

**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT**  
**ACCOUNTANTS**  
**MARCH 31, 2020 AND 2019**

---

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 20000207

To the Board of Directors and Stockholders of Test Research, Inc.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Test Research, Inc. and subsidiaries (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

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

### ***Basis for Qualified Conclusion***

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$1,289,841 thousand and NT\$1,467,926 thousand, constituting 18% and 22% of the consolidated total assets, and total liabilities of NT\$124,716 thousand and NT\$62,414 thousand, constituting 9% and 5% of the consolidated total liabilities as at March 31, 2020 and 2019, respectively, and total comprehensive (loss) income of (NT\$3,736) thousand and NT\$15,245 thousand, constituting (1%) and 6% of the consolidated total comprehensive income for the three months then ended, respectively.

## ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, 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 the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

---

Pan, Hui-Lin

---

Liao, A-Shen

For and on behalf of PricewaterhouseCoopers, Taiwan

May 6, 2020

---

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Assets		Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,412,870	20	\$ 1,300,530	20	\$ 1,395,704	21
1136	Current financial assets at	6(2)						
	amortised cost		225,547	3	204,777	3	125,970	2
1150	Notes receivable, net	6(3)	21,181	-	25,343	-	35,504	-
1170	Accounts receivable, net	6(3)	2,141,491	30	1,934,508	30	1,924,199	28
1200	Other receivables		27,814	1	21,016	-	22,532	-
130X	Inventory	6(4)	892,826	13	738,433	11	928,952	14
1470	Other current assets	8	41,320	1	39,434	1	48,996	1
11XX	<b>Total current assets</b>		<u>4,763,049</u>	<u>68</u>	<u>4,264,041</u>	<u>65</u>	<u>4,481,857</u>	<u>66</u>
<b>Non-current assets</b>								
1600	Property, plant and equipment	6(5) and 8	2,126,229	30	2,135,082	33	2,164,308	32
1755	Right-of-use assets	6(6)	60,516	1	61,824	1	7,226	-
1780	Intangible assets		20,321	-	20,237	-	15,581	1
1840	Deferred income tax assets		71,533	1	76,260	1	63,719	1
1900	Other non-current assets		9,794	-	11,591	-	8,420	-
15XX	<b>Total non-current assets</b>		<u>2,288,393</u>	<u>32</u>	<u>2,304,994</u>	<u>35</u>	<u>2,259,254</u>	<u>34</u>
1XXX	<b>Total assets</b>		<u>\$ 7,051,442</u>	<u>100</u>	<u>\$ 6,569,035</u>	<u>100</u>	<u>\$ 6,741,111</u>	<u>100</u>

(Continued)

**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2130	Contract liabilities - current	6(12)	\$ 21,942	-	\$ 48,694	1	\$ 22,135	-
2150	Notes payable		30,520	1	26,398	-	20,916	-
2170	Accounts payable		719,187	10	455,746	7	450,414	7
2200	Other payables	6(7)	203,956	3	276,615	4	226,361	4
2230	Current income tax liabilities		166,723	3	109,836	2	220,838	3
2280	Current lease liabilities		22,446	-	20,582	-	7,064	-
2300	Other current liabilities		6,233	-	8,943	-	8,302	-
21XX	<b>Total current liabilities</b>		<u>1,171,007</u>	<u>17</u>	<u>946,814</u>	<u>14</u>	<u>956,030</u>	<u>14</u>
<b>Non-current liabilities</b>								
2550	Provisions for liabilities - non-current		38,159	1	35,298	-	32,552	1
2570	Deferred income tax liabilities		99,221	1	102,193	2	93,741	1
2580	Non-current lease liabilities		37,285	-	40,940	1	-	-
2600	Other non-current liabilities	6(8)	60,900	1	61,358	1	57,415	1
25XX	<b>Total non-current liabilities</b>		<u>235,565</u>	<u>3</u>	<u>239,789</u>	<u>4</u>	<u>183,708</u>	<u>3</u>
2XXX	<b>Total liabilities</b>		<u>1,406,572</u>	<u>20</u>	<u>1,186,603</u>	<u>18</u>	<u>1,139,738</u>	<u>17</u>
<b>Equity attributable to owners of the parent</b>								
<b>Share capital</b>		6(9)						
3110	Common stock		2,362,160	33	2,362,160	36	2,362,160	35
<b>Capital surplus</b>		6(10)						
3200	Capital surplus		53,290	1	53,290	1	53,290	1
<b>Retained earnings</b>		6(11)						
3310	Legal reserve		1,213,046	17	1,213,046	18	1,106,607	16
3320	Special reserve		41,795	1	41,795	1	30,123	-
3350	Unappropriated retained earnings		2,049,562	29	1,779,411	27	2,076,482	31
<b>Other equity interest</b>								
3400	Other equity interest		( 74,983)	( 1)	( 67,270)	( 1)	( 27,289)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>5,644,870</u>	<u>80</u>	<u>5,382,432</u>	<u>82</u>	<u>5,601,373</u>	<u>83</u>
3XXX	<b>Total equity</b>		<u>5,644,870</u>	<u>80</u>	<u>5,382,432</u>	<u>82</u>	<u>5,601,373</u>	<u>83</u>
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,051,442</u>	<u>100</u>	<u>\$ 6,569,035</u>	<u>100</u>	<u>\$ 6,741,111</u>	<u>100</u>

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

**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

			Three months ended March 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(12)		\$ 1,162,501	100	\$ 976,359	100
5000 <b>Operating costs</b>	6(4)(15)(16)	(	516,639)	( 44)	( 414,421)	( 42)
5950 <b>Net operating margin</b>			645,862	56	561,938	58
<b>Operating expenses</b>	6(15)(16)					
6100 Selling expenses		(	169,868)	( 14)	( 181,054)	( 19)
6200 General and administrative expenses		(	43,482)	( 4)	( 38,458)	( 4)
6300 Research and development expenses		(	112,476)	( 10)	( 80,178)	( 8)
6450 Expected credit impairment (loss) gain	12(2)	(	1,416)	-	14,329	1
6000 <b>Total operating expenses</b>		(	327,242)	( 28)	( 285,361)	( 30)
6900 <b>Operating profit</b>			318,620	28	276,577	28
<b>Non-operating income and expenses</b>						
7010 Other income	6(13)		8,055	1	12,847	2
7020 Other gains and losses	6(14)		7,188	-	12,012	1
7050 Finance costs	6(6)	(	338)	-	( 155)	-
7000 <b>Total non-operating income and expenses</b>			14,905	1	24,704	3
7900 <b>Profit before income tax</b>			333,525	29	301,281	31
7950 Income tax expense	6(17)	(	63,374)	( 6)	( 62,883)	( 7)
8200 <b>Profit for the period</b>			\$ 270,151	23	\$ 238,398	24
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361 Financial statements translation differences of foreign operations		( \$	9,641)	-	\$ 18,133	2
8399 Income tax relating to the components of other comprehensive income	6(17)		1,928	-	( 3,627)	-
8300 <b>Total other comprehensive (loss) income for the period</b>		( \$	7,713)	-	\$ 14,506	2
8500 <b>Total comprehensive income for the period</b>			\$ 262,438	23	\$ 252,904	26
<b>Profit attributable to:</b>						
8610 Owners of the parent			\$ 270,151	23	\$ 238,398	24
<b>Comprehensive income attributable to:</b>						
8710 Owners of the parent			\$ 262,438	23	\$ 252,904	26
<b>Earnings per share (in dollars)</b>	6(18)					
9750 <b>Basic earnings per share</b>			\$ 1.14		\$ 1.01	
9850 <b>Diluted earnings per share</b>			\$ 1.14		\$ 1.01	

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

TEST RESEARCH, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

Equity attributable to owners of the parent								
Notes	Share capital - common stock	Capital Reserves		Retained Earnings			Financial statements translation differences of foreign operations	Total equity
		Total capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings		
	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,106,607	\$ 30,123	\$ 1,838,084	(\$ 41,795)	\$ 5,348,469
	-	-	-	-	-	238,398	-	238,398
	-	-	-	-	-	-	14,506	14,506
	-	-	-	-	-	238,398	14,506	252,904
	<u>\$ 2,362,160</u>	<u>\$ 51,874</u>	<u>\$ 1,416</u>	<u>\$ 1,106,607</u>	<u>\$ 30,123</u>	<u>\$ 2,076,482</u>	<u>(\$ 27,289)</u>	<u>\$ 5,601,373</u>
	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,213,046	\$ 41,795	\$ 1,779,411	(\$ 67,270)	\$ 5,382,432
	-	-	-	-	-	270,151	-	270,151
	-	-	-	-	-	-	( 7,713)	( 7,713)
	-	-	-	-	-	270,151	( 7,713)	262,438
	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,213,046	\$ 41,795	\$ 2,049,562	(\$ 74,983)	\$ 5,644,870

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

**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

		Three months ended March 31	
	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 333,525	\$ 301,281
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(15)	26,410	27,899
Amortisation	6(15)	2,960	2,384
Expected credit impairment loss (gain)	12(2)	1,416	(14,329)
Interest income	6(13)	(2,100)	(1,787)
Interest expense		338	155
Loss on disposal of property, plant and equipment	6(14)	200	697
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		4,162	23,565
Accounts receivable	(	208,399)	157,618
Other receivables	(	7,260)	4,376
Inventory	(	147,088)	(30,600)
Other current assets	(	5,990)	(2,822)
Changes in operating liabilities			
Contract liabilities - current	(	26,752)	(17,499)
Notes payable		4,122	(5,982)
Accounts payable		263,441	69,282
Other payables	(	72,659)	(81,977)
Other current liabilities	(	2,710)	109
Provisions for liabilities - non-current		2,861	5,580
Other non-current liabilities	(	458)	(437)
Cash inflow generated from operations		166,019	437,513
Interest received		2,562	2,059
Interest paid	(	338)	(155)
Income taxes paid	(	2,804)	(13,607)
Net cash flows from operating activities		165,439	425,810
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Financial assets at amortised cost	(	20,770)	(125,970)
Decrease (increase) in other financial assets		2,998	(10)
Acquisition of property, plant and equipment	6(5)	(6,767)	(10,570)
Proceeds from disposal of property, plant and equipment		116	2,395
Acquisition of intangible assets	(	3,047)	(1,244)
Decrease in refundable deposits		1,797	396
Decrease in other non-current assets		-	7
Net cash flows used in investing activities	(	25,673)	(134,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease principal repayment	(	7,050)	(5,640)
Net cash flows used in financing activities	(	7,050)	(5,640)
Effect due to changes in exchange rate	(	20,376)	13,097
Net increase in cash and cash equivalents		112,340	298,271
Cash and cash equivalents at beginning of period		1,300,530	1,097,433
Cash and cash equivalents at end of period		\$ 1,412,870	\$ 1,395,704

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



TEST RESEARCH, INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)  
(UNAUDITED)

1. HISTORY AND ORGANISATION

Test Research, Inc. (the Company) was incorporated in April 1989 under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on May 6, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as

endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

##### (2) Basis of preparation

- A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with the basis used in the 2019 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	% of Ownership		Description
			March 31, 2020	December 31, 2019	
Test Research, Inc.	DOLI TRADING LIMITED (DOLI)	Trading	100	100	-
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	100	-
Test Research, Inc.	TRI MALAYSIA SND. BHD (TRM)	Trading	100	100	-
Test Research, Inc.	TRI KOREA CO., LTD. (TRK)	Trading	100	-	Note 1
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	100	-

Note 1: TRI KOREA CO., LTD. (TRK) was established on January 17, 2020.

Name of investor	Name of subsidiary	Main business activities	% of Ownership	Description
			March 31, 2019	
Test Research, Inc.	DOLI TRADING LIMITED (DOLI)	Trading	100	-
Test Research, Inc.	TEST RESEARCH USA INC. (TRU)	Trading	100	-
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH (TRE)	Trading	100	-
Test Research, Inc.	TRI JAPAN CORPORATION (TRJ)	Trading	100	-
Test Research, Inc.	TRI MALAYSIA SND. BHD (TRM)	Trading	100	-
Test Research, Inc.	TRI INVESTMENTS LIMITED (TIL)	Investment holdings	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shenzhen) Limited (TRI (SHENZHEN))	Manufacture and sales of test equipment	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Suzhou) Limited (TRI (SUZHOU))	Manufacture and sales of test equipment	100	-
TRI INVESTMENTS LIMITED (TIL)	TRI Electronic (Shanghai) Limited (TRI (SHANGHAI))	Import and export of equipment, consulting and after-sale maintenance service of equipment	100	-

Except for the financial statements of DOLI as of and for the three months ended March 31, 2019 which were reviewed by the Company's independent accountants, the financial statements of the abovementioned subsidiaries included in the Group's consolidated financial statements for the three months ended March 31, 2020 and 2019 were not reviewed by independent accountants as these subsidiaries did not meet the definition of a significant subsidiary.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Leasing arrangements (lessor) — lease receivables/ operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(5) Income tax

- A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the

interim period, and the related information is disclosed accordingly.

- B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

#### (6) Employee benefits

##### A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

##### B. Pensions

###### (a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

###### (b) Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

##### C. Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

#### 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. In the process of applying the Group's accounting policies, there is no critical accounting judgment. The critical accounting estimates and assumptions is addressed below:

## Evaluation of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Management considers the rapidly changing technology and the short life cycle of electronic products in evaluating inventories. For inventories that are over a certain age and individually identified obsolete or slow-moving items, the net realisable value is determined based on inventory aging and the market demand of such items in the future for a specific period, which are based on sales, obsolescence and the inventory quality. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. As evaluation of inventories usually involves subjective judgment and a high degree of estimation uncertainty, there may be material changes to the evaluation.

As of March 31, 2020, the carrying amount of inventories was \$892,826.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand and revolving funds	\$ 1,448	\$ 1,202	\$ 1,262
Checking accounts and demand deposits	1,171,422	996,972	761,961
Time deposits	-	122,356	152,481
Short-term notes and bills	240,000	180,000	480,000
	<u>\$ 1,412,870</u>	<u>\$ 1,300,530</u>	<u>\$ 1,395,704</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's restricted cash and cash equivalents were classified as other financial assets (shown as "other current assets"). Please refer to Note 8 for details.

### (2) Financial assets at amortised cost

<u>Current items:</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Time deposits maturing over three months	<u>\$ 225,547</u>	<u>\$ 204,777</u>	<u>\$ 125,970</u>

Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	\$ 21,181	\$ 25,343	\$ 35,504
Accounts receivable	\$ 2,150,088	\$ 1,941,765	\$ 1,937,974
Less: Allowance for uncollectible accounts	( 8,597)	( 7,257)	( 13,775)
	<u>\$ 2,141,491</u>	<u>\$ 1,934,508</u>	<u>\$ 1,924,199</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	March 31, 2020		December 31, 2019		March 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 1,867,773	\$ 21,181	\$ 1,742,504	\$ 25,343	\$ 1,328,476	\$ 35,504
Past due						
Up to 60 days	136,269	-	132,048	-	384,478	-
61 to 90 days	94,323	-	17,213	-	48,918	-
91 to 180 days	24,774	-	34,628	-	129,629	-
181 to 365 days	17,155	-	7,576	-	28,234	-
Over 365 days	9,794	-	7,796	-	18,239	-
	<u>\$ 2,150,088</u>	<u>\$ 21,181</u>	<u>\$ 1,941,765</u>	<u>\$ 25,343</u>	<u>\$ 1,937,974</u>	<u>\$ 35,504</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2020, December 31, 2019 and March 31, 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$2,126,557.
- C. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$21,181, \$25,343 and \$35,504, and accounts receivable were \$2,141,491, \$1,934,508 and \$1,924,199, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

March 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 801,289	(\$ 103,703)	\$ 697,586
Work in progress	172,084	( 104)	171,980
Finished goods	4,530	-	4,530
Merchandise	22,301	( 3,571)	18,730
	<u>\$ 1,000,204</u>	<u>(\$ 107,378)</u>	<u>\$ 892,826</u>

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 753,534	(\$ 97,696)	\$ 655,838
Work in progress	63,829	( 108)	63,721
Finished goods	4,146	-	4,146
Merchandise	18,152	( 3,424)	14,728
	<u>\$ 839,661</u>	<u>(\$ 101,228)</u>	<u>\$ 738,433</u>

March 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 873,572	(\$ 85,950)	\$ 787,622
Work in progress	130,497	( 1,428)	129,069
Finished goods	6,139	( 284)	5,855
Merchandise	10,001	( 3,595)	6,406
	<u>\$ 1,020,209</u>	<u>(\$ 91,257)</u>	<u>\$ 928,952</u>

The cost of inventories recognised as expense for the year:

Three months ended March 31			
	2020	2019	
Cost of goods sold	\$ 505,063	\$ 403,612	
Loss on obsolete inventory	6,272	5,179	
	<u>\$ 511,335</u>	<u>\$ 408,791</u>	



(5) Property, plant and equipment

	2020						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
<u>At January 1</u>							
Cost	\$ 1,166,021	\$ 921,538	\$ 372,789	\$ 5,789	\$ 229,006	\$ 154,883	\$ 2,850,026
Accumulated depreciation	-	( 231,592)	( 226,871)	( 3,643)	( 141,942)	( 110,896)	( 714,944)
	<u>\$ 1,166,021</u>	<u>\$ 689,946</u>	<u>\$ 145,918</u>	<u>\$ 2,146</u>	<u>\$ 87,064</u>	<u>\$ 43,987</u>	<u>\$ 2,135,082</u>
Opening net book amount as at January 1	\$ 1,166,021	\$ 689,946	\$ 145,918	\$ 2,146	\$ 87,064	\$ 43,987	\$ 2,135,082
Additions	-	-	3,579	-	2,774	414	6,767
Transfers from inventory	-	-	5,862	-	( 723)	2,166	7,305
Disposals	-	-	( 221)	-	( 91)	( 4)	( 316)
Depreciation charge	-	( 4,526)	( 4,555)	( 120)	( 7,205)	( 3,687)	( 20,093)
Net exchange differences	-	-	( 2,440)	( 23)	( 21)	( 32)	( 2,516)
Closing net book amount as at March 31	<u>\$ 1,166,021</u>	<u>\$ 685,420</u>	<u>\$ 148,143</u>	<u>\$ 2,003</u>	<u>\$ 81,798</u>	<u>\$ 42,844</u>	<u>\$ 2,126,229</u>
<u>At March 31</u>							
Cost	\$ 1,166,021	\$ 921,538	\$ 399,595	\$ 5,680	\$ 224,954	\$ 156,973	\$ 2,874,761
Accumulated depreciation	-	( 236,118)	( 251,452)	( 3,677)	( 143,156)	( 114,129)	( 748,532)
	<u>\$ 1,166,021</u>	<u>\$ 685,420</u>	<u>\$ 148,143</u>	<u>\$ 2,003</u>	<u>\$ 81,798</u>	<u>\$ 42,844</u>	<u>\$ 2,126,229</u>

	2019						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Total
<u>At January 1</u>							
Cost	\$ 1,166,021	\$ 921,538	\$ 396,905	\$ 5,810	\$ 226,481	\$ 136,000	\$ 2,852,755
Accumulated depreciation	-	( 213,488)	( 244,108)	( 3,764)	( 131,781)	( 99,966)	( 693,107)
	<u>\$ 1,166,021</u>	<u>\$ 708,050</u>	<u>\$ 152,797</u>	<u>\$ 2,046</u>	<u>\$ 94,700</u>	<u>\$ 36,034</u>	<u>\$ 2,159,648</u>
Opening net book amount as at January 1	\$ 1,166,021	\$ 708,050	\$ 152,797	\$ 2,046	\$ 94,700	\$ 36,034	\$ 2,159,648
Additions	-	-	6,749	944	1,062	1,815	10,570
Transfers from inventory	-	-	3,887	-	9,111	1,420	14,418
Disposals	-	-	( 2,531)	( 77)	( 484)	-	( 3,092)
Depreciation charge	-	( 4,527)	( 6,658)	( 167)	( 7,606)	( 3,457)	( 22,415)
Net exchange differences	-	-	5,030	52	57	40	5,179
Closing net book amount as at March 31	<u>\$ 1,166,021</u>	<u>\$ 703,523</u>	<u>\$ 159,274</u>	<u>\$ 2,798</u>	<u>\$ 96,840</u>	<u>\$ 35,852</u>	<u>\$ 2,164,308</u>
<u>At March 31</u>							
Cost	\$ 1,166,021	\$ 921,538	\$ 423,379	\$ 6,101	\$ 221,228	\$ 139,482	\$ 2,877,749
Accumulated depreciation	-	( 218,015)	( 264,105)	( 3,303)	( 124,388)	( 103,630)	( 713,441)
	<u>\$ 1,166,021</u>	<u>\$ 703,523</u>	<u>\$ 159,274</u>	<u>\$ 2,798</u>	<u>\$ 96,840</u>	<u>\$ 35,852</u>	<u>\$ 2,164,308</u>

A. Each property, plant and equipment does not include significant components.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(6) Leasing arrangements — lessee

- A. The Group leases offices and rental contracts are typically made for periods from 2019 to 2025. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases pertain to leases of dormitories and company cars with a lease term of not more than 12 months.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 60,516</u>	<u>\$ 61,824</u>	<u>\$ 7,226</u>

  

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 6,317</u>	<u>\$ 5,484</u>

- D. For the three months ended March 31, 2020, the additions to right-of-use assets was \$5,208.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended March 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 338</u>	<u>\$ 155</u>
Expense on short-term lease contracts	<u>\$ 2,196</u>	<u>\$ 3,127</u>

- F. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases were \$9,584 and \$5,640, respectively.

(7) Other payables

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Salaries and bonus payable	<u>\$ 95,224</u>	<u>\$ 171,933</u>	<u>\$ 69,597</u>
Employees' compensation and directors' remuneration payable	<u>35,759</u>	<u>27,862</u>	<u>71,246</u>
Others	<u>72,973</u>	<u>76,820</u>	<u>85,518</u>
	<u>\$ 203,956</u>	<u>\$ 276,615</u>	<u>\$ 226,361</u>

## (8) Pensions

### A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$111 and \$133 for the three months ended March 31, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2021 amount to \$2,274.

### B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The subsidiaries, DOLI, TIL, TRU, TRE, TRJ and TRM, have no pension plan, and its local laws have no compulsory requirements on the establishment of a pension plan. However, the Company's Mainland China subsidiaries, TRI (SHENZHEN), TRI (SUZHOU) and TRI (SHANGHAI), have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2020 and 2019 were \$6,396 and \$6,001, respectively.

(9) Share capital

The Company's authorised capital was \$2,500,000. As of March 31, 2020, the Company's outstanding capital was \$2,362,160.

(10) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(11) Retained earnings

- A. Under the Company's Articles of Incorporation, the dividend policy of the Company is based on the Company's future capital expenditure budget and capital requirements. Dividends shall be appropriated from accumulated distributable earnings, and the distribution amount shall not be lower than 60% of accumulated distributable earnings, of which cash dividends shall not be lower than 50% of the total dividends distributed. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve, the remaining earnings constitute the distributable earnings of the current year. The appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the stockholders at the stockholders' meeting.
- B. The appropriations of 2019 earnings had been proposed by the Board of Directors on February 26, 2020 and the appropriations of 2018 earnings had been resolved at the stockholders' meeting on May 29, 2019. Details are summarised below:

	Year ended December 31			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 93,344		\$ 106,440	
Special reserve	\$ 25,476		\$ 11,671	
Cash dividends	\$ 779,513	\$ 3.3	\$ 873,999	\$ 3.7

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in

excess of 25% of the Company's paid-in-capital.

- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(16).

(12) Operating revenue

	Three months ended March 31	
	2020	2019
Revenue from contracts with customers	\$ 1,162,501	\$ 976,359

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

	Three months ended March 31	
	2020	2019
Asia	\$ 1,076,274	\$ 855,431
America	20,966	32,949
Europe	58,280	84,647
Others	6,981	3,332
	\$ 1,162,501	\$ 976,359

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	March 31, 2020	December 31, 2019	March 31, 2019	January 1, 2019
Contract liabilities	\$ 21,942	\$ 48,694	\$ 22,135	\$ 39,634

For the three months ended March 31, 2020 and 2019, the Group's contract liabilities on January 1, 2020 and 2019 were realised to revenue amounting to \$47,814 and \$30,991, respectively.

(13) Other income

	Three months ended March 31	
	2020	2019
Interest income from bank deposits	\$ 2,100	\$ 1,787
Rental income	1,497	-
Other income	4,458	11,060
	<u>\$ 8,055</u>	<u>\$ 12,847</u>

(14) Other gains and losses

	Three months ended March 31	
	2020	2019
Losses on disposal of property, plant and equipment	(\$ 200)	(\$ 697)
Net currency exchange gains	7,389	22,976
Other losses	( 1)	( 10,267)
	<u>\$ 7,188</u>	<u>\$ 12,012</u>

(15) Expenses by nature

	Three months ended March 31	
	2020	2019
Employee benefit expense	\$ 230,980	\$ 216,438
Depreciation charges on property, plant and equipment and right-of-use assets	26,410	27,899
Amortisation charges on intangible assets	2,960	2,384
	<u>\$ 260,350</u>	<u>\$ 246,721</u>

(16) Employee benefit expense

	Three months ended March 31	
	2020	2019
Wages and salaries	\$ 198,404	\$ 183,187
Labour and health insurance fees	16,987	18,032
Pension costs	6,507	6,134
Other personnel expenses	9,082	9,085
	<u>\$ 230,980</u>	<u>\$ 216,438</u>

- A. In accordance with the amendments of the Articles of Incorporation, which was approved by the shareholders during their meeting on May, 29, 2019, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration.

- B. For the three months ended March 31, 2020 and 2019, employees' compensation was accrued at \$5,212 and \$4,625, respectively; while directors' remuneration was accrued at \$2,685 and \$2,383, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on the distributable profit of current year for the three months ended March 31, 2020 and 2019 and the percentage as prescribed by the Company's Articles of Incorporation.

The employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors on February 26, 2020 amounting to \$18,389 and \$9,473, respectively, were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(17) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2020	2019
Current tax:		
Current tax on profit for the period	\$ 59,691	\$ 44,991
Deferred tax:		
Origination and reversal of temporary differences	3,683	17,892
Income tax expense	<u>\$ 63,374</u>	<u>\$ 62,883</u>

- (b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended March 31	
	2020	2019
Currency translation differences	<u>(\$ 1,928)</u>	<u>\$ 3,627</u>

- B. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.



(18) Earnings per share

Three months ended March 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 270,151	236,216	\$ <u>1.14</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	344	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>270,151</u>	<u>236,560</u>	\$ <u>1.14</u>

Three months ended March 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 238,398	236,216	\$ <u>1.01</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	764	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>238,398</u>	<u>236,980</u>	\$ <u>1.01</u>

As employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation issuance in the calculation of the weighted-average number of common shares outstanding during

the reporting year, taking into account the dilutive effect of stock compensation on potential common shares.

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company shares are widely held. The Company does not have an ultimate parent and ultimate controlling party.

### (2) Key management compensation

	Three months ended March 31	
	2020	2019
Salaries and other short-term employee benefits	\$ 9,520	\$ 7,350
Post-employment benefits	193	118
	<u>\$ 9,713</u>	<u>\$ 7,468</u>

A. Salaries and other short-term employee benefits include regular wages, special responsibility allowances, various bonuses, service execution fees, directors' and supervisors' remuneration and employees' compensation, etc.

B. Post-employment benefits represent pension costs.

## 8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	March 31, 2020	December 31, 2019	March 31, 2019	
Property, plant and equipment				
- Land	\$ 388,990	\$ 388,990	\$ 388,990	Security for lines of credit
- Buildings	51,736	52,135	53,329	"
Time deposits (shown as "Other current assets")	-	2,998	3,082	Performance bond
	<u>\$ 440,726</u>	<u>\$ 444,123</u>	<u>\$ 445,401</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's main objectives when managing capital are to ensure solid and good capital ratio in order to support operations and to provide maximum returns for shareholders. The Group manages and adjusts capital structure based on economic situation and debt ratio, and achieves the purpose of maintaining and adjusting capital structure possibly by adjusting dividend payment or shares issuance.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,412,870	\$ 1,300,530	\$ 1,395,704
Financial assets at amortised cost	225,547	204,777	125,970
Notes receivable	21,181	25,343	35,504
Accounts receivable	2,141,491	1,934,508	1,924,199
Other receivables	27,814	21,016	22,532
Guarantee deposits paid			
(shown as 'non-current assets')	9,794	11,591	8,398
Other financial assets			
(shown as 'current assets')	-	2,998	3,082
	<u>\$ 3,838,697</u>	<u>\$ 3,500,763</u>	<u>\$ 3,515,389</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Notes payable	\$ 30,520	\$ 26,398	\$ 20,916
Accounts payable	719,187	455,746	450,414
Other payables	203,956	276,615	226,361
	<u>\$ 953,663</u>	<u>\$ 758,759</u>	<u>\$ 697,691</u>
Lease liabilities (including current portion)	<u>\$ 59,731</u>	<u>\$ 61,522</u>	<u>\$ 7,064</u>

## B. Financial risk management policies

The Group adopts an overall risk management and control system to identify and measure a variety of financial risks including market risk, credit risk, liquidity risk and cash flow interest rate risk.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Remainder of page intentionally left blank)

March 31, 2020

				Sensitivity Analysis		
	Foreign currency amount	Exchange rate	Book value	Degree of	Effect on profit	Effect on other
	(in thousands)		(NTD)	variation	of loss	comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 47,879	30.23	\$ 1,447,143	1%	\$ 14,471	\$ -
RMB:NTD	130,288	4.26	554,375	1%	5,544	-
JPY:NTD	61,235	0.28	17,072	1%	171	-
<u>Non-monetary items</u>						
USD:NTD	1,636	30.23	49,441	1%	-	494
EUR:NTD	846	33.24	28,105	1%	-	281
JPY:NTD	50,232	0.28	14,005	1%	-	140
MYR:NTD	2,124	6.72	14,266	1%	-	143
KRW:NTD	398,956	0.03	9,974	1%	-	100
RMB:NTD	163,137	4.26	694,146	1%	-	6,941
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,448	30.23	\$ 43,766	1%	\$ 438	\$ -
RMB:NTD	54,220	4.26	230,706	1%	2,307	-
EUR:NTD	550	33.24	18,282	1%	183	-

December 31, 2019						
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit of loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
	USD:NTD	\$ 38,719	29.98	\$ 1,160,796	1%	\$ 11,608
RMB:NTD	165,175	4.31	711,078	1%	7,111	-
JPY:NTD	47,799	0.28	13,193		132	-
<u>Non-monetary items</u>						
USD:NTD	1,554	29.98	46,594	1%	-	466
EUR:NTD	915	33.59	30,734	1%	-	307
JPY:NTD	54,328	0.28	14,995	1%	-	150
MYR:NTD	2,252	7.03	15,835	1%	-	158
RMB:NTD	164,366	4.31	707,595	1%	-	7,076
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,378	29.98	\$ 71,292	1%	\$ 713	\$ -
RMB:NTD	85,250	4.31	367,001	1%	3,670	-
EUR:NTD	408	33.59	13,705	1%	137	-

March 31, 2019

				Sensitivity Analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit of loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 34,807	30.82	\$ 1,072,752	1%	\$ 10,728	\$ -
RMB:NTD	385,331	4.58	1,764,816	1%	17,648	-
EUR:NTD	473	34.61	16,364	1%	164	-
JPY:NTD	56,499	0.28	15,724	1%	157	-
<u>Non-monetary items</u>						
USD:NTD	1,083	30.82	33,364	1%	-	334
EUR:NTD	785	34.61	27,175	1%	-	272
JPY:NTD	45,282	0.28	12,602	1%	-	126
MYR:NTD	1,922	7.27	13,979	1%	-	140
RMB:NTD	171,527	4.58	799,957	1%	-	8,000
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 3,868	30.82	\$ 119,212	1%	\$ 1,192	\$ -
RMB:NTD	237,376	4.58	1,087,182	1%	10,872	-
EUR:NTD	298	34.61	10,330	1%	103	-
JPY:NTD	61,578	0.28	17,137	1%	171	-

- iii. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2020 and 2019 amounted to \$7,389 and \$22,976, respectively.

#### Price risk

The Group has no equity instruments held for trading; thus, the Group has no price risk.

#### Cash flow and fair value interest rate risk

The Group has no borrowings; thus, the Group has no cash flow and fair value interest rate risk.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group's credit risk management policy is that for banks and financial institutions, only institutions with good credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In accordance with the internal management policy of the Group, if the contract payments were past due over 120 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In accordance with the internal management policy of the Group, the default occurs when the contract payments are past due over 365 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments.



- vi. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On March 31, 2020, December 31, 2019 and March 31, 2019, the provision matrix, loss rate methodology is as follows:

Group A:

	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
<u>March 31, 2020</u>							
Expected loss rate	0.02%-0.03%	1.5%	15%	25%	40%	60%-100%	
Total book value	\$ 459,534	\$ 38,906	\$ 54,242	\$ 2,516	\$ 1,175	\$ 3,181	\$ 559,554
Loss allowance	114	418	968	629	470	2,399	4,998
	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
<u>December 31, 2019</u>							
Expected loss rate	0.03%-0.19%	1.5%	15%	25%	40%	60~100%	
Total book value	\$ 419,864	\$ 19	\$ -	\$ 1,132	\$ 5,767	\$ 1,290	\$ 428,072
Loss allowance	812	-	-	283	2,307	918	4,320
	Not past due	1~60 days past due	61~90 days past due	91~180 days past due	181~365 days past due	Over 365 days past due	Total
<u>March 31, 2019</u>							
Expected loss rate	0.21%	1.5%	15%	25%	40%	60%-100%	
Total book value	\$ 453,440	\$ 14,326	\$ 3,700	\$ -	\$ 7,471	\$ 7,377	\$ 486,314
Loss allowance	943	2,105	555	-	2,988	4,426	11,017

Group B:

	March 31, 2020	December 31, 2019	March 31, 2019
Expected loss rate	0.02%-0.22%	0.03%-0.19%	0.03%-0.21%
Total book value	\$ 1,590,534	\$ 1,513,693	\$ 1,325,660
Loss allowance	3,599	2,937	2,758

Group A: Customers excluding Group B.

Group B: Domestic and foreign clients that have good operating conditions, high degree of financial transparency, proceeds of collections of transaction and are rated with optimised internal credit rating. The default possibility that the Group used the forecastability to adjust historical and timely information to assess was 0.03%,

which was used to assess the default possibility of accounts receivable.

- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2020	2019
At January 1	\$ 7,257	\$ 27,883
Provision for impairment	1,416	-
Reversal of impairment loss	-	( 14,329)
Effect of exchange rate changes	( 76)	221
At March 31	<u>\$ 8,597</u>	<u>\$ 13,775</u>

c) Liquidity risk

- i. Cash flow forecasting is performed and aggregated by the Group's treasury. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>March 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 30,520	\$ -
Accounts payable	719,187	-
Other payables	203,956	-
Lease liabilities	26,317	40,102

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 26,398	\$ -
Accounts payable	455,746	-
Other payables	276,615	-
Lease liabilities	23,594	44,892

<u>March 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Notes payable	\$ 20,916	\$ -
Accounts payable	450,414	-
Other payables	226,361	-
Lease liabilities	7,064	-

(3) Fair value information

- A. The Group has no financial instruments measured at fair value by valuation method.
- B. The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loan to others: Please refer to table 1.
- B. Provisions of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 2 to 4.

(4) Major shareholders information

Major shareholders information: Please refer to Table 6.

#### 14. SEGMENT INFORMATION

##### (1) General information

The Group is primarily engaged in the design, assembly, manufacture, sales, repairs and maintenance of automated inspection and testing equipment. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

##### (2) Measurement of segment information

The accounting policies of the operating segments and the Group are the same. The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

##### (3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	Three months ended March 31	
	2020	2019
Revenue from external customers	\$ 1,162,501	\$ 976,359
Segment profit	\$ 318,620	\$ 276,577

The total assets and total liabilities amount were not provided to the chief operating decision maker by the Company.

##### (4) Reconciliation for segment income (loss)

Net profit (loss) of segments reported to the chief operating decision maker is measured in a manner consistent with revenues and expenses in the income statement. A reconciliation of segment profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	Three months ended March 31	
	2020	2019
Reportable segments income	\$ 318,620	\$ 276,577
Unallocated profit or loss:		
Non-operating income and expenses	14,905	24,704
Income before tax from continuing operations	\$ 333,525	\$ 301,281

Test Research, Inc. and Subsidiaries

Loans to others

Three months ended March 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at March 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					balance during the three months ended March 31, 2020								Item	Value			
1	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	Other receivables	Yes	\$ 25,944	\$ 25,530	\$ 25,530	4.75%	Short-term financing	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 564,487	\$ 1,128,974	Note 1

Note 1: The Board of Directors resolved to amend TRI Electronic (Shanghai) Limited's policy "Procedures for Provision of Loans" and the policy is as follows:

Ceiling on total loans to others: 50% of the creditor's net worth. For business transactions, if for short-term financing purpose, the ceiling on loans shall not exceed 40% of the creditor's net worth. Limit to a single party is RMB 4 million. However, limit on loans for financing granted by and to subsidiaries with the same ultimate parent which directly or indirectly holds 100% of its voting shares shall not exceed 20% of parent company's net worth. Ceiling to the aforementioned single party shall not exceed 10% of parent company's net worth.

Test Research, Inc. and Subsidiaries  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
Three months ended March 31, 2020

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note)	Allowance for doubtful accounts
					Amount	Action taken		
Test Research, Inc.	DOLI TRADING LIMITED	Subsidiary	\$ 218,598	0.01	\$ 217,204	In the process of collection	\$ 136,104	\$ -
Test Research, Inc.	TRI Electronic (Suzhou) Limited	Second-tier subsidiary	117,177	1.54	30,024	In the process of collection	4,121	-
DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	Same ultimate parent company	162,735	0.00	162,735	In the process of collection	50,868	-

Note: The subsequent collections were reviewed prior to the opinion date.

Test Research, Inc. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Three months ended March 31, 2020

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount (Note 4)	Transaction terms	
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Sales revenue	\$ 38,054	Note 3	3
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Sales revenue	51,735	Note 3	4
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Sales revenue	10,896	Note 8	1
0	Test Research, Inc.	DOLI TRADING LIMITED	1	Accounts receivable	218,598	Note 3	3
0	Test Research, Inc.	TRI Electronic (Suzhou) Limited	1	Accounts receivable	117,177	Note 3	2
0	Test Research, Inc.	TRI Electronic (Shenzhen) Limited	1	Accounts receivable	34,098	Note 3	-
0	Test Research, Inc.	TRI JAPAN CORPORATION	1	Accounts receivable	10,159	Note 8	-
1	DOLI TRADING LIMITED	TRI Electronic (Suzhou) Limited	3	Accounts receivable	162,735	Note 3	2
2	TRI Electronic (Shenzhen) Limited	Test Research, Inc.	2	Service revenue	23,964	Note 6 and 7	2
3	TRI Electronic (Shanghai) Limited	TRI Electronic (Suzhou) Limited	3	Other receivables	25,530	Note 5	-
4	TEST RESEARCH USA, INC.	Test Research, Inc.	2	Service revenue	12,521	Note 6	1

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following two categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The purchases from the Company will be resold to the indirect 100% owned companies of TRI, and the price is 40%-70% of standard prices; otherwise, the price is 91% of final sales price. The collection terms are 90-120 days after acceptance and are similar to third parties.

Note 4: Only related party transactions in excess of \$10,000 are disclosed. Corresponding transactions from the other side are not disclosed.

Note 5: Loans to others.

Note 6: Companies signed agency agreements with subsidiaries and second-tier subsidiary, and the subsidiaries and second-tier subsidiary act as product sales agent.

Note 7: Commission revenue was based on agency contract, others were based on agreed conditions.

Note 8: Transaction items follow the agreement.

Test Research, Inc. and Subsidiaries  
Information on investees  
Three months ended March 31, 2020

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020		Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value				
Test Research, Inc.	TRI INVESTMENTS LIMITED	Samoa	Investment holdings	\$ 219,811	\$ 219,811	6,724,109	100	\$ 655,001	(\$ 7,062)	(\$ 6,903)		None
Test Research, Inc.	DOLI TRADING LIMITED	British Virgin Islands	Trading	131,973	131,973	801	100	39,145	3,774	5,217		Note 2
Test Research, Inc.	TEST RESEARCH USA, INC.	United States	Trading	61,299	61,299	1,518,935	100	49,441	2,457	2,457		None
Test Research, Inc.	TRI TEST RESEARCH EUROPE GMBH	Germany	Trading	17,679	17,679	-	100	28,105	( 2,308)	( 2,308)		Note 1
Test Research, Inc.	TRI JAPAN CORPORATION	Japan	Trading	10,750	10,750	720	100	12,387	( 1,132)	( 1,132)		None
Test Research, Inc.	TRI MALAYSIA SDN. BHD	Malaysia	Trading	2,066	2,066	1,000,000	100	14,266	( 882)	( 882)		None
Test Research, Inc.	TRI KOREA CO., Ltd.	Korea	Trading	10,750	-	80,000	100	9,974	( 27)	( 27)		None

Note 1: A limited liability company.

Note 2: The investment loss included the elimination of intercompany transactions.



Test Research, Inc. and Subsidiaries  
Information on investments in Mainland China - Basic information  
Three months ended March 31, 2020

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020 (Note 3)	Net income of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the three months ended March 31, 2020 (Note 2(2)C.)	Book value of investments in Mainland China as of March 31, 2020 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TRI Electronic (Shenzhen) Limited	Manufacture and sales of test equipment	\$ 92,186	2	\$ 22,669	\$ -	\$ -	\$ 22,669	(\$ 203)	100	(\$ 203)	\$ 507,960	\$ -	Note 5
TRI Electronic (Suzhou) Limited	Manufacture and sales of test equipment	78,250	2	60,450	-	-	60,450	( 5,678)	100	( 5,678)	74,814	-	Note 5
TRI Electronic (Shanghai) Limited	Import and export of equipment, consulting and after-sale maintenance service of equipment	117,878	2	117,878	-	-	117,878	( 1,181)	100	( 1,181)	69,466	-	Note 5
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020 (Note 3)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)										
Test Research, Inc.	\$ 200,997	\$ 276,688	\$ 3,386,922										

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Reinvested through TRI INVESTMENTS LIMITED)
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the three months ended March 31, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements were audited and attested by R.O.C. parent company's CPA.
  - C. It was recognised based on the unreviewed self-prepared financial statements provided by the investee.

Note 3: The amount was originally denominated in USD and was translated to NTD at the exchange rate (1:30.23) prevailing at the balance sheet date.

Note 4: The highest of \$80,000, 60% of the stockholder's equity and 60% of consolidated net assets.

Note 5: Including net changes of realised and unrealised profit from sales.

Test Research, Inc. and Subsidiaries  
Major shareholders information  
March 31, 2020

Table 6

Name of major shareholders	Shares	Ownership (%)
	Number of shares held	
Chieh-Yuan, Chen	37,889,235	16.04%
Mei-Hsing, Yeh	17,338,054	7.34%
Der-Hsin Investment Co., Ltd.	13,464,174	5.69%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital reflected in the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data is disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10%, in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to the Market Observation Post System.