	79,556
Unsecured bank borrowing denominated in NT\$	2021.02.25	-	-	400,000
Unsecured bank borrowing denominated in NT\$	2020.09.06	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2020.01.25	-	-	250,000
Unsecured bank borrowing denominated in NT\$	2025.01.03	150,000	-	-
Unsecured bank borrowing denominated in NT\$	2020.09.06	-	-	200,000
Unsecured bank borrowing denominated in NT\$	2021.12.12	-	-	100,000
Unsecured bank borrowing denominated in US\$	2021.12.19	-	-	200,000
Unsecured bank borrowing denominated in US\$	2022.02.26	60,508	59,960	61,640
Unsecured bank borrowing denominated in US\$	2020.05.28	60,508	59,960	61,640
Unsecured bank borrowing denominated in US\$	2020.09.01	90,762	89,940	92,460
Unsecured bank borrowing denominated in NT\$	2021.08.12	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2034.09.15	300,000	300,000	-
Unsecured bank borrowing denominated in NT\$	2034.09.15	100,000	100,000	-
Unsecured bank borrowing denominated in NT\$	2022.09.05	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2022.08.19	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2022.09.02	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2021.11.04	200,000	200,000	-
Less: Current portion		<u>(151,270)</u>	<u>(209,860)</u>	<u>(435,350)</u>
		<u>\$ 1,889,331</u>	<u>\$ 1,637,635</u>	<u>\$ 1,241,196</u>

The range of interest rate on bank loans was 0.35%-6.18%, 0.40%-6.18% and 0.85%-6.18% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

18. OTHER LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
<u>Other payables</u>			
Payable for compensations to employees and directors	\$ 116,148	\$ 83,477	\$ 91,615
Payable for commission	22,806	20,736	22,719
Payable for salaries	103,770	99,427	90,420
Payable for bonus	82,401	256,358	43,934
Payable for annual leave	27,998	28,590	28,423
Payable for purchasing of equipment	103,868	116,639	32,581
Others	<u>155,594</u>	<u>119,444</u>	<u>86,174</u>
	<u>\$ 612,585</u>	<u>\$ 724,671</u>	<u>\$ 395,866</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and TXC Optec Corporation of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Employee benefit expense for the three months ended March 31, 2020 and 2019 were \$519 thousand and \$647 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2019 and 2018.

20. EQUITY

a. Share capital

Ordinary shares

	March 31, 2020	December 31, 2019	March 31, 2019
Numbers of shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>309,757</u>	<u>309,757</u>	<u>309,757</u>
Shares issued	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>

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

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	\$ 611,776	\$ 611,776	\$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 331	\$ 331	\$ 331
Return of shareholders' cash dividends	1,617	1,617	1,223
Shareholder returns			
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates or joint venture	<u>2,561</u>	<u>2,561</u>	<u>2,561</u>
	<u>\$ 1,666,690</u>	<u>\$ 1,666,690</u>	<u>\$ 1,666,296</u> (Concluded)

* 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 once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the 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 bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 22(f).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

Appropriation of earnings to the legal reserve shall 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 in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 that were proposed by the board of directors on May 5, 2020 and approved in the shareholders' meetings on April 25, 2019 respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2019	2018	2019	2018
Legal reserve	\$ 67,178	\$ 64,435	\$ -	\$ -
Special reserve	269,465	32,114	-	-
Cash dividends	774,393	619,514	2.5	2.0

The appropriations of earnings for 2019 is subject to the resolution of the shareholders' meeting to be held on June 9, 2020.

d. Others equity items

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

	For the Three Months Ended	
	2020	2019
Balance at January 1	\$ (584,617)	\$ (359,923)
Exchange differences on translating the financial statements of foreign operations	(31,740)	113,001
Share of exchange differences of associates accounted for using the equity method	<u>2,562</u>	<u>3,907</u>
Balance at March 31	<u>\$ (613,795)</u>	<u>\$ (243,015)</u>

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

	For the Three Months Ended	
	2020	2019
Balance at January 1	\$ 60,245	\$ 105,017
Recognized during the period		
Unrealized loss - equity instruments	34,478	37,872
Share from associates accounted for using the equity method	<u>28</u>	<u>(65)</u>
Other comprehensive income recognized in the period	34,506	37,807
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(122,086)	(50,560)
Share from associates accounted for using the equity method	<u>(426)</u>	<u>-</u>
Balance at March 31	<u>\$ (27,761)</u>	<u>\$ 92,264</u>

21. REVENUE

	For the Three Months Ended March 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 2,151,182</u>	<u>\$ 1,622,940</u>

Contract Balances

	For the Three Months Ended March 31	
	2020	2019
Trade receivables (Note 10)	<u>\$ 2,651,604</u>	<u>\$ 2,131,076</u>
Contract liabilities		
Sale of goods	<u>\$ 98,508</u>	<u>\$ 11,064</u>
Contract liabilities-current	<u>\$ 98,508</u>	<u>\$ 11,064</u>

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

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

Net Profit (Loss) from Continuing Operations

a. Other income

	For the Three Months Ended March 31	
	2020	2019
Interest income	\$ 7,072	\$ 3,401
Income from government grants	7,804	16,573
Others	<u>11,131</u>	<u>11,408</u>
	<u>\$ 26,007</u>	<u>\$ 31,382</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2020	2019
Gain on disposal of property, plant and equipment	\$ (13)	\$ 346
Fair value changes of financial assets and financial liabilities		
Financial assets/liabilities mandatorily at FVTPL	2,044	9,505
Foreign exchange gain	18,915	2,106
Property, plant and equipment impairment (losses) reversed	(2,340)	1,432
Other expense	<u>(11,237)</u>	<u>(9,349)</u>
	<u>\$ 7,369</u>	<u>\$ 4,040</u>

c. Finance costs

**For the Three Months Ended
March 31**

	2020	2019
Interest on bank loans	\$ (5,193)	\$ (5,861)
Interest on lease liabilities	<u>(12)</u>	<u>(2)</u>
	<u>\$ (5,205)</u>	<u>\$ (5,863)</u>

d. Depreciation and amortization

**For the Three Months Ended
March 31**

	2020	2019
Property, plant and equipment	\$ 193,086	\$ 182,646
Investment properties	1,049	6,539
Right-of-use assets	1,334	1,258
Intangible assets	<u>1,639</u>	<u>687</u>
	<u>\$ 197,108</u>	<u>\$ 191,130</u>
 An analysis of deprecation by function		
Operating costs	\$ 153,055	\$ 154,069
Operating expenses	41,365	29,835
Other expenses	<u>1,049</u>	<u>6,539</u>
	<u>\$ 195,469</u>	<u>\$ 190,443</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 1,639</u>	<u>\$ 687</u>

e. Employee benefits expense

**For the Three Months Ended
March 31**

	2020	2019
Post-employment benefits (see Note 19)		
Defined contribution plans	\$ 16,831	\$ 17,939
Defined benefit plans	<u>519</u>	<u>647</u>
	<u>17,350</u>	<u>18,586</u>
Other employee benefits		
Salaries	426,822	317,656
Insurance expenses	23,919	23,920
Others	<u>15,724</u>	<u>9,842</u>
	<u>466,465</u>	<u>351,418</u>
Total employee benefits expense	<u>\$ 483,815</u>	<u>\$ 370,004</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 285,168	\$ 223,016
Operating expenses	<u>198,647</u>	<u>146,988</u>
	<u>\$ 483,815</u>	<u>\$ 370,004</u>

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors for the three months ended March 31, 2020 and 2019, respectively, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2020	2019
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Three Months Ended March 31	
	2020	2019
Employees' compensation	<u>\$ 28,133</u>	<u>\$ 8,497</u>
Remuneration of directors	<u>\$ 4,689</u>	<u>\$ 1,416</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 employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 which were approved by the Company's board of directors on March 23, 2020 and March 22, 2019, respectively, were as follows:

	For the Year Ended December 31			
	2019		2018	
	Cash	Share	Cash	Share
Employees' compensation	\$ 71,552	\$ -	\$ 69,072	\$ -
Remuneration of directors	11,925	-	11,512	-

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

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.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current year	\$ 35,881	\$ 4,644
Deferred tax		
In respect of the current year	<u>5,244</u>	<u>4,025</u>
Income tax expense recognized in profit or loss	<u>\$ 41,125</u>	<u>\$ 8,669</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	\$ 8,619	\$ 9,468
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of investments in equity instruments at FVTOCI	<u>(30,521)</u>	<u>(12,640)</u>
	<u>\$ (21,902)</u>	<u>\$ (3,172)</u>

- c. Income tax assessments

The tax returns had been assessed by the tax authorities before in 2017, respectively.

24. EARNINGS PER SHARE

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

Net Profit for the Period

	For the Three Months Ended March 31	
	2020	2019
Profit for the period attributable to owners of the Company	<u>\$ 256,858</u>	<u>\$ 77,729</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 256,858</u>	<u>\$ 77,729</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	309,757	309,757
Effect of potentially dilutive ordinary shares:		
Employees' compensation issue to employees	<u>2,326</u>	<u>2,087</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>312,083</u>	<u>311,844</u>

If the Group was able to settle the compensation paid to employees by cash or shares, the Group presumed that the entire amount of the compensation would 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, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. 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 stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted shares	\$ -	\$ -	\$ 9,255	\$ 9,255
Foreign exchange forward contracts and exchange contracts	-	927	-	927
Mutual funds	370,782	-	-	370,782
Structured deposits	-	274,896	-	274,896
	<u>\$ 370,782</u>	<u>\$ 275,823</u>	<u>\$ 9,255</u>	<u>\$ 655,860</u>

Financial assets at FVTOCI

<u>Financial assets at FVTOCI</u>				
Domestic unlisted shares	\$ -	\$ -	\$ 68,363	\$ 68,363
Foreign unlisted shares	-	-	238,590	238,590
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,953</u>	<u>\$ 306,953</u>

Financial liabilities at FVTPL

Foreign exchange forward contracts	\$ -	\$ 5,202	\$ -	\$ 5,202
------------------------------------	------	----------	------	----------

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted shares	\$ -	\$ -	\$ 9,255	\$ 9,255
Foreign exchange forward contracts	-	3,762	-	3,762
Mutual funds	387,337	-	-	387,337
Structured deposits	-	367,841	-	367,841
	<u>\$ 387,337</u>	<u>\$ 371,603</u>	<u>\$ 9,255</u>	<u>\$ 768,195</u>

Financial liabilities at FVTPL

Foreign exchange forward contracts	\$ -	\$ 173	\$ -	\$ 173
Exchange contracts	-	3,790	-	3,790
	<u>\$ -</u>	<u>\$ 3,963</u>	<u>\$ -</u>	<u>\$ 3,963</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Domestic unlisted shares	\$ -	\$ -	\$ 68,363	\$ 68,363
Foreign listed shares	117,114	-	-	117,114
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>236,945</u>	<u>236,945</u>
	<u>\$ 117,114</u>	<u>\$ -</u>	<u>\$ 305,308</u>	<u>\$ 422,422</u> (Concluded)

March 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted shares	\$ -	\$ -	\$ 9,255	\$ 9,255
Foreign exchange forward contracts and exchange contracts	-	154	-	154
Mutual funds	511,703	-	-	511,703
Structured deposits	<u>-</u>	<u>307,007</u>	<u>-</u>	<u>307,007</u>
	<u>\$ 511,703</u>	<u>\$ 307,161</u>	<u>\$ 9,255</u>	<u>\$ 828,119</u>

Financial assets at FVTOCI

Domestic unlisted shares	\$ -	\$ -	\$ 80,227	\$ 80,227
Foreign listed shares	227,098	-	-	227,098
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>167,032</u>	<u>167,032</u>
	<u>\$ 227,098</u>	<u>\$ -</u>	<u>\$ 247,259</u>	<u>\$ 474,357</u>

Financial liabilities at FVTPL

Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ 1,332</u>
------------------------------------	-------------	-----------------	-------------	-----------------

There were no transfers between Levels 1 and 2 between January 1 to March 31, 2020 and 2019.

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

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 9,255	\$ 305,308
Purchases	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>1,645</u>
Balance at March 31, 2020	<u>\$ 9,255</u>	<u>\$ 306,953</u>

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	\$ -	\$ 243,544
Purchases	9,255	-
Effect of foreign currency exchange differences	<u>-</u>	<u>3,715</u>
Balance at March 31, 2019	<u>\$ 9,255</u>	<u>\$ 247,259</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed on the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in WACC or discount for lack of marketability used in isolation would result in increase in fair value.

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL (1)	\$ 655,860	\$ 768,195	\$ 828,119
Financial assets at amortized cost (2)	5,135,488	5,081,647	4,203,302
Financial assets at FVTOCI			
Equity instruments	306,953	422,422	474,357
<u>Financial liabilities</u>			
FVTPL			
Mandatorily at FVTPL (3)	5,202	3,963	1,332
Amortized cost (4)	4,452,276	4,334,150	3,155,481

- 1) The balances included the carrying amount of mutual fund, foreign exchange forward contracts, exchange contracts, structured deposits and investment with preference shares.
- 2) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 3) The balances included the carrying amount of foreign exchange forward contracts.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade, payable, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, bonds payable, borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 31).

Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (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 exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Profit or loss	\$ 20,728	\$ 19,068	\$ (4,124)	\$ (509)

i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding JPY payables, which were not hedged, at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

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:

	March 31, 2020	December 31, 2019	March 31, 2019
Fair value interest rate risk			
Financial assets	\$ 355,353	\$ 478,725	\$ 271,410
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	1,994,771	1,661,861	1,541,282
Financial liabilities	2,211,076	1,910,980	1,857,366

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. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% 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 0.25% 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)/increase by \$(135) thousand and \$(198) thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in foreign listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in Shenzhen stock exchange, growth enterprise.

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 1% higher/lower, other comprehensive income for the three months ended March 31, 2019 would increase/decrease by \$2,271 thousand.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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 liability. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had available unutilized overdraft and short-term bank loan facilities of approximately \$5,007,146 thousand, \$4,754,880 thousand and \$5,190,271 thousand, respectively.

Liquidity and interest risk rate tables

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

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

March 31, 2020

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,586,743	\$ -	\$ -	\$ -	\$ 1,586,743
Other payables	-	615,651	-	-	-	615,651
Other current liabilities	-	73,745	-	-	-	73,745
Lease liabilities	0.86	3,074	1,586	607	-	5,267
Variable interest rate liabilities	0.35-6.18	321,745	1,889,331	-	-	2,211,076

December 31, 2019

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,659,164	\$ -	\$ -	\$ -	\$ 1,659,164
Other payables	-	727,521	-	-	-	727,521
Other current liabilities	-	81,304	-	-	-	81,304
Lease liabilities	0.86	3,087	2,228	721	-	6,036
Variable interest rate liabilities	0.4-6.18	273,345	1,637,635	-	-	1,910,980

March 31, 2019

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 900,372	\$ -	\$ -	\$ -	\$ 900,372
Other payables	-	397,077	-	-	-	397,077
Other current liabilities	-	22,637	-	-	-	22,637
Lease liabilities	1.15	666	-	-	-	666
Variable interest rate liabilities	0.85-6.18	616,170	1,241,196	-	-	1,857,366

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ (620)	\$ (3,403)	\$ (252)	\$ -	\$ -

December 31, 2019

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ 221	\$ (464)	\$ 42	\$ -	\$ -

March 31, 2019

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ (761)	\$ (919)	\$ -	\$ -	\$ -

27. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are 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.

Name	Relationship with the Group
Tai-Shing Electronics Components Corporation	Associate
Liang Shing Eclife Corp. ("Eclife")	Other associate
Ningbo Xingmao Electron Technology Co., Ltd.	Associate
Godsmith Sensor Inc.	Associate

a. Sale of goods

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2020	2019
Sales	Associates	\$ 5,039	\$ 1,925
	Other associates	<u>2,177</u>	<u>3,339</u>
		<u>\$ 7,216</u>	<u>\$ 5,264</u>

Selling prices and payment terms offered to related parties were similar with those offered to third parties.

b. Purchase of goods

Related Party Categories	For the Three Months Ended March 31	
	2020	2019
Other associates	<u>\$ 44</u>	<u>\$ 70</u>

Purchase prices and payment terms offered by related parties were similar with those offered by third parties.

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

Line Items	Related Party Categories	March 31, 2020	December 31, 2019	March 31, 2019
Trade receivables	Associates	\$ 5,291	\$ 2,187	\$ 4,090
	Other associates	2,399	1,918	3,540
Less: Allowance for impairment loss		<u>(68)</u>	<u>(67)</u>	<u>(68)</u>
		<u>\$ 7,622</u>	<u>\$ 4,038</u>	<u>\$ 7,562</u>
Other receivables	Associates	\$ 2	\$ -	\$ 1,104
	Other associates	<u>169</u>	<u>79</u>	<u>18</u>
		<u>\$ 171</u>	<u>\$ 79</u>	<u>\$ 1,122</u>

The outstanding trade receivables from related parties are unsecured.

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

Line Items	Related Party Categories	March 31, 2020	December 31, 2019	March 31, 2019
Trade payables	Other associates	<u>\$ 88</u>	<u>\$ 78</u>	<u>\$ 107</u>
Other payables	Other associates	<u>\$ 3,066</u>	<u>\$ 2,850</u>	<u>\$ 1,211</u>

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

e. Property, plant and equipment acquired

Related Party Categories	Price For the Three Months Ended December 31	
	2020	2019
Other associates	<u>\$ 658</u>	<u>\$ 150</u>

f. Rental income

Related Party Categories	Location	Rent Collection	For the Three Months Ended March 31			
			2020	% to Total Account Balance	2019	% to Total Account Balance
Ningbo Xingmao Electron Technology Co., Ltd.	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	\$ 776	-	\$ 823	-
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Based on contract, and paid on a monthly basis	891	-	-	-
Godsmith Sensor Inc.	3F., No. 6, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Based on contract, and paid on a monthly basis	<u>144</u>	-	-	-
			<u>\$ 1,811</u>		<u>\$ 823</u>	

The transactions term to related parties were similar to those for third parties.

g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
Short-term employee benefits	\$ 26,395	\$ 16,209
Post-employment benefits	<u>967</u>	<u>779</u>
	<u>\$ 27,362</u>	<u>\$ 16,988</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	\$ 568,139	\$ 450,148	\$ 573,066
Building equipment, net	925,028	944,795	849,642
Investment property	43,349	37,293	130,064
Land for development	896,459	757,258	447,231
Pledged deposits	51,307	51,094	46,846
Right-of-use assets	<u>11,364</u>	<u>11,891</u>	<u>12,568</u>
	<u>\$ 2,495,646</u>	<u>\$ 2,252,479</u>	<u>\$ 2,059,417</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. Unused letters of credit amounted to approximately JPY245,129 thousand and JPY27,600 thousand as of December 31, 2020 and 2019.
- b. As of March 31, 2020, the Group unrecognized commitments are as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of equipment	<u>\$ 10,084</u>	<u>\$ 3,731</u>	<u>\$ 6,353</u>
Acquisition of equipment	<u>RMB 32,574</u>	<u>RMB 3,795</u>	<u>RMB 28,779</u>
Acquisition of equipment	<u>JPY 937,667</u>	<u>JPY 158,657</u>	<u>JPY 779,010</u>
Acquisition of equipment	<u>US\$ 1,738</u>	<u>US\$ 230</u>	<u>US\$ 1,508</u>

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)

March 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 72,734	30.254 (USD:NTD)	\$ 2,200,494
USD	30,280	7.0851(USD:RMB)	916,091
JPY	482,750	0.2791 (JPY:NTD)	134,736
JPY	457,642	0.0654(JPY:RMB)	127,728

Financial liabilities

Monetary items			
USD	23,997	30.254 (USD:NTD)	726,005
USD	10,503	7.0851(USD:RMB)	317,751
JPY	1,185,673	0.2791 (JPY:NTD)	330,921
JPY	1,232,443	0.0654(JPY:RMB)	343,975

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 76,087	30.106 (USD:NTD)	\$ 2,290,675
USD	33,010	6.8632(USD:RMB)	993,799
JPY	562,326	0.2771 (JPY:NTD)	155,821
JPY	611,494	0.0622 (JPY:RMB)	169,445

Financial liabilities

Monetary items			
USD	28,870	30.106 (USD:NTD)	869,160
USD	11,394	6.8632(USD:RMB)	343,028
JPY	1,004,826	0.2771 (JPY:NTD)	278,437
JPY	1,406,372	0.0622 (JPY:RMB)	389,706

March 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 67,472	30.82 (USD:NTD)	\$ 2,079,487
USD	27,440	6.7335 (USD:RMB)	845,701
JPY	674,202	0.2783 (JPY:NTD)	187,630
JPY	7,971	0.0608 (JPY:RMB)	2,218
<u>Financial liabilities</u>			
Monetary items			
USD	22,956	30.82 (USD:NTD)	707,504
USD	10,088	6.7335 (USD:RMB)	310,912
JPY	607,702	0.2783 (JPY:NTD)	169,123
JPY	257,342	0.0608 (JPY:RMB)	71,618

For the three months ended March 31, 2020 and 2019, unrealized net foreign exchange loss were \$18,915 thousand and \$2,106 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (Table 1)
- 3) Holding of securities at the end of the period. (Table 2)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 5) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 6) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 3)
- 8) Trade receivables from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 4)
- 9) Trading in derivative instruments. (Note 7)
- 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 8)

- b. Information on investees (Table 5)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 7)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Crystal

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

- a. The similar gross profit between the selling units.
- b. The similar product's nature and manufacturing process.
- c. The same product's delivery type.

	<u>Segment Revenue</u>		<u>Segment Profit</u>	
	<u>For the Three Months Ended</u>		<u>For the Three Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	2020	2019	2020	2019
Crystal	<u>\$ 2,151,182</u>	<u>\$ 1,622,940</u>	<u>\$ 276,112</u>	<u>\$ 57,835</u>
Continuing operations	<u>\$ 2,151,182</u>	<u>\$ 1,622,940</u>	276,112	57,835
Other income			26,007	31,382
Other gains and losses			7,369	4,040
Financial costs			(5,205)	(5,863)
Share of profit or loss of subsidiaries, associates and joint ventures			<u>(6,300)</u>	<u>(996)</u>
Profit before tax (continuing operations)			<u>\$ 297,983</u>	<u>\$ 86,398</u>

Segment revenue reported above represents revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TXC CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

MARCH 31, 2020

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

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Note
		Name	Relationship (Note 2)								
1	TXC (Ningbo) Corporation	Chongqing All Sun Company Limited	Subsidiary with equity method	\$ 2,636,870	\$ 341,608	\$ 341,608	\$ 278,823	\$ -	6.48	\$ 5,273,740	

Note: The total amount of TXC (Ningbo) Corporation endorsements and guarantees provided shall not exceed 100% of the amount of the net value of TXC (Ningbo) Corporation; the amount of individual entity endorsements shall not exceed 5% of the amount of the net value of the individual entity. However, the amount of individual entity endorsements is permitted with 50% of net value of subsidiary.

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2020

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Marson Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	523	\$ 4,773	4	\$ 4,773	
	Win Precision Technology Co., Ltd.	None	"	1,365	18,388	3	18,388	
	UPI Semiconductor Corp.	Chairman is a direct of the Company	"	1,516	45,202	2	45,202	
					<u>\$ 68,363</u>		<u>\$ 68,363</u>	
TXC (Ningbo) Corporation	<u>Shares overseas - unlisted company</u> RFIC Technology preference shares	None	Financial assets at fair value through profit or loss - non-current	10,000	<u>\$ 9,255</u>	-	<u>\$ 9,255</u>	
	<u>Mutual fund</u> TXC No. 1 Monetary Fund	None	Financial assets at fair value through profit or loss - current	RMB 42,786	\$ 182,699	-	\$ 182,699	
	800	"	"	RMB 12,192	52,061	-	52,061	
					<u>\$ 234,760</u>		<u>\$ 234,760</u>	
	<u>Structured deposits</u> China Guangfa Bank	None	Financial assets at fair value through profit or loss - current	RMB 30,077	\$ 128,431	-	\$ 128,431	
	Heng Feng Bank	"	"	RMB 10,289	43,936	-	43,936	
					<u>\$ 172,367</u>		<u>\$ 172,367</u>	
TXC (Chongqing) Limited	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	RMB 6,000	<u>\$ 25,621</u>	-	<u>\$ 25,621</u>	
	<u>Mutual fund</u> Southern Currency Fund B	None	Financial assets at fair value through profit or loss - current	RMB 12,252	\$ 52,318	-	\$ 52,318	
	Southern Currency Fund E	"	"	RMB 6,802	29,043	-	29,043	
	E Fund Monetary Fund B	"	"	RMB 7,584	32,385	-	32,385	
					<u>\$ 113,746</u>		<u>\$ 113,746</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	<u>Structured deposits</u> China Merchants Bank	None	Financial assets at fair value through profit or loss - current	RMB 11,009	\$ 47,010	-	\$ 47,010	
	China Construction Bank Corporation	"	"	RMB 13,002	<u>55,519</u> <u>\$ 102,529</u>	-	<u>55,519</u> <u>\$ 102,529</u>	
Ningbo Jingyu Company Limited	<u>Mutual fund</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 62	<u>264</u>	-	<u>264</u>	
Chongqing Allsun Company Limited	<u>Mutual fund</u> Southern Currency Fund B	None	Financial assets at fair value through profit or loss - current	RMB 5,155	<u>22,012</u>	-	<u>22,012</u>	
Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Dongjing Bolante Photoelectric Company Limited	None	Financial assets at fair value through other comprehensive income - non current	RMB 7,000	<u>209,815</u>	6	<u>209,815</u>	
TXC Technologies Inc.	<u>Shares overseas - unlisted company</u> Investment QST LLC	None	Financial assets at fair value through other comprehensive income - non current	US\$ 104	<u>3,154</u>	-	<u>3,154</u>	

(Concluded)

TXC 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
(In Thousands of New Taiwan Dollars)**

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	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 569,192	41	Payment term of the transactions to related parties were similar to those for third parties	Its trading price depends on its function within the Group	Payment term of the transactions to related parties were similar to those for third parties	\$ (581,051)	(42)	
	TXC (Chongqing) Limited	"	Purchase	255,317	18	"	"	"	(253,038)	(18)	

TXC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	\$ 581,051	3.88	\$ -	-	\$ 132,397	\$ -
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	253,038	4.46	-	-	48,258	-

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE THREE MONTHS ENDED MARCH 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income (Losses) of the Investee	Share of Profits (Loss)	Note
				March 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 5,412,402	\$ 113,623	\$ 113,002	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	Investment	2,371	2,371	80	100.00	96,795	8,704	8,704	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	29,519	(1,450)	(1,330)	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	18,072	2,483	572	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	349,389	349,389	8,179	30.98	366,024	12,009	3,669	
	Godsmith Sensor Inc.	Taiwan	Manufacture of equipment	38,100	38,100	2,350	35.10	30,926	(3,285)	(1,153)	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	3,109	406	406	
Taiwan Crystal Technology International Ltd.	Growing Profit Trading Ltd.	B.V.I.	International trading	1,691	1,691	50	100.00	153,934	126	126	

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020
					Outflow	Inflow						
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	\$ 1,487,211	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 113,497	100	\$ 113,497	\$ 5,273,740	\$ 256,146
Guandong Failong Crystal Technology Co., Ltd.	Manufacturing and sales of new electronic components	580,949	Direct investment of the Corporation in mainland China	46,478	-	-	46,478	(16,334)	-	-	-	385,367
TXC (Chongqing) Corporation	Manufacturing and sales of electronic devices and hardware components	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	28,517	100	28,517	1,226,194	306,500
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	647,141	Other investment of the Corporation in mainland China	-	-	-	-	(6,000)	100	(6,000)	602,328	-
Ningbo Jingyu Company Limited	Purchasing and selling electronic component	7,090	Other investment of the Corporation in mainland China	-	-	-	-	674	100	674	5,579	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	183,180	Other investment of the Corporation in mainland China	-	-	-	-	(17,660)	40	(7,064)	48,109	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	-	100	-	209,956	-

- 2.

Accumulated Outward Remittance for Investments in mainland China as of March 31, 2020	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$ 1,474,108	\$ 1,832,878	\$ -

Note: The investment in mainland China has no maximum limitation since TXC Corporation had acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarter in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

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

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 569,192	41	Its trading price depends on its function within the group	Similar with third parties	Its trading price depends on its function within the group	\$ (581,051)	(42)	\$ 394	
	TXC (Ningbo) Corporation	Sale	25,061	1	"	"	"	28,883	1	1,385	
	TXC (Chongqing) Limited	Purchase	255,317	18	"	"	"	(253,038)	(18)	-	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None
4. Financing directly or indirectly provided to the investees: None
5. Other transactions that significantly impacted the current year's profit or loss or financial position: None

TXC CORPORATION AND SUBSIDIARIES

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

For the three months ended March 31, 2020

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Accounts	Amount	Terms (Notes 1 and 2)	
0	TXC Corporation	TXC Technology, Inc. TXC Japan Corporation TXC (Ningbo) Corporation	a	Other expense - consulting expense	\$ 16,124	a	1
			a	Other expense - consulting expense	8,136	a	-
			a	Sales	25,061	a	1
		TXC (Chongqing) Limited	a	Purchase	569,192	a	26
			a	Trade receivables	28,883	a	-
			a	Trade payables	581,051	a	4
			a	Purchase	255,317	a	12
a	Trade payables	253,038	a	2			
1	TXC (Ningbo) Corporation	TXC (Chongqing) Limited	c	Sales	13,615	c	1
			c	Purchase	51,915	c	2
			c	Trade receivables	16,615	c	-
			c	Trade payables	61,333	c	-

Note 1: a. Represent the transactions from parent company to subsidiary.
 c. Represent the transactions between subsidiaries.

Note 2: For the three months ended March 31, 2020, the selling price and purchasing price were not significantly different from those of third parties, except those for TXC (Ningbo) Corporation, TXC (Chongqing) Limited and Growing profits Trading Ltd, which is depending on its function within the Group.

TABLE 9**TXC CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2020**

Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Fubon Life Insurance Co., Ltd.	22,115,000	7

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.