

Stock Code:3563

**MACHVISION INC. CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Machvision Inc. Co., Ltd. and its subsidiaries as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019, and for the nine months ended September 30, 2020 and 2019, and the related consolidated statements of changes in equity and cash flows for the nine months ended June 30, 2020 and 2019, and notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. Our responsibility is to express a conclusion on the consolidated financial statements base on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, the review is conducted in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Basis for Qualified Conclusion

As mentioned in note 4 (b) the non-significant subsidiaries of the consolidated financial reports were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors; the total amount of assets was \$665,270 thousand and \$545,506 thousand respectively, accounting for 18% of the total consolidated assets; the total liabilities were \$77,934 thousand and \$121,877 thousand respectively, accounting for 6% and 12% of the total consolidated liabilities respectively; the consolidated profits and losses for the three months and the nine months ended September 30, 2020 and 2019, were \$(17,119) thousand, \$(26,425) thousand, \$(40,643) thousand, and \$(29,218) thousand respectively, accounting for (20)%, (14)%, (8)%, and (4)% of the consolidated profit and loss respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our review report, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Machvision Inc. Co., Ltd. and its subsidiaries as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months ended September 30, 2020 and 2019, and for the nine months ended September 30, 2020 and 2019, and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Po-Shu Huang and Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)

November 3, 2020

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2020 and 2019

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2020 December 31, 2019 and September 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2020		December 31, 2019		September 30, 2019			September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (Note 6(a))	\$ 1,500,477	40	741,899	24	638,013	21	2130 Contract liabilities – current (Note 6(p))	\$ 34,894	1	13,594	-	23,945	1
1151 Notes receivable (Note 6(b) and (p))	19,064	1	13,709	-	17,415	-	2150 Notes payable	861	-	993	-	798	-
1170 Accounts receivable, net (Note 6(b) and (p))	1,132,885	31	1,181,836	39	1,475,794	50	2170 Accounts payable	233,800	6	381,467	13	345,136	12
130x Inventories (Note 6(c))	374,680	10	381,669	13	285,156	10	2209 Other payables (Note 6(q))	342,650	10	420,100	14	486,772	16
1410 Prepayments	35,655	1	23,064	1	17,798	1	2216 Dividend payable (Note 6(n))	134,185	4	-	-	-	-
1479 Other current assets	14,652	-	13,039	-	21,634	1	2230 Current tax liabilities	131,436	4	33,141	1	22,673	1
Total current assets	3,077,413	83	2,355,216	77	2,455,810	83	2250 Provisions – current (Note 6(j))	12,033	-	12,125	-	28,125	1
Non-current assets:							2280 Lease liabilities – current (Note 6(i))	11,393	-	14,875	-	15,423	1
1510 Financial assets at fair value through profit or loss—non current (Note 6(e))	10,744	-	9,644	-	9,644	-	2313 Deferred revenue (Note 6(k))	1,051	-	-	-	-	-
1600 Property, plant and equipment (Note 6(f))	273,062	8	267,915	9	263,788	9	2322 Portion of long-term borrowings – current (Note 6(k))	11,250	-	-	-	-	-
1755 Right-of-use assets (Note 6(g))	76,609	2	108,945	4	112,684	4	2399 Other current liabilities	9,928	-	19,014	1	8,723	-
1780 Intangible assets	8,815	-	8,898	-	220	-	Total current liabilities	923,481	25	895,309	29	931,595	32
1840 Deferred income tax assets	37,460	1	37,460	1	25,686	1	Non-current liabilities:						
1920 Refundable deposits	11,479	1	17,807	1	12,353	-	2540 Long-term borrowings (Note 6(k))	204,896	6	-	-	-	-
1932 Long-term receivables (Note 6(b) and (p))	191,035	5	230,705	8	83,971	3	2570 Deferred income tax liabilities	-	-	-	-	780	-
1995 Other non-current assets (Note 8)	8,899	-	7,401	-	6,138	-	2580 Lease liabilities – non-current (Note 6(i))	66,474	2	95,435	3	97,898	3
Total non-current assets	618,103	17	688,775	23	514,484	17	2630 Long-term deferred revenue (Note 6(k))	2,803	-	-	-	-	-
Total assets	\$ 3,695,516	100	3,043,991	100	2,970,294	100	2640 Defined benefit liabilities, net – non-current	10,429	-	10,429	-	9,497	-
							Total non-current liabilities	284,602	8	105,864	3	108,175	3
							Total liabilities	1,208,083	33	1,001,173	32	1,039,770	35
							Equity attributable to shareholders of the company (Note 6(n)):						
							3100 Share capital	447,282	12	426,082	14	426,082	14
							Capital surplus:						
							3211 Additional paid-in capital arising from ordinary share	568,285	15	59,485	2	59,485	2
							3235 Number of changes in recognition of ownership rights and interests of subsidiaries	4	-	4	-	4	-
							3280 Capital surplus, others	23	-	23	-	23	-
							Retained earnings:	568,312	15	59,512	2	59,512	2
							3310 Legal reserve	438,263	12	309,915	10	309,915	10
							3320 Special reserve	3,791	-	2,957	-	2,957	-
							3350 Unappropriated retained earnings	926,904	25	1,115,977	38	1,031,893	35
							Other equity:	1,368,958	37	1,428,849	48	1,344,765	45
							3410 Exchange differences on translation of foreign financial statements	(4,115)	-	(4,543)	-	(3,896)	-
							Equity attributable to the parent company	2,380,437	64	1,909,900	64	1,826,463	61
							36xx Non-controlling interests	106,996	3	132,918	4	104,061	4
							Total Equity	2,487,433	67	2,042,818	68	1,930,524	65
							Total liabilities and equity	\$3,695,516	100	3,043,991	100	2,970,294	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Common Share)

		For the three months ended September 30				For the nine months ended September 30			
		2020		2019		2020		2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6(p))	\$ 478,140	100	642,973	100	1,841,489	100	2,093,625	100
5000	Operating costs (Notes 6(c), 6(f), 6(g), 6(i), 6(l), 6(q) and 7)	193,564	40	239,043	37	655,796	36	708,916	34
5900	Gross profit	284,576	60	403,930	63	1,185,693	64	1,384,709	66
6000	Operating expenses (Notes 6(b), 6(f), 6(g), 6(i), 6(l) and 6(q))								
6100	Selling expenses	41,726	9	78,721	12	179,945	10	187,004	9
6200	Administrative expenses	23,544	5	28,850	5	78,541	4	93,671	4
6300	Research and development expenses	68,177	14	54,162	8	179,506	10	157,393	7
6450	Expected credit impairment loss (gain)	22,790	5	(795)	-	54,837	3	(6,949)	-
	Total operating expenses	156,237	33	160,938	25	492,829	27	431,119	20
6900	Net operating income	128,339	27	242,992	38	692,864	37	953,590	46
7000	Non-operating income and expenses (Notes 6(d), 6(i) and 6(r))								
7100	Interest income	363	-	412	-	1,788	-	4,936	-
7010	Other income	5,184	1	1,994	-	6,331	-	2,179	-
7020	Other gains and losses	(22,427)	(5)	(3,707)	(1)	(49,787)	(2)	8,814	-
7050	Finance costs	(1,114)	-	(679)	-	(2,046)	-	(1,182)	-
	Total non-operating income and expenses	(17,994)	(4)	(1,980)	(1)	(43,714)	(2)	14,747	-
7900	Profit before income tax from continuing operations	110,345	23	241,012	37	649,150	35	968,337	46
7950	Less: Income tax expense (Note 6(m))	24,533	5	46,345	7	129,359	7	187,363	9
8000	Net profit for the period from operations	85,812	18	194,667	30	519,791	28	780,974	37
8300	Other comprehensive income (loss):								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	1,248	-	(2,229)	-	463	-	(1,792)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		1,248	-	(2,229)	-	463	-	(1,792)	-
8300	Other comprehensive income (loss) for the period	1,248	-	(2,229)	-	463	-	(1,792)	-
8500	Total comprehensive income for the period	\$ 87,060	18	192,438	30	520,254	28	779,182	37
8600	Net income attribute to:								
8610	Owners of the parent company	\$ 89,830	19	195,890	30	521,576	28	767,652	37
8620	Non-controlling interests	(4,018)	(1)	(1,223)	-	(1,785)	-	13,322	-
		\$ 85,812	18	194,667	30	519,791	28	780,974	37
87 00	Total comprehensive income attributed to:								
8710	Owners of the parent company	\$ 89,506	19	194,514	30	522,004	28	766,713	37
8720	Non-controlling interests	(2,446)	(1)	(2,076)	-	(1,750)	-	12,469	-
		\$ 87,060	18	192,438	30	520,254	28	779,182	37
9750	Earnings Per Share (Note 6(o))								
9710	Basic earning per shares (Units: New Taiwan dollars)	\$ 2.01		4.60		11.94		18.02	
9810	Diluted earning per shares (Units: New Taiwan dollars)	\$ 2.00		4.56		11.88		17.86	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings			Total				
			Legal reserve	Special reserve	Unappropriate earnings					
Balance at January 1, 2019	\$ 426,082	59,492	180,274	2,507	1,544,754	1,727,535	(2,957)	2,210,152	61,179	2,271,331
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	129,641	-	(129,641)	-	-	-	-	-
Special reserve appropriated	-	-	-	450	(450)	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(1,150,422)	(1,150,422)	-	(1,150,422)	-	(1,150,422)
Other changes in capital surplus	-	20	-	-	-	-	-	20	-	20
Profit for the period	-	-	-	-	767,652	767,652	-	767,652	13,322	780,974
Other comprehensive income for the period	-	-	-	-	-	-	(939)	(939)	(853)	(1,792)
Total comprehensive income for the period	-	-	-	-	767,652	767,652	(939)	766,713	12,469	779,182
Changes in non-controlling interests	-	-	-	-	-	-	-	-	30,413	30,413
Balance at September 30, 2019	\$ 426,082	59,512	309,915	2,957	1,031,893	1,344,765	(3,896)	1,826,463	104,061	1,930,524
Balance at January 1, 2020	\$ 426,082	59,512	309,915	2,957	1,115,977	1,428,849	(4,543)	1,909,900	132,918	2,042,818
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	128,348	-	(128,348)	-	-	-	-	-
Special reserve appropriated	-	-	-	834	(834)	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(581,467)	(581,467)	-	(581,467)	-	(581,467)
Profit for the period	-	-	-	-	521,576	521,576	-	521,576	(1,785)	519,791
Other comprehensive income for the period	-	-	-	-	-	-	428	428	35	463
Total comprehensive income for the period	-	-	-	-	521,576	521,576	428	522,004	(1,750)	520,254
Issuance of ordinary shares for cash	21,200	508,800	-	-	-	-	-	530,000	-	530,000
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(29,521)	(29,521)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	5,349	5,349
Balance at September 30, 2020	\$ 447,282	568,312	438,263	3,791	926,904	1,368,958	(4,115)	2,380,437	106,996	2,487,433

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2020	2019
Cash flows from operating activities		
Profit before tax	\$ 649,150	968,337
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	25,928	15,686
Amortization expense	83	83
Expected credit impairment loss(gain)	54,837	(6,949)
Interest expense	2,046	1,182
Interest income	(1,788)	(4,936)
Dividend income	(1,054)	(1,326)
Loss(gain) on disposal of property, plant and equipment	38	(108)
Loss on investment	4,301	-
Resulting gain from lease modification	(380)	-
Total adjustments to reconcile profit	<u>84,011</u>	<u>3,632</u>
Changes in operating assets and liabilities		
Changes in operating assets, net		
Notes receivable	(5,355)	964
Accounts receivable(including Long-term accounts receivable)	(28,012)	(395,638)
Inventories	(958)	(51,155)
Prepayments	(16,409)	(9,066)
Other current assets	(969)	(14,303)
Total changes in operating assets, net	<u>(51,703)</u>	<u>(469,198)</u>
Changes in operating liabilities, net		
Contract liabilities	32,508	(58,771)
Notes payable	(132)	(560)
Accounts payable	(128,075)	26,444
Other payables	(75,780)	29,666
Provisions liabilities	(92)	(17,228)
Other current liabilities	(4,434)	(4,775)
Total changes in operating liabilities, net	<u>(176,005)</u>	<u>(25,224)</u>
Total changes in operating assets and liabilities, net	<u>(227,708)</u>	<u>(494,422)</u>
Total adjustments	<u>(143,697)</u>	<u>(490,790)</u>
Cash inflows generated from operations	505,453	477,547
Interest received	1,640	4,806
Income taxes paid	(31,064)	(436,406)
Net cash flow from operating activities	<u>476,029</u>	<u>45,947</u>
Cash flow used in investing activities		
Acquisition of financial assets at fair value through profit or loss	(1,100)	-
Disposal of subsidiaries	8,939	-
Acquisition of property, plant and equipment	(31,155)	(36,156)
Disposal of property, plant and equipment	2,252	143
Decrease (increase) in guarantee deposits paid	5,157	(7,068)
Decrease (increase) in other non-current assets	1,092	(2,517)
Dividends received	1,054	1,326
Net cash flows used in investing activities	<u>(13,761)</u>	<u>(44,272)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	220,000	-
Payment of lease liabilities	(7,740)	(7,416)
Dividends paid	(447,282)	(1,150,422)
Issuance of ordinary shares for cash	530,000	-
Interest paid	(3,140)	-
Changes in non controlling interests	5,349	30,413
Surplus not paid due to overdue	-	20
Net cash flows used in financing activities	<u>297,187</u>	<u>(1,127,405)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(877)</u>	<u>(1,099)</u>
Increase (decrease) in cash and cash equivalents for the period	758,578	(1,126,829)
Cash and cash equivalents at the beginning of the period	741,899	1,764,842
Cash and cash equivalents at the end of the period	<u>\$ 1,500,477</u>	<u>638,013</u>

See accompanying notes to consolidated financial statements.

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MACHVISION INC. CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the nine months ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

(1) History and organization

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of (ROC). The address of the Company's registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C. The consolidated entities in the consolidated financial statements dated September 30, 2020 include the Company and its subsidiaries (the Group). The Group is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and published on November 3, 2020.

(3) New standards, amendments and interpretations adopted:

(A) The impact of the newly issued and revised standards and interpretations approved by Financial Supervisory Commission

Since 2020, the Group has fully adopted the International Financial Reporting Standards ("IFRSs") approved by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the "FSC") and coming into force in 2020 to prepare consolidated financial reports. The differences between this version and the previous version are summarized as follows:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

The application of the newly recognized International Financial Reporting Standards mentioned above will not result in significant changes to the consolidated financial reporting.

(B) The impact of not adopting IFRSs approved by FSC

The following table shows the criteria and explanations approved FSC and will be adopted in 2021.

New/Revised/Amended Standards and Interpretations	Effective date of issuance by the IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021

The Group is evaluating the above amendment which will not result in significant changes to the consolidated financial reporting.

(C) New release and amendment criteria and explanations not yet endorsed by the FSC

The following table shows the criteria and explanations issued and amended by the International Accounting Standards Board (IASB) which have not yet been endorsed by the FSC.

New/Revised/Amended Standards and Interpretations	Effective date of issuance by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform Phase 2"	January 1, 2021

The Group is continuously evaluating the impact of the above criteria and explanations on the effects of the Group's financial condition and operating results to be disclosed upon completion of the assessment.

(4) Summary of significant accounting policies

Except as described below, the summary statement of the significant accounting policies for this consolidated financial report is the same as the consolidated financial report for 2019, please refer to the related information 2019 Consolidated Financial Statements Note 4.

(a) Statement of compliance

This consolidated financial report is prepared in line with the guidelines for the preparation of financial reports of issuers of securities (hereinafter referred to as "The Preparation of Guidelines")

and the International Accounting Standards 34, about "Interim Financial Reports", which are approved and issued in force by the FSC. This consolidated financial report does not include all the necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the international Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation notices (hereinafter referred to as the "International Financial Reporting Standards approved by the FSC"), which are approved and issued in force by the FSC.

(b) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Subsidiary	Nature of business	Percentage of ownership			Notes
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	Machvision Inc. (Samoa)	Investment	100.00%	100.00%	100.00%	
The Company	Autovision Technology Inc.	Manufacturing of computer peripheral products	45.00%	45.00%	45.00%	1
The Company	Sigold Optics Inc.	Manufacturing of machinery equipment	49.47%	49.47%	49.47%	2
The Company	ChipAI Co., LTD.	Manufacturing of computer peripheral products	90.00%	90.00%	-	
The Company	RedPay Co., Ltd.	Manufacturing of computer peripheral products	50.00%	50.00%	-	
The Company	MiM Tech. Inc.	Manufacturing of computer peripheral products	40.98%	40.98%	-	3
The Company	Machvision Korea Co., Ltd.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	
The Company	Machvision Holding (Samoa) Limited	Investment	-	100.00%	100.00%	5
Machvision Inc. (Samoa)	Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	

(Continued)

Investor	Subsidiary	Nature of business	Percentage of ownership			Notes
			September 30, 2020	December 31, 2019	September 30, 2019	
Machvision Holding (Samoa) Limited	Guandong Greatsense Intelligent Equipment Co., Ltd.	Maintaining and trading of machinery equipment	-	51.00%	51.00%	4
Machvision (Dongguan) Inc.	Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	51.00%	-	-	
Sigold Optics Inc.	SISSCA Co.,Ltd.	Manufacturing of computer peripheral products	70.00%	-	-	

(Concluded)

Note 1: The Company holds 45% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 2: The Company holds 49.47% of the ownership of Sigold Optics Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 3: The Company holds 40.98% of the ownership of Autovision Technology Inc. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 4: The subsidiary disposed of all the shares of Guandong Greatsense Intelligent Equipment Co., Ltd. at January, 2020.

Note 5: Machvision Holding (Samoa) Limited was under closure of liquidation at September, 2020.

Note 6: The subsidiaries are not significant subsidiaries, their financial statements have not been reviewed.

(c) Government grants

The Company will reasonably assure that additional condition from government grants be in compliance with. After receiving the grants, it will be recognized as deferred revenues, which will be recognized as other gains at systematic basis. Grants to compensate the expenses or losses from the Company will be recognized as gains/losses at systematic basis in the same period.

(d) Employee benefits

In the interim, the benefit scheme pension department uses the previous year's reporting date to determine the pension cost rate on an actuarial basis, based on the end of the reclassified period at the beginning of the year, and to adjust for major market fluctuations, major downsizing, liquidation or other major one-off matters.

(e) Income tax

The Group is measured and exposed for income tax expenses during the interim period in line with the paragraph B12 of interim financial report of the International Accounting Standards bulletin No. 34.

The income tax fee is in order to multiply the pre-tax net profit by the management during the reporting period by the best estimated street volume of the expected effective tax rate for the whole year, and is fully recognized as the current income tax fee.

The income tax fee, which is directly recognized as an equity item or other consolidated profit and loss item, is a temporary difference between the carrying amount of the relevant assets and liabilities for the

purpose of reporting and its tax base, which is measured by the applicable tax rate at the time of expected realization or liquidation.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

Management shall, in accordance with the preparation criteria and the interim financial report of IAS34 as approved by the FSC, make judgments, estimates and assumptions in the preparation of the consolidated financial reports, which will have an impact on the adoption of accounting policies and the amount of assets, liabilities, benefits and expenses reported. Actual results may differ from estimates.

In the preparation of consolidated financial reports, the management adopts the uncertainty of significant judgment and estimation of the consolidation of corporate accounting policies, the main source of which is consistent with the consolidated Financial Report Note 5 of 2019.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 1,314	2,038	1,434
Saving deposits	625,607	239,065	212,991
Foreign currency deposits	553,645	254,841	152,279
Time deposits	319,911	245,955	271,309
Cash and cash equivalents per statements of cash flow	<u>\$ 1,500,477</u>	<u>741,899</u>	<u>638,013</u>

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(s) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Notes, accounts and long-term accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 19,064	13,709	17,415
Accounts receivable	1,195,056	1,189,257	1,481,364
Long-term accounts receivable	191,355	231,192	84,826
Less: Allowance for impairment	62,171	7,421	5,570
Unrealized interest income	320	487	855
	<u>\$ 1,342,984</u>	<u>1,426,250</u>	<u>1,577,180</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

	September 30, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,100,438	0.0010%	10
1 to 90 days past due	120,910	0.3004%	363
91 to 180 days past due	65,183	1.721%	1,129
181 to 270 days past due	28,071	5.4649%	1,534
271 to 365 days past due	53,292	41.0465%	21,874
Past due over 365 days	37,261	100.000%	37,261
	<u>\$ 1,405,155</u>		<u>62,171</u>

	December 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,160,510	0.00%	-
1 to 90 days past due	119,276	0.3249%	387
91 to 180 days past due	106,873	1.7512%	1,872
181 to 270 days past due	42,964	5.2266%	2,246
271 to 365 days past due	2,716	58.3392%	1,584
Past due over 365 days	1,332	100.000%	1,332
	<u>\$ 1,433,671</u>		<u>7,421</u>

	September 30, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 1,327,917	0.0002%	3
1 to 90 days past due	113,703	0.1829%	208
91 to 180 days past due	76,961	1.4020%	1,079
181 to 270 days past due	62,398	4.9841%	3,110
271 to 365 days past due	1,281	53.0835%	680
Past due over 365 days	490	100.000%	490
	<u>\$ 1,582,750</u>		<u>5,570</u>

The movement in the allowance for accounts receivable was as follows:

	<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Balance at the beginning of the period	\$ 7,421	12,520
Impairment losses recognized (reversed)	54,837	(6,949)
Amounts written off	(85)	-
Foreign exchange (losses) / gains	<u>(2)</u>	<u>(1)</u>
Balance at the end of the period	<u><u>\$ 62,171</u></u>	<u><u>5,570</u></u>

The aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(c) Inventories

The components of the Group's inventories were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Merchandise and finished goods	\$ 66,234	106,004	77,987
Work in process	93,880	82,107	75,299
Raw material	<u>214,566</u>	<u>193,558</u>	<u>131,870</u>
	<u><u>\$ 374,680</u></u>	<u><u>381,669</u></u>	<u><u>285,156</u></u>

The Group inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Losses on decline in market value and write-down of inventory	<u><u>\$ 793</u></u>	<u><u>2,261</u></u>	<u><u>5,097</u></u>	<u><u>8,992</u></u>

(d) Disposal of subsidiaries

The Board of Directors of the Company had decided to dispose the 51% equity of Guandong Greatsense Intelligent Equipment Co., Ltd. held by its subsidiary Machvision Holding (Samoa) Limited at CNY 6,600 thousand on December 25, 2019. The share transfer was completed on January 7, 2020. The investment loss was \$2,248 thousand (other gains and losses).

The carrying amount of assets and liabilities of Guandong Greatsense Intelligent Equipment Co., Ltd. on the disposal date is as follows:

Cash and cash equivalents	\$	19,157
Accounts receivable		61,963
Inventories		7,947
Prepayments and other current assets		5,155
Property, plant and equipment		2,066
The right-of-use assets		6,140
Refundable deposits		1,171
Contract liabilities		(11,208)
Accounts payable		(19,592)
Other payables		(1,640)
Lease liabilities (including non-current)		(6,230)
Other current liabilities		<u>(4,682)</u>
Carrying amount of net assets	\$	<u>60,247</u>

(e) Financial assets at fair value through profit or loss – non-current

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Mandatorily measured at fair value through profit or loss:			
Unlisted stocks (domestic)			
Yayatech Co., Ltd.	\$ 9,644	9,644	9,644
For Win Tech Co., Ltd.	<u>1,100</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,744</u>	<u>9,644</u>	<u>9,644</u>

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Buildings and structures	Machinery and equipment	Other equipment	Construction in progress	Total
Cost:					
Balance as of January 1, 2020	\$ 266,183	4,250	19,364	27,995	317,792
Disposal of subsidiaries	-	-	(2,488)	-	(2,488)
Additions	20,746	1,147	7,462	1,800	31,155
Reclassification	18,393	-	-	(20,983)	(2,590)
Disposals	-	(495)	(657)	(4,252)	(5,404)
Effect of movement in exchange rates	(488)	-	(39)	-	(527)
Balance as of September 30, 2020	\$ 304,834	4,902	23,642	4,560	337,938
Balance as of January 1, 2019	\$ 235,761	4,357	11,378	27,874	279,370
Additions	19,703	515	10,298	5,640	36,156
Reclassification	10,073	-	-	(11,505)	(1,432)
Disposals	(193)	(622)	(2,321)	-	(3,136)
Effect of movement in exchange rates	(897)	-	(170)	-	(1,067)
Balance as of September 30, 2019	\$ 264,447	4,250	19,185	22,009	309,891
Depreciation:					
Balance as of January 1, 2020	\$ 42,653	1,318	5,906	-	49,877
Disposal of subsidiaries	-	-	(422)	-	(422)
Depreciation	13,227	646	2,852	-	16,725
Disposals	-	(495)	(619)	-	(1,114)
Effect of movement in exchange rates	(176)	-	(14)	-	(190)
Balance as of September 30, 2020	\$ 55,704	1,469	7,703	-	64,876
Balance as of January 1, 2019	\$ 34,022	1,162	5,579	-	40,763
Depreciation	6,194	581	2,036	-	8,811
Disposals	(181)	(622)	(2,298)	-	(3,101)
Effect of movement in exchange rates	(338)	-	(32)	-	(370)
Balance as of September 30, 2019	\$ 39,697	1,121	5,285	-	46,103
Carrying amounts:					
January 1, 2020	\$ 223,530	2,932	13,458	27,995	267,915
September 30, 2020	\$ 249,130	3,433	15,939	4,560	273,062
January 1, 2019	\$ 201,739	3,195	5,799	27,874	238,607
September 30, 2019	\$ 224,750	3,129	13,900	22,009	263,788

(g) Right-of-use assets

The cost and depreciation of land, building and transportation equipment of the Group were as follows:

	Land and buildings	Other equipment	Total
Cost:			
Balance as of January 1, 2020	\$ 104,356	15,253	119,609
Disposal of subsidiaries	(7,557)	-	(7,557)
Additions	2,413	4,482	6,895
Lease modification	(24,414)	(1,080)	(25,494)
Effect of movement in exchange rates	(113)	(66)	(179)
Balance as of September 30, 2020	\$ 74,685	18,589	93,274
Balance as of January 1, 2019	\$ 62,107	9,241	71,348
Additions	48,191	5,889	54,080
Lease modification	(5,532)	-	(5,532)
Effect of movement in exchange rates	(348)	(26)	(374)
Balance as of January 1, 2019	\$ 104,418	15,104	119,522

(Continued)

	<u>Land and buildings</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation and impairment loss:			
Balance as of January 1, 2020	\$ 5,269	5,395	10,664
Disposal of subsidiaries	(1,417)	-	(1,417)
Depreciation	4,383	4,820	9,203
Lease modification	(737)	(1,017)	(1,754)
Effect of movement in exchange rates	(18)	(13)	(31)
Balance as of September 30, 2020	<u>\$ 7,480</u>	<u>9,185</u>	<u>16,665</u>
Balance as of January 1, 2019	\$ -	-	-
Depreciation	3,091	3,784	6,875
Effect of movement in exchange rates	(34)	(3)	(37)
Balance as of September 30, 2019	<u>\$ 3,057</u>	<u>3,781</u>	<u>6,838</u>
Carrying amounts:			
January 1, 2020	<u>\$ 99,087</u>	<u>9,858</u>	<u>108,945</u>
September 30, 2020	<u>\$ 67,205</u>	<u>9,404</u>	<u>76,609</u>
January 1, 2019	<u>\$ 62,107</u>	<u>9,241</u>	<u>71,348</u>
September 30, 2019	<u>\$ 101,361</u>	<u>11,323</u>	<u>112,684</u>

(Concluded)

(h) Intangible assets

There were no significant additions, disposal or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2020 and 2019. Information on amortization for the period is discussed in note 12(a). Please refer to note 6(h) of the 2019 annual consolidated financial statements for other related information.

(i) Lease liabilities

The Group's lease liabilities were as follow:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current	<u>\$ 11,393</u>	<u>14,875</u>	<u>15,423</u>
Non-current	<u>\$ 66,474</u>	<u>95,435</u>	<u>97,898</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Interest on lease liabilities	<u>\$ 281</u>	<u>679</u>	<u>912</u>	<u>1,182</u>
Expenses relating to short-term leases	<u>\$ 1,285</u>	<u>2,125</u>	<u>3,446</u>	<u>4,955</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 43</u>	<u>462</u>	<u>209</u>	<u>818</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the nine months ended September 30	
	2020	2019
Total cash outflow for leases	<u>\$ 13,401</u>	<u>13,189</u>

(j) Provisions

	September 30, 2020	December 31, 2019	September 30, 2019
Warranty	<u>\$ 12,033</u>	<u>12,125</u>	<u>28,125</u>

There were no significant changes in provisions of the Group for the nine months ended September 30, 2020 and 2019, please refer to note 6 (j) of the consolidated financial report of 2019.

(k) Long-term borrowings

The Company obtained government project loans in 2020. The credit lines amount is \$960,000 thousand. As of June 30, 2020, the operating working capital \$220,000 thousand has been borrowed with the loan recognized and measured by the market rate 1.1%. The differences between the market rate and the actual rate will be recognized as deferred revenue according to the government grants.

	September 30, 2020			
	Currency	Interest rate	Due year	Amount
Unsecured bank loans	NTD	1.1%	2020-2027	\$ 220,000
Less: deferred revenue				<u>3,854</u>
				<u>\$ 216,146</u>
Current				\$ 11,250
Non-current				<u>204,896</u>
Total				<u>\$ 216,146</u>
				September 30, 2020
Deferred revenue - Government grants				
Current				\$ 1,051
Non-current				<u>2,803</u>
Total				<u>\$ 3,854</u>

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating cost	\$ 6	6	18	18
Operating expenses	10	9	28	28
Total	<u>\$ 16</u>	<u>15</u>	<u>46</u>	<u>46</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating cost	\$ 1,226	1,532	3,577	4,205
Operating expenses	2,718	1,847	7,187	4,988
Total	<u>\$ 3,944</u>	<u>3,379</u>	<u>10,764</u>	<u>9,193</u>

(m) Income tax

The income tax expense is estimated by the profit before tax in the interim financial period multiplied by the best estimated effective interest rate of the whole year of the management.

The Group's income tax expense is as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Current income tax expense				
Current tax expense recognized in the current period	\$ 24,533	46,345	132,283	189,261
Income tax adjustments on prior years	-	-	(2,924)	(1,898)
Income tax expense	<u>\$ 24,533</u>	<u>46,345</u>	<u>129,359</u>	<u>187,363</u>

The tax authorities have examined income tax returns of the Company through 2017.

(n) Capital and other equity

Except for the following terms, there is no significant change in capital and other rights for the group for the nine months ended September 30, 2020 and 2019. The relevant liability is referred to in note 6 (n) of the consolidated financial report of 2019.

(i) Ordinary shares

On February 5, 2020, the board of directors resolved to issue 2,120,000 shares that per share per value is NT\$10. The issue price is NT\$250 per share. The above transaction was approved by the FSC, and the record date of capital increase is May 14, 2020.

(ii) Retained earnings

On March 27, 2020, the board of directors resolved to distribute the 2019 earnings. On May 29, 2019, the shareholder's meetings resolved to distribute the 2018 earnings. These earnings were appropriated as follows:

	<u>2019</u>	<u>2018</u>
Dividends distributed to ordinary stockholders:		
Cash dividends	<u>\$447,282</u>	<u>1,150,422</u>

On July 31, 2020, the board of directors resolved to distribute the earnings for the nine months ended September 30, 2020. The earnings were appropriated as follows:

	<u>For the nine months ended September 30, 2020</u>
Dividends distributed to ordinary stockholders:	
Cash dividends	<u>\$134,185</u>

(o) Earnings per share

The calculation of the Company's basic and diluted earnings per is as follows:

(i) Basic earnings per share

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net income attributable to ordinary shareholders of the Company	<u>\$ 89,830</u>	<u>195,890</u>	<u>521,576</u>	<u>767,652</u>
Weighted average number of ordinary shares	<u>44,728</u>	<u>42,608</u>	<u>43,691</u>	<u>42,608</u>
Basic earnings per share (NTD)	<u>\$ 2.01</u>	<u>4.60</u>	<u>11.94</u>	<u>18.02</u>

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Net income attributable to ordinary shareholders of the Company (diluted)	\$ 89,830	195,890	521,576	767,652
Weighted average number of ordinary shares (basic)	44,728	42,608	43,691	42,608
Effect of potential ordinary shares				
Employees' compensation	178	315	210	379
Weighted-average number of ordinary shares (diluted)	44,906	42,923	43,901	42,987
Diluted earnings per share (in NTD)	\$ 2.00	4.56	11.88	17.86

(p) Revenue from Contracts with Customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2020		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 60,663	-	60,663
China	321,410	52,522	373,932
Others	43,545	-	43,545
	\$ 425,618	52,522	478,140
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 409,884	39,944	449,828
Revenue from services	15,734	12,578	28,312
	\$ 425,618	52,522	478,140

	For the three months ended September 30, 2019		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 65,162	-	65,162
China	440,635	88,505	529,140
Others	48,671	-	48,671
	\$ 554,468	88,505	642,973
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 533,508	72,639	606,147
Revenue from services	20,960	15,866	36,826
	\$ 554,468	88,505	642,973

For the nine months ended September 30, 2020			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 217,821	-	217,821
China	1,286,313	198,536	1,484,849
Others	138,819	-	138,819
	<u>\$ 1,642,953</u>	<u>198,536</u>	<u>1,841,489</u>
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 1,604,367	160,443	1,764,810
Revenue from services	38,586	38,093	76,679
	<u>\$ 1,642,953</u>	<u>198,536</u>	<u>1,841,489</u>
For the nine months ended September 30, 2019			
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	\$ 598,545	-	598,545
China	1,191,520	190,932	1,382,452
Others	112,628	-	112,628
	<u>\$ 1,902,693</u>	<u>190,932</u>	<u>2,093,625</u>
Primary merchandises/services lines:			
Sale of optical inspection machinery equipment	\$ 1,851,887	151,005	2,002,892
Revenue from services	50,806	39,927	90,733
	<u>\$ 1,902,693</u>	<u>190,932</u>	<u>2,093,625</u>

(ii) Contract Balance

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 19,064	13,709	17,415
Accounts receivable	1,195,056	1,189,257	1,481,364
Long-term accounts receivable	191,035	230,705	83,971
Less: allowance loss	62,171	7,421	5,570
	<u>\$ 1,342,984</u>	<u>1,426,250</u>	<u>1,577,180</u>
Contract liabilities--advance receipts	<u>\$ 34,894</u>	<u>13,594</u>	<u>23,945</u>

Please refer to note 6(b) for the details on accounts receivables and allowance for impairments.

The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer. The amount of revenue recognized for the nine months ended September 30, 2020 and 2019 that were included in the contract liability balance at the beginning of the period were \$2,386 thousand and \$82,716 thousand, respectively.

(q) Remuneration to employees and directors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 5% of the profit as employee remuneration, and less than 3% as directors' remuneration.

The remunerations to employees amounted to \$8,921 thousand, \$24,244 thousand, \$50,632 thousand, and \$101,457 thousand, respectively, for the three-month period ended September 30, 2020

and 2019, and for the nine-month period ended September 30, 2020 and 2019. The remunerations to directors amounted to \$1,115 thousand, \$4,612 thousand, \$6,329 thousand, and \$20,078 thousand, respectively, for the three-month period ended September 30, 2020 and 2019, and for the nine-month period ended September 30, 2020 and 2019. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

In 2019 and 2018, the amount of employee remuneration is NT\$97,368 thousand and NT\$161,623 thousand, respectively, and that of directors and supervisors is NT\$17,931 thousand and NT\$32,037 thousand, respectively. There is no difference from the distribution of board resolutions. The information is available on the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Bank deposits	\$ 382	623	1,621	4,966
Others	(19)	(211)	167	(30)
Total	\$ 363	412	1,788	4,936

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Dividends	\$ 884	1,326	1,054	1,326
Others	4,300	668	5,277	853
Total	\$ 5,184	1,994	6,331	2,179

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Gains(losses) on disposals of property, plant and equipment	\$ (32)	108	(38)	108
Losses on disposal of investments	(2,047)	-	(4,301)	-
Gains on lease modification	-	-	380	-
Foreign exchange gains(losses)	(17,903)	(3,525)	(43,334)	9,001
Others	(2,445)	(290)	(2,494)	(295)
Other gains and losses, net	<u>\$ (22,427)</u>	<u>(3,707)</u>	<u>(49,787)</u>	<u>8,814</u>

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Interest expenses	<u>\$ 1,114</u>	<u>679</u>	<u>2,046</u>	<u>1,182</u>

(s) Financial Instruments

Except for the following, there is no significant change in the fair value of the financial instruments and the exposure to credit risks and market risks due to financial instruments. Please refer to note 6 (s) of the consolidated financial report of 2019.

1. Credit risk

The credit receivable account of the credit risk Group in September 30, 2020, December 31, 2019 and September 30, 2019 was concentrated on single customers, accounting for 25%, 13% and 12% of the receivable and accounts receivable (including long-term receivables) respectively.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
September 30, 2020					
Non-derivative financial liabilities					
Long-term borrowings(including deferred revenue)	\$ 220,000	224,735	12,556	170,733	41,446
Notes payable	861	861	861	-	-
Accounts payable	233,800	233,800	233,800	-	-
Other payables	342,650	342,650	342,650	-	-
Dividend payable	134,185	134,185	134,185	-	-
Lease liabilities (Current and non-current)	77,867	97,157	11,396	20,633	65,128
	<u>\$ 1,009,363</u>	<u>1,033,388</u>	<u>735,448</u>	<u>191,366</u>	<u>106,574</u>

	Carrying Amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
December 31, 2019					
Non-derivative financial liabilities					
Notes payable	\$ 993	993	993	-	-
Accounts payable	381,467	381,467	381,467	-	-
Other payables	420,100	420,100	420,100	-	-
Lease liabilities (Current and non-current)	<u>110,310</u>	<u>133,741</u>	<u>14,875</u>	<u>35,202</u>	<u>83,664</u>
	<u>\$ 912,870</u>	<u>936,301</u>	<u>817,435</u>	<u>35,202</u>	<u>83,664</u>
	Carrying Amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
September 30, 2019					
Non-derivative financial liabilities					
Notes payable	\$ 798	798	798	-	-
Accounts payable	345,136	345,136	345,136	-	-
Other payables	486,772	486,772	486,772	-	-
Lease liabilities (Current and non-current)	<u>113,321</u>	<u>137,713</u>	<u>15,423</u>	<u>37,836</u>	<u>84,454</u>
	<u>\$ 946,027</u>	<u>970,419</u>	<u>848,129</u>	<u>37,836</u>	<u>84,454</u>

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Market risk

(1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	Foreign currency	Exchange rate	NTD
September 30, 2020			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 52,250	29.1000	1,520,468
CNY	\$ 95,953	4.2690	409,623
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 1,722	29.1000	50,114
CNY	\$ 11,707	4.2690	49,979
December 31, 2019			
Financial Assets			
<u>Monetary items</u>			
USD	\$ 37,833	30.0360	1,136,356
CNY	\$ 71,779	4.3100	309,366
Financial liabilities			
<u>Monetary items</u>			
USD	\$ 2,154	30.0360	64,698
CNY	\$ 10,696	4.3100	46,100

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	
September 30, 2019				
Financial Assets				
<u>Monetary items</u>				
USD	\$	38,553	31.0300	1,196,292
JPY	\$	4,532	0.2880	1,305
CNY	\$	59,698	4.3470	259,509
Financial liabilities				
<u>Monetary items</u>				
USD	\$	2,015	31.0300	62,534
CNY	\$	8,650	4.3470	37,602

The exchange rate risk of a Group is mainly derived from foreign currency denominated cash and cash, receivables and payables and so on, which will generate foreign currency exchange gains and losses in conversion. On September 30, 2020 and 2019 when the NT dollar depreciated or appreciated by 3% compared to the US dollar, JPY and CNY exchange rate, and all other factors remained unchanged; the net profit after tax will increase or decrease by \$43,920 thousand and \$32,567 thousand respectively for the nine months ended September 30, 2020 and 2019.

Due to the wide variety of trading currencies of Group, the exchange and profit and loss information of monetary items was disclosed by collecting and consolidation methods. The net profit (loss) net (including realized and unrealized) of foreign currency exchange for the three months ended September 30, 2020 and 2019, and for the nine months ended September 30, 2020 and 2019 were \$(17,903) thousand, \$(3,525) thousand, \$(43,334) thousand and \$9,001 thousand, respectively.

(2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is determined by the interest rate storm risk of derivative and non-derivative instruments in the reporting day. For floating rate liabilities, the way of analysis is to assume that the amount of debt in circulation outside the reporting day is in circulation throughout the year. The rate of change used to report interest rates to key management within the Group is an increase or loss of 1% per cent in interest rates, which also represents an assessment by management of the extent to which interest rates may vary reasonably.

If interest rates increase or decrease by 1%, in the event that all other variables remain unchanged, the Group of tax net profit will increase or decrease \$11,244 thousand and \$4,774 thousand, respectively for the nine months ended September 30, 2020 and 2019.

4. Fair value

(1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2020				
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 10,744	-	-	10,744	10,744
Financial assets at amortized cost					
Cash and cash equivalents	1,500,477	-	-	-	-
Accounts, notes and long term receivables	1,342,984	-	-	-	-
Refundable deposits	11,479	-	-	-	-
Other non-current assets	8,899	-	-	-	-
Subtotal	2,863,839	-	-	-	-
Total	<u>\$ 2,874,583</u>	<u>-</u>	<u>-</u>	<u>10,744</u>	<u>10,744</u>
Financial liabilities measured at amortized cost					
Long-term borrowings (including deferred revenue)	\$ 220,000	-	-	-	-
Notes payable	861	-	-	-	-
Accounts payable	233,800	-	-	-	-
Other payables	342,650	-	-	-	-
Dividend payable	134,185	-	-	-	-
Lease liabilities (including non-current)	77,867	-	-	-	-
Total	<u>\$ 1,009,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2019					
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,644	-	-	9,644	9,644
Financial assets at amortized cost					
Cash and cash equivalents	741,899	-	-	-	-
Accounts, notes and long term receivables	1,426,250	-	-	-	-
Refundable deposits	17,807	-	-	-	-
Other non-current assets	7,401	-	-	-	-
Subtotal	2,193,357	-	-	-	-
Total	\$ 2,203,001	-	-	9,644	9,644
Financial liabilities at amortized cost					
Notes payable	\$ 993	-	-	-	-
Accounts payable	381,467	-	-	-	-
Other payables	420,100	-	-	-	-
Lease liabilities (including non-current)	110,310	-	-	-	-
Total	\$ 912,870	-	-	-	-
September 30, 2019					
	Carrying amounts	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 9,644	-	-	9,644	9,644
Financial assets at amortized cost					
Cash and cash equivalents	638,013	-	-	-	-
Accounts, notes and long term receivables	1,577,180	-	-	-	-
Refundable deposits	12,353	-	-	-	-
Other non-current assets	5,941	-	-	-	-
Subtotal	2,233,487	-	-	-	-
Total	\$ 2,243,131	-	-	9,644	9,644
Financial liabilities at amortized cost					
Notes payable	\$ 798	-	-	-	-
Accounts payable	345,136	-	-	-	-
Other payables	486,772	-	-	-	-
Lease liabilities (including non-current)	113,321	-	-	-	-
Total	\$ 946,027	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value – non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place "regularly" is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market price may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments have no quoted market price in an active market, the Group shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee's equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities.

(3) Fair value hierarchy

The Group uses observable market inputs for measuring its assets and liabilities as much as possible. The fair value levels are classified as follows according to the input values for the assessment:

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

No transfers between the Group's fair value levels.

(4) Reconciliation of level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2020	\$ 9,644
Purchase	1,100
Balance at September 30, 2020	\$ 10,744
Balance at September 30, 2019 (Balance at January 1, 2019)	\$ 9,644

(5) Quantitative information of significant unobservable inputs (Level 3) through fair value

Item	Valuation technique	Significant unobservable inputs	Relation between significant unobservable inputs and fair value
Financial assets at fair value through profit or loss – investment of equity instruments without active market	Guideline publicly traded company method	<p>P/B multiplier (September 30, 2020, December 31, 2019 and September 30, 2019 were 2.6, 2.6 and 3.79 respectively)</p> <p>P/E multiplier (September 30, 2020, December 31, 2019 and September 30, 2019 were 11.77, 11.77 and 12.47 respectively)</p> <p>Discount for Lack of Market ability (September 30, 2020, December 31, 2019 and September 30, 2019 were 30%, 30% and 20% respectively)</p>	<p>Higher P/B multiplier and P/E multiplier will cause an increase in the fair value</p> <p>Higher discount for Lack of Market ability will cause a decrease in fair value.</p>

(6) Fair value measurements in Level 3- sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
September 30, 2020				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	4,074	(4,074)
December 31, 2019				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	3,917	(3,917)
September 30, 2019				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	1,368	(1,368)

The favorable and unfavorable effects represent the change in fair value, and the fair value is based on a variety of un-observable inputs calculated using a valuation technique.

(t) Financial risk management

Consolidation of corporate financial risk management objectives and policies there were no significant changes in the disclosure of Notes 6 (t) to the 2019 consolidated financial report.

(u) Capital management

The Group's capital management objectives, policies and procedures are consistent with those revealed in the 2019 consolidated financial report. For further information, please refer to note 6 (u) of the consolidated financial report of 2019.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Liabilities	\$ 1,208,083	\$ 1,001,173	1,039,770
Less: cash and cash equivalents	<u>1,500,477</u>	<u>741,899</u>	<u>638,013</u>
Net liabilities	<u>\$ (292,394)</u>	<u>\$ 259,274</u>	<u>401,757</u>
Total equity	<u>\$ 2,487,433</u>	<u>\$ 2,042,818</u>	<u>1,930,524</u>
Debt-to-capital ratio	<u>- %</u>	<u>12.69%</u>	<u>20.81%</u>

As of September 30, 2020, there was no change in the Group's approach of capital management.

(v) Reconciliation of liabilities arising from financing activities

The Group's liability adjustment associated with financing activities for the nine months ended September 30, 2020 were as follows:

	January 1, 2020	Cash flows	Non-cash adjustments				September 30, 2020	
			Increase in right-of- use assets	Lease Modification	Disposal of Subsidiary	Foreign exchange movement		Interest expenses
Long-term borrowings(including deferred revenue)	\$ -	200,000	-	-	-	-	200,000	
Lease liabilities	<u>110,310</u>	<u>(9,746)</u>	<u>6,895</u>	<u>(24,120)</u>	<u>(6,230)</u>	<u>(154)</u>	<u>912</u>	<u>77,867</u>
Total liabilities from financing activities	<u>\$ 110,310</u>	<u>210,254</u>	<u>6,895</u>	<u>(24,120)</u>	<u>(6,230)</u>	<u>(154)</u>	<u>912</u>	<u>297,867</u>

	January 1, 2019	Cash flows	Non-cash adjustments				September 30, 2019
			Increase in right-of- use assets	Lease Modification	Foreign exchange movement	Interest expenses	
Lease liabilities	\$ 71,348	(7,416)	54,080	(5,532)	(341)	1,182	113,321
Total liabilities from financing activities	<u>\$ 71,348</u>	<u>(7,416)</u>	<u>54,080</u>	<u>(5,532)</u>	<u>(341)</u>	<u>1,182</u>	<u>113,321</u>

(7) Related-party Transactions

Compensation of key management personnel:

	For the three months ended September 30		For the nine months September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 6,810	34,261	30,159	69,383
Post-employment benefits	81	81	243	195
	<u>\$ 6,891</u>	<u>34,342</u>	<u>30,402</u>	<u>69,578</u>

(8) Pledge assets

The carrying value of pledged assets were as follows:

Pledged assets	Object asset	September 30, 2020	December 31, 2019	September 30, 2019
Other non-current assets:				
Time deposits	Guarantee for customs	\$ 1,511	1,509	1,508
Time deposits	Guarantee for the Hsinchu Science Park Bureau	4,478	5,892	4,433
Time deposits	Guarantee for Sales agreement	2,910	-	-
		\$ 8,899	7,401	5,941

(9) Commitments and contingencies: None**(10) Losses due to major disasters: None.****(11) Subsequent events: None****(12) Others**

(a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

Function	For the three months ended September 30			For the three months ended September 30		
	2020			2019		
Item	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries	24,270	74,810	99,080	28,939	99,819	128,758
Labor and health insurance	1,844	4,690	6,534	2,667	3,562	6,229
Pension	1,232	2,728	3,960	1,538	1,856	3,394
Directors' remuneration	-	1,140	1,140	-	4,630	4,630
Other employee benefits	3,505	5,425	8,930	3,075	7,017	10,092
Depreciation	3,477	5,906	9,383	3,070	4,345	7,415
Amortization	-	28	28	-	28	28

Function	For the nine months ended September 30			For the nine months ended September 30		
	2020			2019		
Item	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries	75,250	205,695	280,945	86,204	261,965	348,169
Labor and health insurance	6,420	13,034	19,454	7,527	9,312	16,839
Pension	3,595	7,215	10,810	4,223	5,016	9,239
Directors' remuneration	-	6,639	6,639	-	20,706	20,706
Other employee benefits	9,372	19,025	28,397	12,368	19,671	32,039
Depreciation	10,372	15,556	25,928	6,351	9,335	15,686
Amortization	-	83	83	-	83	83

(b) Seasonal of operations:

The operation of the Group is not affected by seasonal or cyclical factors.

(13) Other Disclosure

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held as of September 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(Amounts in Thousands of New Taiwan Dollar)

Company holding securities	Security type and name	Relationship with the Company	Account	September 30, 2020				Notes
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value	
The Company	Yayatech Co. Ltd.	-	Financial assets at fair value through profit or loss-non current	884,000	9,644	5%	9,644	
SISSCA Co.,Ltd.	FOR WIN TECH CO., LTD.	-	Financial assets at fair value through profit or loss- non current	110,000	1,100	10%	1,100	

4. Individual securities acquired of disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock : None.
5. Acquisitions of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
7. Related-party transaction for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None
8. Receivable from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital:

Company Name	Related Party	Nature of relationships	Balance as September 30, 2020	Turnover rate	Overdue		Amount Received in Subsequent	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	Machvision (Dongguan) Inc.	Subsidiaries	402,117	0.5	172,327	Depends on the end customer's credit period	21,715 (As of November 3, 2020)	-

9. Trading in derivative instruments: None.

10. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counterparty	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Machvision (Dongguan) Inc.	1	Operating revenue	131,544	Depends on the Group overall profit allocation	7.14%
0	The Company	Sigold Optics. Inc.	1	Operating revenue	34,645	Depends on the Group overall profit allocation	1.88%
0	The Company	Machvision (Dongguan) Inc.	1	Accounts receivable – related parties (including long-term accounts receivable)	402,117	Depends on the end customer's credit period	10.88%
0	The Company	Sigold Optics. Inc.	1	Accounts receivable – related parties (including long-term accounts receivable)	40,061	Depends on the end customer's credit period	1.08%
0	The Company	Machvision (Dongguan) Inc.	1	Other payables – related parties	59,307	Dependent on capital budgeting	1.60%

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transaction.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% total consolidated revenue were selected for disclosure.

(b) Information On Investees:

The following is the information on investees for the nine months ended September 30, 2020 (excluding information on investees in China):

Name of Investor	Name of investee	Address	Scope of business	Original Cost		Ending balance			Net Income of Investee	Investment income (Losses) (Note 3)	Note
				September 30, 2020	December 31, 2019	Shares	Percentage of ownership	Book value			
The Company	Machvision Inc.	Samoa	Investment	105,433	62,422	3,463,650	100.00%	(6,833)	(29,345)	(29,345)	1, 2
The Company	Machvision Holding (Samoa) Limited	Samoa	Investment	-	22,992	-	-%	-	(2,880)	(2,880)	1, 2
The Company	Autovision Technology Inc.	Taiwan	Manufacturing of computer peripheral products	9,000	9,000	900,000	45.00%	9,699	(1,405)	(632)	2
The Company	Sigold Optics Inc.	Taiwan	Manufacturing of machinery equipment	49,470	49,470	6,316,330	49.47%	72,955	15,302	7,570	2
The Company	Machvision Korea Co., Ltd.	Korea	Maintaining and trading of machinery equipment	21,542	21,542	10,000	100.00%	9,944	(3,548)	(3,548)	2
The Company	ChipAI Co., LTD.	Taiwan	Manufacturing of computer peripheral products	18,000	18,000	1,800,000	90.00%	8,994	(4,782)	(4,303)	2
The Company	MiM Tech. Inc.	Taiwan	Manufacturing of computer peripheral products	24,244	24,244	836,000	40.98%	21,779	(3,795)	(1,555)	2

Name of Investor	Name of investee	Address	Scope of business	Original Cost		Ending balance			Net Income of Investee	Investment income (Losses) (Note 3)	Note
				September 30, 2020	December 31, 2019	Shares	Percentage of ownership	Book value			
The Company	RedPay Co., Ltd.	Taiwan	Manufacturing of computer peripheral products	10,000	10,000	500,000	50.00%	2,781	(9,256)	(4,628)	2
Sigold Optics Inc.	SISSCA Co., Ltd.	Taiwan	Manufacturing of computer peripheral products	7,700	-	770,000	70.00%	6,672	(1,469)	(1,028)	2

Note 1: The company is a limited company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(c) Information on investments in China

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Units: NT\$ thousand

Name of investment in China	Major operations	Issued capital	Method of Investment (Note 1)	Beginning remittance balance – cumulative investment (amount) from Taiwan	Current remittance / receivable investment (amount)		Ending remittance balance - cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Note 3)	Book value (Note 2)	Remittance of investment income in current period
					Invested amount	Returned amount						
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	105,361	(2)i	62,350	43,011	-	105,361	(29,343)	100%	(29,343)	304	-
Dongguan muxin intelligent equipment Co., Ltd	Maintaining and trading of machinery equipment	4,220	(4)i	-	-	-	-	(1,950)	51%	(995)	1,173	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third region companies to invest in Mainland China.
- (2) Through the establishment of third region companies then investing in Mainland China.
 - i. Through the establishment of Machvision Inc. then investing in Mainland China.
- (3) Through transferring the investment to third region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.
 - i. Through the establishment of Machvision (Dongguan) Inc. then investing in Mainland China.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The recognition of investment gains and losses in this period is based on the same period that the invested company prepares its own financial reports that have not been approved by the accountant, and the evaluation of the rights and interest's method is adopted.

(ii) Limitation on investment in China:

Company Name	Accumulated investment amount in Mainland China as of End of the Period	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	105,361	121,410	1,428,262 (Note 1)

Note 1: It represents 60% of the Company's net equity.

(iii) Significant transactions:

Please refer to details in the “Relationships between Parent Company and Subsidiaries and Significant Transactions” for the significant transactions directly or indirectly related to the investment in China for the nine months ended September 30, 2020.

(d) Information of major shareholders:

Shareholding	Shares	Percentage
Shareholder's Name		
Nan Shan Life Insurance Company, Ltd.	3,303,812	7.38%

(14) Segment Information

The Corporation's business operations are focused in a single industry, mainly in the manufacturing, sales and testing of optical inspection machines and equipment. The end use of the Corporation's products are similar. The operational decision makers evaluate the Corporation's overall performance and allocate resources for the Corporation's overall business operations. Hence, there is only one reportable segment for the Corporation.

The Group's reportable segments and adjustments were as follows:

	Taiwan	China	Adjustment and Elimination	Total
For the three months ended September, 2020				
Revenue:				
Revenue from external customers	\$ 425,618	52,522	-	478,140
Inter-segment revenue	52,299	28	(52,327)	-
Total revenue	\$ 477,917	52,550	(52,327)	478,140
Reportable segment revenue or loss	\$ 140,903	(12,564)	-	128,339
For the three months ended September, 2019				
Revenue:				
Revenue from external customers	\$ 551,331	91,642	-	642,973
Inter-segment revenue or loss	62,397	4,361	(66,758)	-
Total revenue	\$ 613,728	96,003	(66,758)	642,973
Reportable segment revenue or loss	\$ 259,656	(16,664)	-	242,992

	Taiwan	China	Adjustment and Elimination	Total
For the nine months ended September, 2020				
Revenue:				
Revenue from external customers	\$ 1,642,953	198,536	-	1,841,489
Inter-segment revenue	204,665	28	(204,693)	-
Total revenue	\$ 1,847,618	198,564	(204,693)	1,841,489
Reportable segment revenue or loss	\$ 725,270	(32,406)	-	692,864
For the nine months ended September, 2019				
Revenue:				
Revenue from external customers	\$ 1,902,693	190,932	-	2,093,625
Inter-segment revenue	169,705	7,498	(177,203)	-
Total revenue	\$ 2,072,398	198,430	(177,203)	2,093,625
Reportable segment revenue or loss	\$ 1,001,250	(47,660)	-	953,590

For the three months ended September, 2020 and 2019 and the nine months ended September, 2020 and 2019, the total revenue of the reportable segment should exclude the inter-segment revenue of \$52,327 thousand, \$66,758 thousand, \$204,693 thousand and \$177,203 thousand, respectively.