Stock code: 2464

MIRLE AUTOMATION CORPORATION

ANNUAL REPORT 2020

Company website: https://www.mirle.com.tw

Link to annual report on Market Observation Post System: http://mops.twse.com.tw

智能自動化領導者

Intelligent Automation Leader

Date of publication: May 20, 2021

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Table of Contents

Page

Chapter One. Report to Shareholders 1

Chapter Two. Company Profile

I. Date of establishment 3

II. Company history 3

Chapter Three. Corporate Governance Report

I. Organizational 7

II. Background information of directors, supervisors, the president, vice presidents, assistant vice presidents, and heads of various departments and branches 10

III. Compensation paid to directors, supervisors, the president, and vice presidents in the last year 16

IV. Corporate governance 19

V. Disclosure of CPA remuneration 47

VI. Change of CPA 47

VII. Any of the company's chairman, president, or any manager involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year 47

VIII. Details of shares transferred or pledged by directors, supervisors, managers, and shareholders with more than 10% ownership interest in the last year, up until the publication date of annual report 48

IX. Relative relationship information of top ten shareholders in terms of shareholding ratio who are related parties, spouses or second-tier relatives: 50

X. Investments jointly held by the company, the company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the company, with shareholding disclosed in aggregate of the above parties 51

Chapter Four. Capital Overview

I. Capital and outstanding shares 52

II. Corporate bond handling status 59

III. Status of new share issuance due to preferred shares, overseas depositary receipts, employee stock options, new shares with restricted employee rights, M&A or share transfer from other companies: 59

IV. Execution status of fund utilization plan 59

Chapter Five. Business Operation Overview

I. Description of business operation 60

II. Market, production and sales overview 86

III. Employees 99

IV. Environmental protection expenditure information 99

V. Labor-management relations 99

VI. Major contracts 101
Chapter Six. Financial Overview
I. Summary balance sheet and statement of comprehensive income for the last 5 years 102
II. Financial analysis for the last 5 years 107
III. Supervisor's review of the latest financial reports 112
IV. Consolidation financial statement from the most recent year 113
V. Individuals financial statements from the most recent year 113
VI. Impacts of latest financial difficulties encountered by the company and Its affiliated enterprises on company's financial standing in the most recent year and up to the date the report was printed: 113
Chapter Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues
I. Financial position 114
II. Financial performance 115
III. Cash flow analysis 116
IV. Material capital expenditures in the last year and impacts on financial position and business performance 116
V. The reinvestment policy in the most recent year and main reasons for profits or losses and the improvement plan and the investment plan for the coming year 116
VI. Risk management and assessment 117
VII. Other important matters 119
Chapter Eight. Special Disclosure
I. Related information of affiliated enterprises 120
II. Management of private placement securities in the most recent year and up to the date the annual report was printed 124
III. Holding or disposal of the company's shares by subsidiaries in the last financial year, up until the publication date of annual report 124
IV. Other supplementary information 124
V. Occurrences significant to shareholders' equity or security price in the last year up until the publication date of annual report: 124
Attachment 1 Consolidation financial statement from the most recent year 125
Attachment 2 Individuals financial statements from the most recent year 196

Chapter One. Report to Shareholders

Ladies and gentlemen:

The spread of COVID-19 and ongoing trade dispute between USA and China had severely undermined performance of world's major economies and the world as a whole in 2020. Many countries even went as far as imposing lock-downs and border controls in an attempt to prevent the disease from spreading, which significantly deterred investments from manufacturers on a global scale. The Company had taken a "calculated approach" during the troublesome year, committing wholeheartedly into researching innovative equipment needed for high-end production processes. Despite the ongoing pandemic, MIRLE still managed to strengthen its leadership position and advantage in smart automation technologies, generating consolidated net revenues of NT$8.909 billion and consolidated net income of NT$510 million in 2020 that is equivalent to an after-tax basic EPS of NT$2.63.

Impact of COVID-19 on the global economy should subside in 2021, and as the global economy recovers, investment and demand for automated equipment will rise as well. Given that "Mirle Group" is a company capable of delivering turnkey smart automation systems to world's top-tier businesses and has a track record of improvements in terms of marketing, strategies, product positioning, technological innovation, product R&D, manufacturing, installation, and management, the Company will be adopting "Enlarge My Border (1Ch 4:10)" as its operational focus in 2021.

The 2020 operational performance and the 2021 business prospects are reported below:

I. 2020 business report

1. Results of business performance

   The Company reported consolidated net revenues of NT$8.909 billion in 2020, down 28.77% from the previous year. Consolidated net income was concluded at NT$510 million, down 24.69% from the previous year, whereas basic EPS was calculated at NT$2.63, representing a decline of NT$0.86 from the previous year. These declines were mainly attributed to the COVID-19 pandemic and ongoing trade disputes between USA and China, which caused overall market demand to fall below expectation.

2. Research and development:

   Key technologies successfully developed in the current year up until the publication date of annual report (those that have been awarded utility model, design, and invention patents):

   (1) Pallet delivery equipment and delivery device
   (2) Industrial equipment and cyclonic ventilation device
   (3) Glass forming equipment
   (4) Automated delivery deployment system
   (5) A method of increasing the precision of substrate and mask positioning on evaporator
   (6) Detection equipment and organic compound detector
   (7) Environment detection system and detection equipment
   (8) Mold control method and injection molding machinery
   (9) Compartment mechanism for reducing oxygen concentration in molds
   (10) Transport vehicle for delivering panel components
   (11) Shuttle cart
   (12) Glass Panel Attachment equipment

II. 2021 business plan

1. Business strategies:

(1) Operational focus: MIRLE will be focusing on "enlarge my border."

(2) Operational goals:

- Marketing - develop communication channels with world's top-tier businesses, and survey customers' expectations for equipment and system supply chain.
- R&D - build the technological capacity needed to satisfy world's top-tier businesses.
- Quality assurance - To meet the rigorous reviews of world's top-tier businesses.

2. Policy of production and sales:

(1) Technological advantage: Acquire complete system integration technologies and develop automated equipment for energy conservation and environmental protection purposes.

(2) Product integration: Provide system integration solutions that enable coordination between logistics, manufacturing, robotics, industrial control, and information systems.

(3) Business model: Continue exploring innovative products and technologies in automation, and offer turnkey solutions for sales growth.

(4) R&D capacity: Strengthen R&D capability in new fields, new products, and new technologies, and produce functional data and analyses on automated equipment and systems.

3. Future strategies, impacts of the competitive environment, regulatory environment, and the overall business environment:

(1) Future strategies:

- Make organizational adjustments in ways that maximize human resources potentials; coordinate talents, partners, and resources of different nations for maximal yield and reduced costs; and share technologies across borders for mutual improvement of competitiveness.
- Continue exploring a business model that is supported by innovation and competitive advantage; develop proper management practices for production procedures and knowledge; integrate internal as well as external resources; gain knowledge on market trends; and build MIRLE as a local brand everywhere around the world.
- Adopt "turnkey marketing" to increase sales and market share.

(2) Impacts of the competitive environment, regulatory environment, and macroeconomic environment:

In order to meet the related law revision, MIRLE adopts appropriate measures and amended internal policies in response to regulatory changes.

We would like to express our most sincere gratitude for the presence and guidance of our shareholders. We at Mirle pride ourselves for our diligence, persistence, innovation, passion, and a conviction of delivering perfection on the first try, and will continue maximizing returns and values for our shareholders, for which we look forward to your continuous support in return.

We wish all our shareholders
A prosperous year ahead

Mirle Automation Corporatic
Chairman: Houng Sun
Manager: Houng Sun
Head of Accounting: Max Li

Chapter Two. Company Profile

I. Date of establishment: February 2, 1989

II. Company history:

Year	Major events
1988	• Received approval from Science Park Guidance Committee to construct plant facilities
1989	• Incorporated with a paid-up capital of NT$233,750,000. • The Industrial Technology Research Institute (ITRI), Ministry of Economic Affairs, contributed capital in the form of technology, which increased paid-up capital to NT$275,000,000
1990	• Made cash issue of NT$116,875,000 while ITRI contributed capital of NT$20,625,000 in the form of technology, which increased paid-up capital to NT$412,500,000.
1992	• Made cash issue of NT$116,875,000 while ITRI contributed capital of NT$20,625,000 in the form of technology, which increased paid-up capital to NT$550,000,000. • The Ministry of Economic Affairs approved subsidies totaling NT$23,000,000 for the development of lead product - smart injection molding machine controller
1994	• The Ministry of Economic Affairs approved subsidies totaling NT$25,981,000 for the development of critical parts - high-performance programmable controller
1995	• Securities and Exchange Commission approved public offering of shares. • The science park administration approved critical parts and product subsidies totaling NT$20,549,000 for the development of "automated parking tower."
1997	• The Ministry of Economic Affairs approved the Company's 1997 Private Business Technology Project Application and granted subsidies totaling NT$12,000,000 for - automation of PCB component-assembling surface mount technology. • Invested into Mirle Automation Technology (Shanghai) Co., Ltd.
1998	• The Ministry of Economic Affairs approved the Company's second year (1999) Private Business Technology Project Application and granted subsidies totaling NT$16,000,000 for - "automation of PCB component-assembling surface mount technology."
1999	• Securities and Futures Institute approved share listing on TPEX. • The Company began development of lead product - "PC embedded programmable open controller," for which the Industrial Development Bureau, Ministry of Economic Affairs, approved subsidies totaling NT$9,850,000.
2000	• Shares of Mirle were reclassified to the electronics sector in July.
2001	• Common shares of Mirle Automation were approved by Securities and Futures Institute and Taiwan Stock Exchange Corporation (TWSE) to list on TWSE with a stock code of: 2464. • Issued additional capital of NT$78,814,500.

Year	Major events
2002	• The Company's terminal electrode deep coater won Hsinchu Science Park Innovative Product Award. • Passed certification for IS 9001:2000.
2003	• Mirle moved into Tainan Science Park with the establishment of Tainan Science Park Office. • "An intelligent method for controlling injection molding machine" was awarded patent in the United States. • "Automated deep coater and deep-coating method" was awarded patent in the Republic of China.
2004	• Issued NT$500 million of domestic convertible bonds to finance future growth of operations. • The Ministry of Economic Affairs approved subsidies totaling NT$37,590,000 for the development of "Key Equipment and Technology Integration Program for Flat Panel Display" • Won 2003 Outstanding Businesses Award from National Tax Administration.
2005	• The Industrial Development Bureau, Ministry of Economic Affairs, approved the renewal of "Certificate of Registration as a Technological Service Organization." Automation technologies qualified for the registration included: A2 - Materials storage and transportation technology counseling, and A3 - Production technology counseling.
2006	• Chairman Sun won the 2006 Outstanding Directors and Supervisors Award of Chinese National Federation of Industries. • Chairman Sun was named Honorary Chairman of "Taiwan Society of Manufacture Engineering and Automation Technology." • Chairman Sun was named Honorary Chairman of "Society of Manufacturing Engineers." • Won 2006 IBM System X Best Distributor and IBM System Storage Best Selling Partner.
2007	• Department of Industrial Technology, Ministry of Economic Affairs, approved subsidies totaling NT$18,534,000 for the development of "Key Equipment and Technology Integration Program for Large LCD Panel - LCD Chroma/Film Thickness Measurement Technology." • Industrial Development Bureau, Ministry of Economic Affairs, approved subsidies totaling NT$9,910,000 for the development of lead product - "Electro-hydraulic servo valve for injection molding machine." • Development of glass forming machine completed and began mass production and sale. • Received certificate of appreciation from Industrial Development Bureau for "Localized Production of LCD Equipment." • "Cleanroom Stocker" won Hsinchu Science Park Innovative Product Award.

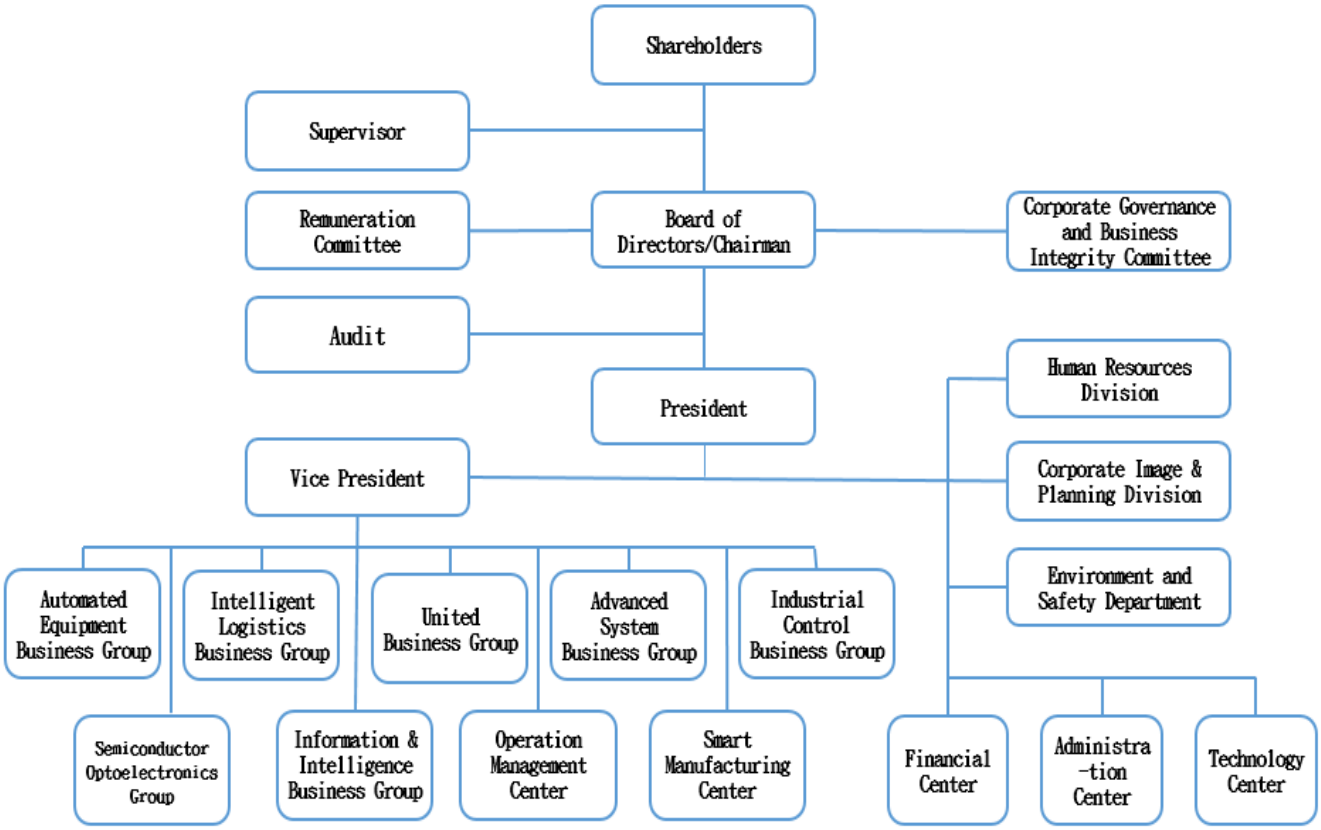
Year	Major events
2008	● Mirle Shanghai headquarter's self-constructed plant was commissioned into operation. ● Named "2007 Outstanding Contractor for Work Safety" by Chi Mei Optoelectronics.
2009	● Mirle's Tainan Science Park Factory was commissioned into operation. ● Won IBM System X Best Distributor ● Ranked 2nd in IBM System Storage Best Selling Partner.
2010	● "Automatic Control Method of Laser Cutting Apparatus" was awarded invention patent in the Republic of China. ● "Image Signal Processing Method and Device for Integrity Testing of Flat Display Panel" was awarded invention patent in the Republic of China. ● Won IBM Solution Partner of the Year. ● Won IBM System X Extraordinary Distributor and Service Best Contribution Award. ● Ranked 1st in IBM System/System Storage Best Selling Partner.
2011	● Began construction of new plant at Houli, Central Taiwan Science Park. The plant occupies 2.36 hectares of land and has 26,000 square meters of floor space. ● Won 2011 IBM Solution Partner of the Year, System Storage /Power Systems Best Selling Partner, System X Best Distributor, and Service Best Contribution. ● Established David Investment Co., Ltd. and IoT Services Information System Corporation.
2012	● Central Taiwan Science Park Factory in Houli was commissioned into operation. ● Won 2012 IBM Pure System Key Contribution Award (Flex System), Service of the Year Award, Storage Specialty Elite Partner Award, and IBM Best Partner Award. ● Awarded 6 utility model patents in the Republic of China, 4 utility model patents in the People's Republic of China, and 1 invention patent in Korea.
2013	● Won 2013 IBM Service of the Year Award, STG Best Contribution Award, SWG Best Contribution Award, and 2013 Customer Satisfaction Award. ● Awarded 2 invention patents and 16 utility model patents in the Republic of China.
2014	● Class 10 (0.1μm) Stocker System was successfully developed in Central Taiwan Science Park Factory. ● Won 2014 IBM Best Cloud Partner Award, Best Contribution of the Year Award, and Best Selling Partner Award. ● Awarded 6 invention patents and 7 utility model patents in the Republic of China, and 1 invention patent and 11 utility model patents in the People's Republic of China.
2015	● Won 2015 IBM Information Infrastructure Service Outstanding Seller Award and Outstanding Contributor of the Year Award. ● Established Mirle Taipei Branch. ● Awarded 4 invention patents and 10 utility model patents in the Republic of China, and 2 invention patent and 10 utility model patents in the People's Republic of China.

Year	Major events
2016	• Chairman Sun was awarded the 5th academicians of ITRI. • New plant at Kunshan was built. • Began phase-2 construction of Central Taiwan Science Park Plant. • Awarded 11 invention patents and 26 utility model patents in the Republic of China, and 22 utility model patents in the People's Republic of China.
2017	• Kunshan Plant completed • The Company's PLC FS-800 obtained IEC61508 certification for functional safety (SIL2). • Awarded 24 invention patents and 28 utility model patents in the Republic of China, 2 invention patents and 28 utility model patents in the People's Republic of China, and 3 utility model patents in Japan.
2018	• Won 2017 Award for International Trade - Best Contributor from Bureau of Foreign Trade, Ministry of Economic Affairs. • Awarded 17 invention patents and 12 utility model patents in the Republic of China, 4
2019	• Construction of new plant at Tongluo began. • Named "Outstanding Supplier" by Xianyang Caihong Optoelectronics Technology. • Received "Certificate of Appreciation" for music development from Taoshan Primary School. • Awarded 5 invention patents and 1 utility model patent in the Republic of China, 6 invention patents and 2 utility model patents in the People's Republic of China, 3
2020	• Organized "Messages of Love: Used Book Donation" event to support the underprivileged and promote reading as a parental activity. • Named "TOP 10 Intelligent Manufacturing System Solution Providers" during the 6th The Capek Prize. • Participated in the "2020 Hsinchu Christmas Gift in A Shoe Box" event, and helped fulfill wishes of underprivileged children. • President Sun Houng was named 2020 EY Entrepreneur of The Year. • Awarded 2 invention patents and 6 utility model patents in the Republic of China, 7 invention patents and 2 utility model patents in the People's Republic of China, 1 design patent, and 3 invention patents in the United States.

Chapter Three. Corporate Governance Report

I. Organization:

(I) Organizational structure



(II) Responsibilities of main departments

Department	Department duties
President's Office	● Responsible for strategic planning, operational analysis, and public relations of the Company. ● Responsible for personnel management, recruitment, and training. ● Design and execution of corporate identity and brand marketing programs. ● Safety and health planning and management.
Audit Unit	● Assisting the board of directors and managers to check and review whether the design and implementation of the internal control system are effective, and measuring the effectiveness and efficiency of operations. ● Performing internal audit work in accordance with the audit plan approved by the board meeting, performing the audit work of various projects based on actual conditions, and assisting in strengthening corporate governance and various risk control assessments.
Automated Equipment Business Group	● Planning, designing, and manufacturing automated logistics systems. ● Planning, design, and manufacturing of glass-based optical lenses and other optics molding equipment.
Intelligent Logistics Business Group	● Planning, designing, and manufacturing new logistics automation systems for e-commerce, supermarkets and the logistics industry.

Department	Department duties
Information & Intelligence Business Group	● Planning, consultation, and implementation service for integrated information system solutions. ● Planning, consultation, and implementation service for corporate information security: ● Industry applications. ● AI and industry smart applications.
Industrial Control Business Group	● Developing and manufacturing industrial computers and various industrial controllers. ● Planning and designing the war situation room system.
Advanced System Business Group	● Planning, designing, and manufacturing advanced process equipment systems for clean rooms in optoelectronic and semiconductor industries. ● Developing the control system software for intelligent logistics systems.
Semiconductor Optoelectronics Group	● Planning, designing, and manufacturing advanced automated logistics systems for clean rooms in the optoelectronic and semiconductor industries
Smart Manufacturing Center	● Formulating production goals, managing production costs, and achieving production capacity goals and quality.
United Business Group	● Gathering of market intelligence, investigation, and forecast. ● Proposal and execution of business plans. ● Customer credit investigation and collection of receivables. ● Distribution and collaborative sale of strategic products. ● Turnkey intelligent automation system and advanced production equipment.
Financial Center	● Preparing annual budget, financial accounting, financial statements and operational analysis reports. ● Planning, executing and controlling taxation, finance and stock affairs. ● Effectively using and managing working capital. ● Analyzing the operations of group reinvestment businesses.
Administration Center	● Equipment management, raw material purchase, and import/export matters. ● Planning and managing general affairs and the coordination of factory resources. ● Warehouse management. ● Enforcement and support of an energy conservation and carbon reduction system. ● Supervision and back-end support for overseas projects. ● Auditing and improvement tracking of the quality system. ● Comprehensively handling the drafting of various contracts, reviewing and providing legal consulting services related to the business.
Technology Center	● Research and development of new technologies and products. ● Structural analysis, logistics simulation analysis, material analysis, fatigue analysis and vibration analysis of automated equipment systems.

	● Technical R&D document management.
Operation Management Center	● Planning, designing, implementing and guiding information management policies and systems. ● Planning, maintenance, and security management of computer hardware/peripherals and communication software/program. ● Improving work process efficiency, collecting and analyzing production and operation information, increasing production efficiency, and strengthening software and hardware infrastructure and information systems.

II. Background information of directors, supervisors, the president, vice presidents, assistant vice presidents, and heads of various departments and branches

(I)-1 Background information of directors and supervisors

April 13, 2021

Title	Nationality or place of registration	Name	Gender	Date elected (appointed)	Service term	Date first elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remark
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	The Republic of China	Houng Sun	Male	2019.6.14	3 years	1989.1.18	3,823,059	1.96%	3,823,059	1.96%	509,929	0.26%	-	-	Ph.D. in Mechanical Engineering, University of Wisconsin ITRI Mechanical and Mechatronics Systems Lab - Deputy Head	Mirle Automation Corporation - President Mirle Automation Technology (Shanghai) Co., Ltd. - Chairman Mirle Automation (KunShan) Co., Ltd. - Chairman Main Drive Corporation - Chairman	-	-	-	Note 1
Director	The Republic of China	Lien Sheng Investment Co., Ltd.	-	2019.6.14	3 years	1989.1.18	8,895,541	4.55%	8,895,541	4.55%	-	-	-	-	Department of Accounting, Hsingwu University Fu Sheng Industrial Co., Ltd. - Manager of Chairman's Office	Lien Sheng Investment Co., Ltd. - Director	-	-	-	
		Representative: Wei-Chen Lee	Female	-	-	-	-	-	-	-	-	-	-	-			-	-	-	
Director	The Republic of China	I-MEI Foods Co., Ltd.	-	2019.6.14	3 years	2010.6.9	11,496,066	5.88%	11,496,066	5.88%	-	-	-	-	Taipei Municipal High School of Commerce I-MEI Foods Co., Ltd. - Vice President of Finance	I-MEI Foods Co., Ltd. - Vice President of Finance	-	-	-	
		Corporate representative: Ning-Min Wang	Male	-	-	-	60,811	0.03%	-	-	-	-	-	-			-	-	-	Note 2
		Corporate representative: Feng-Hsi Wei	Female	-	-	-	-	-	-	-	-	-	-	-			-	-	-	Note 2
Independent Director	The Republic of China	Ching-Yi Wang	Male	2019.6.14	3 years	2007.4.27	-	-	-	-	33,660	0.02	-	-	Master of Accounting, University of Illinois Bachelor of Accounting, National Cheng Kung University College of Commerce Deloitte Taiwan - former Chairman Ching Yi CPAs - Chairman	T N Soong Foundation - Director Yuan Ze University - Director Mirle Automation Corporation - Independent Director Pacific SOGO Department Stores Co., Ltd. - Supervisor SunWay Biotech Co., Ltd. - Independent Director, Remuneration Committee member, and Audit Committee member	-	-	-	
Independent Director	Republic of China	Chia-Ming Hsu	Male	2019.6.14	3 years	2010.6.9	63,803	0.03%	63,803	0.03%	-	-	-	-	Chartered Engineer/Ph.D. in Engineering, Technische Universität Berlin School of Mechanical Engineering Department of Mechanical Engineering Feng Chia University - Professor/Head of Department/President Chief of Preparatory Division, National Space Program Office, Executive Yuan ITRI Mechanical and Mechatronics Systems Lab - Head Norm Pacific Automation Corp. - Chairman Chienkuo Technology University - President	Mirle Automation Corporation - Independent Director	-	-	-	
Supervisor	The Republic of China	Chih-Ming Kao	Male	2019.6.14	3 years	2011.6.22	1,337,983	0.68%	1,337,983	0.68%	78,183	0.04%	-	-	Mechanical Division, Department of Agricultural Engineering, National Taiwan University	I-MEI Foods Co., Ltd. - President Taiwan News - Publisher Openfind Information Technology, Inc. - Chairman I-Me-I Information Technology Co., Ltd. - Chairman I-Mei Environmental Protection Foundation - CEO Digital Taiwan Roundtable - Chairman	-	-	-	
Supervisor	The Republic of China	Chang Hsu	Male	2019.6.14	3 years	2010.6.9	-	--	-	-	8,686	0.00%	-	-	Ph.D. in Industrial Engineering, Purdue University Industrial Technology Research Institute - Quality Management Representative Asia Pacific Metrology Programme (APMP) - Executive Committee Member	Industrial Technology Research Institute Center for Measurement Standards - Consultant Chinese Metrology Society - Standing Director Sanlien Technology Culture and Education Foundation - Director FocalTech Systems Co., Ltd. - Independent Director	-	-	-	
Supervisor	The Republic of China	Chun-Te Chang	Male	2019.6.14	3 years	2006.5.30	815,000	0.42%	815,000	0.42%	79,000	0.04%	-	-	Master of Accounting, Soochow University Ministry of Finance Audit Team - Auditor Licensed Accountant (since 1982)	UHY L&C Company - Partner Accountant Chunghwa Telecom Foundation - Supervisor Shang-En Info Co., Ltd. - Supervisor Up Young Cornerstone Corp. - Independent Director	-	-	-	

Note 1:Chairman and President Sun Houng, Ph.D., was the founder of Mirle. For 32 years, the Chairman has demonstrated strong insight and industry knowledge in smart automated equipment/system (and was selected as one of ITRI's 5th panel of academicians). His decisiveness, vision, and innovative thinking combined with exceptional administrative skills accumulated over many years have led Mirle through ups and downs of the industry to become a leading supplier of smart automation solutions. The Chairman not only has deep insight of where the industry is progressing and the ability to plan future strategies, his strong sense of purpose and leadership has enabled him to take advantage of his concurrent Chairman and President roles, allowing decisions to be made and executed at improved efficiency for many years.

For continuity and sound corporate governance practice, the Company has taken the initiative to train the next generation of managers, and will have Chairman and President positions undertaken by different persons to better conform with corporate governance trends and requirements. Alternatively, additional independent directors may be introduced to the board to better support corporate governance.

Note 2: Mr. Ning-Min Wang, corporate representative of I-MEI Foods Co., Ltd., departed from duty on 2020/6/9, and was succeeded by Ms Feng-Hsi Wei on 2020/6/9.

(I)-2 Major shareholders of corporate shareholders

Name of corporate shareholder	Corporate shareholder's major shareholders
Lien Sheng Investment Co., Ltd.	L.C. Lee, Hsiu-Chuan Lee, Meng-Fen Lee, Wei-Chen Lee, Yen-Te Lee, Ying-Tsun Lee, Ting-Yi Lee, Yueh-Hsun Lee, Po-I Lee, I-Chen Lee
I-MEI Foods Co., Ltd.	Chih-Ming Kao, Chih-Shang Kao, Chih-Cheng Kao, Chih-Yuan Kao, Hsiu-Hsia Kao Sung

(I)-3 Background information of directors and supervisors

Name	Criteria	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note)												Number of positions as independent director in other public companies
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman	Houng Sun			✓				✓		✓		✓	✓	✓	✓	✓	0
Director	Lien Sheng Investment Co., Ltd. Representative: Wei-Chen Lee			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Director	I-MEI Foods Co., Ltd. Corporate representative: Feng-Hsi Wei			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Independent Director	Ching-Yi Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Chia-Ming Hsu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Supervisor	Chih-Ming Kao			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Supervisor	Chang Hsu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Supervisor	Chun-Te Chang	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: A "✓" is placed in the box if the director or supervisor met the following conditions at any time during active duty and two years prior to the date elected.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel

listed in (2) or (3).

(5) Not a director, supervisor, or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).

(6) Not a director, supervisor or employee of any other company that controls directorship in the company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as chairman, president or equivalent role, and is not a director, supervisor, or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws.)

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).

(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Actt.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of The Company Act.

(12) Not elected as a government or corporate representative according to Article 27 of the Company Act.

(II) Background information of President, vice presidents, assistant vice presidents, and heads of departments and branches

April 13, 2021

Title	Nationality	Name	Gender	Date onboard	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman and President	The Republic of China	Houng Sun	Male	1989.03	3,823,059	1.96%	509,929	0.20%	-	-	Ph.D. in Mechanical Engineering, University of Wisconsin ITRI Mechanical and Mechatronics Systems Lab - Deputy Head	Mirle Automation Technology (Shanghai) Co., Ltd. - Chairman Mirle Automation (KunShan) Co., Ltd. - Chairman Main Drive Corporation - Chairman	-	-	-	Note 2
Vice President (Note 3)	The Republic of China	Shih-Tung Lin	Male	1989.03	18,991	0.01%	83,899	0.04%	-	-	Graduated from Department of Mechanical Engineering, National Cheng Kung University ITRI Mechanical and Mechatronics Systems Lab - Assistant Engineer	Mirle Automation Technology (Shanghai) Co., Ltd. - Director Mirle Automation (KunShan) Co., Ltd. - Director MIRLE AUTOMATION INTER CO., LTD. - Director JCC Software Company - Director	-	-	-	
General Manager of Automated Equipment Business Group	The Republic of China	Kao-Jui Chu	Male	1989.03	132,911	0.07%	-	-	-	-	Graduated from Department of Electrical Engineering, Chung Yuan Christian University ITRI Mechanical and Mechatronics Systems Lab - Associate Researcher	-	-	-	-	
Intelligent logistics business group - General Manager	The Republic of China	Chih-Chiang Chu	Male	1999.05	95,760	0.05%	23,460	0.01%	-	-	Graduated from Postgraduate Study of Mechanical Engineering, National Central University ITRI Mechanical and Mechatronics Systems Lab - Associate Researcher	-	-	-	-	
Advanced System Business Group - General Manager (Note 3)	The Republic of China	Hao-Sheng Li	Male	2002.09	5,936	0.00%	-	-	-	-	Graduated from Postgraduate Study of Mechanical Engineering, National Central University Nanya Technology - Engineer	-	-	-	-	
Technology Center - Deputy General Manager of Technology	The Republic of China	Tsung-Hsien Tsai	Male	1989.03	159,346	0.08%	967	0.00%	-	-	Ph.D. in Mechanical Engineering, University of Wisconsin ITRI Mechanical and Mechatronics Systems Lab - Section Chief	-	-	-	-	
Financial Center - CFO	The Republic of China	Max Lin	Male	2015.01	50,135	0.03%	10,000	0.00%	-	-	Graduated from Department of Accounting, Feng Chia University Deloitte Taiwan - Assistant Vice President	Mirle Automation Technology (Shanghai) Co., Ltd. - Supervisor Mirle Automation (KunShan) Co., Ltd. - Supervisor MIRLE AUTOMATION INTER CO., LTD. - Director JCC Software Company - Superivsor	-	-	-	
Automated Equipment Business Group - Deputy General Manager	The Republic of China	Chia-Jung Chen	Male	1989.03	102,438	0.05%	-	-	-	-	Graduated from Department of Mechanical Engineering, Tamkang University ITRI Mechanical and Mechatronics Systems Lab - Associate Engineer	-	-	-	-	
Automated Equipment Business Group - Deputy General Manager	The Republic of China	Wen-Jen Li	Male	1997.12	44,867	0.02%	6,839	0.00%	-	-	Graduated from Department of Electrical Engineering, Chung Yuan Christian University Avision - Engineer	-	-	-	-	
Information & Intelligence Business Group - Deputy General Manager	The Republic of China	Yu-Tsai Tsai	Male	1999.12	-	-	-	-	-	-	Department of Information, Chung Hua University Coretronic Corporation - Engineer	-	-	-	-	
Information & Intelligence Business Group - Deputy General Manager	The Republic of China	Yen-Ching Ni	Female	1999.03	1,758	0.00%	-	-	-	-	Graduated from Postgraduate Study of Management Science, National Chiao Tung University Taiwell Technology Co., Ltd. - Engineer	-	-	-	-	
Advanced System Business Group - Deputy General Manager	The Republic of China	Chin-Chang Huang	Male	1997.07	10,000	0.00%	-	-			Graduated from Department of Industrial Engineering and Management, Da-Yeh University	-	-	-	-	
Industrial Control Business Group - Deputy General Manager	The Republic of China	Tsai-Hsing Lin	Male	1989.03	2,232	0.00%	-	-	-	-	Graduated from Postgraduate Study of Power Mechanical Engineering, National Tsing Hua University ITRI Mechanical and Mechatronics Systems Lab - Associate Researcher	-	-	-	-	

Title	Nationality	Name	Gender	Date onboard	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Robotic System Business Group - General Manager	The Republic of China	Yu-Kang Fang	Male	1989.09	-	-	-	-	-	-	Graduated from Institute of Mechanical Engineering, Texas State University ITRI Mechanical and Mechatronics Systems Lab - Associate Engineer	Mirle Automation Technology (Shanghai) Co., Ltd. - Director	-	-	-	Note 4
Industrial Control Business Group - General Manager	The Republic of China	Ching-Hsiang Chiu	Male	1989.03	-	-	-	-	-	-	Graduated from Postgraduate Study of Control Engineering, National Chiao Tung University ITRI Mechanical and Mechatronics Systems Lab - Manager	Mirle Automation (KunShan) Co., Ltd. - Director	-	-	-	Note 5
Administration Center - General Manager of Administration	The Republic of China	Cheng-Chih Chang	Male	1989.03	-	-	-	-	-	-	Graduated from Postgraduate Study of Business Administration, Pacific Western University ITRI Mechanical and Mechatronics Systems Lab - Section Chief	-	-	-	-	Note 6
Robotic System Business Group - Deputy General Manager	The Republic of China	Te-Hung Yeh	Male	2001.05	-	-	-	-	-	-	Graduated from Department of Mechanical Engineering, National Cheng Kung University Eli Lilly and Company (Taiwan), Inc. - Engineer	-	-	-	-	Note 7
General Manager of Automated Equipment Business Group	The Republic of China	Chung-I Kuo	Male	1989.03	-	-	-	-	-	-	Graduated from Department of Mechanical Engineering, Tamkang University ITRI Mechanical and Mechatronics Systems Lab - Manager	-	-	-	-	Note 8

Note 1: The Company has not issued employee warrant to date.

Note 2: Chairman and President Sun Houng, Ph.D., was the founder of Mirle. For 32 years, the Chairman has demonstrated strong insight and industry knowledge in smart automated equipment/system (and was selected as one of ITRI's 5th panel of academicians). His decisiveness, vision, and innovative thinking combined with exceptional administrative skills accumulated over many years have led Mirle through ups and downs of the industry to become a leading supplier of smart automation solutions. The Chairman not only has deep insight of where the industry is progressing and the ability to plan future strategies, his strong sense of purpose and leadership has enabled him to take advantage of his concurrent Chairman and President roles, allowing decisions to be made and executed at improved efficiency for many years.

For continuity and sound corporate governance practice, the Company has taken the initiative to train the next generation of managers, and will have Chairman and President positions undertaken by different persons to better conform to corporate governance trends and requirements. Alternatively, additional independent directors may be introduced to the board to better support corporate governance.

Note 3: Vice President Shih-Tung Lin concurrently serving as President of Joint Business Group、President of Information and Intelligence Business Group、President of Operation Management Center、President of Smart Manufacturing Center，Hao-Sheng Li President of Advanced System Business Group concurrently serving as President of Industrial Control Business Group 、President of Semiconductor Optoelectronics Group

Note 4: General Manager Yu-Kang Fang of Robotic System Business Group retired on 2020/9/25, The shareholding field is not applicable.

Note 5: General Manager Ching-Hsiang Chiu of Industrial Control Business Group retired on 2020/8/27, The shareholding field is not applicable.

Note 6: General Manager of Administration Cheng-Chi Chang, Administration Center, retired on 2020/5/31, The shareholding field is not applicable.

Note 7: Deputy General Manager Te-Hung Yeh of Robotic System Business Group retired on 2021/2/5, The shareholding field is not applicable.

Note 8: Former General Manager Chung-I Kuo of Automated Equipment Business Group was reassigned to the role of consultant on 2020/1/1, and retired on 2020/2/29, The shareholding field is not applicable.

III. Compensation paid to directors, supervisors, the president, and vice presidents in the last year

(I) Compensation to non-independent and independent directors (aggregate disclosure of directors' names and range of compensation)

Unit: NTD thousands; %

Title	Name	Directors' compensation								Sum of A, B, C, and D as a percentage of net income (%)		Compensation received as employee								Sum of A, B, C, D, E, F, and G as a percentage of net income (%)		Compensation from parent company or business investments other than subsidiaries
		Benefits (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash dividends	Stock dividends	Cash dividends	Stock dividends			
Chairman	Houng Sun	0	0	0	0	6,396	6,396	360	360	1.1316	1.1316	14,393	14,393	0	0	23	0	23	0	1.3205	1.3205	0
Director	Lien Sheng Investment Co., Ltd.																					
Director	I-MEI Foods Co., Ltd.																					
Independent Director	Ching-Yi Wang																					
Independent Director	Chia-Ming Hsu																					

1. Please explain the policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed:
Pursuant to Article 43 of the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 1% and director (including independent director) and supervisor remuneration of no more than 2%. However, profits has to be taken offset against cumulative losses if any. The amount of director and supervisor remuneration changes in line with pre-tax profit, and is considered reasonable.
Furthermore, it is stated in Subparagraph 2, Paragraph 2, Article 6 of Remuneration Committee Charter that directors' and managers' performance shall be evaluated and compensated in comparison to industry peers, while taking into consideration their individual achievements, the Company's overall performance, and association with future risks. Contributions and performance of the two independent directors were comparable, therefore it was reasonable to set compensations at the same level.
2. Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: No.

Note 1: Director/supervisor/employee remuneration for 2020 represent estimates of the proposed amounts. (Estimated based on the allocation percentages in 2019)

Range of compensation to general managers and deputy general managers	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements (H)	The Company	All companies included in the financial statements (I)
Below NT$ 1,000,000	Ching-Yi Wang, Chia-Ming Hsu, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.	Ching-Yi Wang, Chia-Ming Hsu, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.	Ching-Yi Wang, Chia-Ming Hsu, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.	Ching-Yi Wang, Chia-Ming Hsu, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.
NT$ 1,000,000 (inclusive) - NT$ 2,000,000 (non-inclusive)	-	-	-	-
NT$ 2,000,000 (inclusive) - NT$ 3,500,000 (non-inclusive)	Houng Sun	Houng Sun	-	-
NT$ 3,500,000 (inclusive) - NT$ 5,000,000 (non-inclusive)	-	-	-	-
NT$ 5,000,000 (inclusive) - NT$ 10,000,000 (non-inclusive)	-	-	-	-
NT$ 10,000,000 (inclusive) - NT$ 15,000,000 (non-inclusive)	-	-	-	-
NT$ 15,000,000 (inclusive) - NT$ 30,000,000 (non-inclusive)	-	-	Houng Sun	Houng Sun
NT$ 30,000,000 (inclusive) - NT$ 50,000,000 (non-inclusive)	-	-	-	-
NT$ 50,000,000 (inclusive) - NT$ 100,000,000 (non-inclusive)	-	-	-	-
NT$ 100,000,000 and above	-	-	-	-
Total	5	5	5	5

(II) Compensation to supervisors (individual disclosure by name and amount)

Unit: NTD thousands; %

Title	Name	Supervisors' compensation						Sum of A, B, and C as a percentage of net income (%)		Compensation from parent company or business investments other than subsidiaries
		Benefits (A)		Remuneration (B)		Fees for services rendered (C)				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
Supervisor	Chih-Ming Kao	-	-	800	800	60	60	0.1674	0.1674	0
Supervisor	Chang Hsu	-	-	800	800	60	60	0.1674	0.1674	0
Supervisor	Chun-Te Chang	-	-	800	800	60	60	0.1674	0.1674	0

Note 1: Remuneration for 2020 represents estimate of the proposed amount. (Estimated based on the allocation percentage in 2019)

(III) Compensation to General Managers and Deputy General Managers

1. Compensation to General Managers and Deputy General Managers (aggregate disclosure of compensation range and name)

Unit: NTD thousands; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Employee remuneration (D)				Sum of A, B, C, and D as a percentage of net income (%)		Compensation from parent company or business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Houng Sun	19,686	19,686	0	0	26,340	26,340	93	0	93	0	8.9836	8.9836	NO
Vice President (Note)	Shih-Tung Lin													
General Manager of Automated Equipment Business Group	Kao-Jui Chu													
General Manager of Intelligent logistics business group	Chih-Chiang Chu													
General Manager of Advanced System Business Group (Note)	Hao-Sheng Li													

Note：Vice President Shih-Tung Lin concurrently serving as President of Joint Business Group、President of Information and Intelligence Business Group、President of Operation Management Center、President of Smart Manufacturing Center，Hao-Sheng Li President of Advanced System Business Group concurrently serving as President of Industrial Control Business Group、President of Semiconductor Optoelectronics Group

Range of compensation to general managers and deputy general managers	Names of general managers and deputy general managers	
	The Company	All companies included in the financial statements (E)
Below NT$ 1,000,000	-	-
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (non-inclusive)		-
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (non-inclusive)	-	-
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (non-inclusive)		
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (non-inclusive)	Kao-Jui Chu, Chih-Chiang Chu, Hao-Sheng Li	Kao-Jui Chu, Chih-Chiang Chu, Hao-Sheng Li
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (non-inclusive)	Houng Sun, Shih-Tung Lin	Houng Sun Shih-Tung Lin
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (non-inclusive)	-	-
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (non-inclusive)	-	-
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (non-inclusive)	-	-
NT$ 100,000,000 and above	-	-
Total	5	5

Note 1: Employee remuneration for 2020 represents estimate of the proposed amount. (Estimated based on the amount of cash paid in 2019)
Note 2: General Manager Yu-Kang Fang of Robotic System Business Group retired on 2020/9/25; General Manager Ching-Hsiang Chiu of Industrial Control Business Group retired on 2020/8/27.

2. Names of managers who received employee remuneration:

Unit: NTD thousands

Manager's title/name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of net income (%)
Group of 13 including President Sun Houng (Note 1)	-	218	218	0.04

Note 1: Managers' titles and names
President: Houng Sun
Vice President: Shih-Tung Lin
Business Group General Managers: Kao-Jui Chu, Chih-Chiang Chu, and Hao-Sheng Li
Deputy General Manager of Technology: Tsung-Hsien Tsai
CFO: Max Lin
Business Group Deputy General Managers: Chia-Jung Chen, Wen-Jen Li, Yu-Tsai Tsai, Yen-Ching Ni, Tsai-Hsing Lin, and Chin-Chang Huang

Note 2: Employee remuneration for 2020 represents estimate of the proposed amount (estimated based on the amount of cash paid in 2019)

(IV) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and vice presidents, and their respective proportions to standalone net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks:

1. Percentage (%) of standalone net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, supervisors, the President, and Vice Presidents in the last 2 years:

Unit: NTD thousands; %

Title	2019		2020	
	Amount	Percentage	Amount	Percentage
Director	9,384	1.38	6,396	1.25
Supervisor	3,519	0.52	2,399	0.47
General Managers and Deputy General Managers	73,461	10.78	46,119	8.98
Net income	681,670		513,367	

Note: Amounts for 2020 are proposed figures.

2. Compensation policies, standards, packages, and procedures, and association with future risks and business performance:

Compensation to directors, supervisors, and managers is determined according to Articles of Incorporation and internal policies; proposals are evaluated and reviewed by the Remuneration Committee before submitting to the board of directors for discussion. The Company sets compensations based on the state of profitability and makes appropriate adjustments after taking into consideration changes in global economy, industry prospect, future business risks, and overall operational performance.

IV. Corporate governance

(I) Functionality of board of directors

1.A total of 6 board meetings were held in 2020; below are the attendance records:

Title	Name	Required attendance	No. of in-person attendance	Proxy attendance	Percentage of in-person attendance	Remark
Chairman	Houng Sun	6	6	-	100%	-
Director	Lien Sheng Investment Co., Ltd. Representative: Wei-Chen Lee	6	6	-	100%	
Director	I-MEI Foods Co., Ltd. Corporate representative: Ning-Min Wang (Note)	6	5	-	83%	
	I-MEI Foods Co., Ltd. Corporate representative: Feng-Hsi Wei (Note)					
Independent Director	Ching-Yi Wang	6	5	1	83%	
Independent Director	Chia-Ming Hsu	6	6	-	100%	

Note: Ning-Min Wang, corporate representative of I-MEI Foods Co., Ltd., departed from duty on 2020/6/9, and was succeeded by Ms Feng-Hsi Wei on 2020/6/9.

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act: No.

(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above:

1. 9th meeting of the 11th board of directors held on November 9, 2020:

Independent Director Ching-Yi Wang raised request to have the Company conduct rationality analyses on 2018 and 2019 revenues of its business investments.

Company's response: Supplementary information has been provided in the board of directors report dated December 21, 2020.

II. Directors' recusal from interest-conflicting motions: Interest-conflicting motions are highlighted in board meeting agenda to serve as reminder for directors to recuse from discussion.

III. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and progress of such enhancements:

The Company has not assembled an Audit Committee, but refers all major decisions to the board of directors for discussion and executes them after seeking opinions and consent from each director. Decisions that meet the announcement criteria are announced according to laws and rules of the authority. The Company has a Remuneration Committee in which independent directors account for half of total seats. The Committee's responsibilities are to establish and regularly review directors' and managers' performance as well as compensation policies, systems, standards, and structures, and to evaluate and propose salaries/compensations for directors and managers on a regular basis. Directors' attendance in board meetings and Remuneration Committee members' attendance in committee meetings are updated to the Market Observation Post System; major resolutions made by the board of directors are also disclosed on the Company's website.

The Company has taken steps to enhance the functionality of its board of directors by subjecting directors to ongoing education, so that they may develop the characters, the professional advantage, and skills to perform board duties. Major resolutions made by the board are disclosed on the Company's website to update shareholders on the latest news while enhancing information transparency.

2. Implementation of the evaluation of the board of directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Executed once a year	January 1, 2020 to December 31, 2020	The entire board	The internal self-evaluation of the board of directors	includes the following five items A. Participation in the Company's operations B. Improvement of the quality of board decisions C. Board composition and structure D. Professional and continuing study of directors E. Internal control
Executed once a year	January 1, 2020 to December 31, 2020	Individual directors	The self-evaluation of board members	includes the following five items A. Mastery of company goals and tasks B. Awareness of directors' responsibilities C. Participation in the Company's operations D. Professional and continuing study of directors E. Internal control

(II) Supervisors' involvement in board of directors meetings

A total of 6 board of directors meetings were held in 2020; below are supervisors' attendance records:

Title	Name	Required attendance	No. of meeting invitations	Proxy attendance	Percentage of in-person attendance	Remark
Supervisor	Chih-Ming Kao	6	4	0	67%	-
Supervisor	Chang Hsu	6	6	0	100%	
Supervisor	Chun-Te Chang	6	6	0	100%	

Other mandatory disclosures:

I. Composition and duties of supervisors:

(I) Supervisors' communication with employees and shareholders: Supervisors are able to communicate with employees and shareholders if needed.

(II) Supervisors' communication with chief internal auditor and CPAs: Internal auditors submit audit reports or audit tracking reports to supervisors and independent directors on a monthly basis. Supervisors may arrange separate meetings and have the chief internal auditor or CPAs present to report on certain issues if they require further insight to the Company's operations. Overall, there are open channels of communication between the above parties.

II. Opinions expressed by supervisors in board meetings; state the date and session of the meeting held, the discussed motion, the board's resolution, and how the Company had responded to supervisors' opinions:

(I) 6th meeting of the 11th board of directors held on May 11, 2020:

Supervisor Chun-Te Chang recommended amendments to be made to Paragraph 4, Article 10

and Paragraph 1, Article 57 of "Corporate Governance Code of Conduct," which was approved with the applaud of all attending directors. Details of the proposed amendments are as follows:

1. Article 10:…scope of the above Paragraph ~~should~~ may include share trading restrictions imposed from the day insiders gain knowledge of the Company's financial report or performance information.
2. Article 57:…English financial statements, corporate governance updates, and other relevant information ~~should~~ may also be provided.

Company's response: The recommended amendments have been incorporated into the Company's management policy and executed accordingly.

(II) 10th meeting of the 11th board of directors dated December 21, 2020:

Supervisor Chun-Te Chang made the following recommendations when discussing the Company's 2021 budget revenues, profits, and capital expenditure: 1. The board of directors may have Vice President Shih-Tung Lin present in future meetings to provide an overview of the industry and business performance if needed.

2. Execution and accomplishment of 2021 budget figures should be tracked and analyzed for major deviations on a regular basis. Annual budget plans should be evaluated in a timely manner for possible adjustments to accommodate changes in the overall economic environment and industry demand.

Company's response: Budget execution will be tracked regularly as recommended.

(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established a set of "Corporate Governance Code of Conduct" with board of directors' approval based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." This code of conduct is disclosed over the Company's website and at Market Observation Post System.	No.
II. Shareholding structure and shareholders' interests				
(I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	V		(I) The Company has dedicated personnel including the spokesperson and acting spokesperson available to assist with investor-related issues; furthermore, investor contact and E-mail have been established on the corporate website.	No.
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Company maintains good relationship with major shareholders, and makes monthly reports on changes in directors' and managers' shareholding over the "Market Observation Post System."	No.
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) The Company has a "Subsidiary Operational Management Policy" in place and operates independently from affiliated enterprises. All transactions are carried out according to internal policies and regulations.	No.
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(IV) The Company has "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines" in place to prohibit insiders from trading securities against non-public information.	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
III. Composition and responsibilities of the board of directors (I) Has the board devised and implemented policies to ensure diversity of its members?	V		(I) The Company established its "Corporate Governance Code of Conduct" following the approval granted during the 6th meeting of the 11th board of directors dated May 11, 2020. A set of diversity guidelines was mentioned in Chapter 4 - "Enhancement of Board Function." The current board consists of 5 directors, each of whom possesses the expertise and industry background needed to perform their duties (please refer to Note 1 and page 9 of this annual report for more details on directors' background). 20% of board members held concurrent position as employee while 40% were independent directors and 40% were female. The board had one director aged below 60 and four above 70. Two independent directors had served on three boards for 9 years and above, but the Company continues to accept them as independent directors considering Independent Director Ching-Yi Wang's finance and accounting expertise and extensive knowledge in the Company's industry and Independent Director Chia-Ming Hsu's professional background and experience in automation technologies and applications, and that both of	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			whom are able to make independent and unbiased judgments when performing independent director duties. The Company plans to introduce one additional independent director to the 12th board of directors to achieve its diversity goal and contribute to the board's overall professionalism and independence. The board of directors has devised a policy on the diversity of board members and disclosed the policy over company website.	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(II) The Company has assembled a "Corporate Governance and Business Integrity Committee" and disclosed information on committee members and policies over company website.	No.
(III) Has the company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation and nomination decisions?	V		(III) The Company has implemented "Board of Directors Performance Evaluation Policy" and will submit evaluation outcomes to the board of directors starting from 2021. Performance evaluation will serve as reference for compensation and nomination of individual directors in the future.	No.
(IV) Are external auditors' independence assessed on a regular basis?	V		(IV) The Company assesses financial statement auditors' independence on a regular basis (Note 2) to confirm that no financial or business dealing exists between the auditors and the Company other than the fees paid for auditing and taxation services, and that auditors are	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			able to perform in line with principles of independence. Outcome of the latest assessment will be presented for the board of directors' review on March 18, 2021; meanwhile, the two auditors will be requested to issue statements of independence.	
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		Employees of the Financial Center have been assigned to handle related affairs. The Company plans to appoint a corporate governance officer in the future to oversee corporate governance affairs, support board functions, and protect shareholders' and stakeholders' interests.	No.
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has created a stakeholders section on its website and assigned various units to communicate and respond to issues that are of concern to stakeholders in a frequent manner.	No.
VI. Does the Company engage a share transfer agency to handle shareholders' meeting affairs?	V		The Company has commissioned the Agency Department of CTBC Bank to handle shareholder-related affairs.	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VII. Information disclosure				
(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company has an "Investors" section created on its website to disclose financial, business, and corporate governance-related information.	No.
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)?	V		(II) The Company has assigned dedicated personnel to gather and disclose company information, and has enforced a spokesperson system according to policy.	No.
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		(III) The Company announces and publishes quarterly financial reports ahead of deadlines, and discloses monthly performance data as soon as it is available.	The Company currently does not prepare financial reports within two months after the end of a financial year.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer	V		(I) The Company complies with the Labor Standards Act on all matters concerning employees' rights, and has assembled an Employee Welfare Committee to execute various benefits and subsidies. (II) All directors and supervisors of the Company are able to perform their duties as prudent managers in the utmost loyalty. (III) Please visit the Market Observation Post System for information on directors' and supervisors' education. (IV) Directors of the Company had	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
policy, and liability insurance for directors and supervisors)?			recused from all motions in which they held conflicting interest. (V) The Company has been purchasing liability insurance for directors and supervisors on a yearly basis since 2006. (VI) The Company convenes director meetings at least once every three months as an enhanced corporate governance practice.	

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified:

(I) Improvements made in regards to the 6th corporate governance evaluation (year of evaluation: 2019):

(1) 2.1 Has the Company established a set of board-approved Corporate Governance Code of Conduct?

Improvements: The Company established its Corporate Governance Code of Conduct in 2020 following board of directors' approval on May 11, 2020.

(2) 2.11 Does the Company make detailed disclosures in its annual reports about the discussions and resolutions of its Remuneration Committee meetings, and the Company's response to committee members' opinions?

Improvements: The Company has disclosed discussions and resolutions of Remuneration Committee meetings, along with the Company's response to committee members' opinions, in 2019 annual report, and will continue to make such disclosures in subsequent annual reports.

(3) Does the Company disclose independent directors' communication with chief internal auditor and CPAs (including the methods, details, and outcomes of communication on matters relating to financial reports and financial/business performance) on its website?

Improvements: Method of independent directors' communication with chief internal auditor and CPAs was created in 2020, and the progress of which has been disclosed on the Company's website.

(4) Does the Company disclose English interim financial report within two months after publishing its Chinese interim financial report?

Improvements: The Company has disclosed an English version of its consolidated and standalone financial reports for Q1-Q3 2020, and the reports were published within two months from the day the Chinese financial reports were due.

(II) Priority enhancement measures for issues that have yet to be improved upon with respect to the 7th corporate governance evaluation (year of evaluation: 2020):

(1) 1.9 Does the Company upload an English meeting advice simultaneously 30 days before annual general meeting?

Improvements: The Company plans to upload English meeting advice at the same time as the Chinese meeting advice 30 days before the 2021 annual general meeting.

(2) 1.10 Does the Company upload shareholder conference handbook and supplementary

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
information in English 30 days before annual general meeting? Improvements: The Company plans to upload English conference handbook and supplementary information 30 days before the 2021 annual general meeting. (3) 1.11 Does the Company upload its English annual report 7 days before annual general meeting? Improvements: The Company plans to upload English meeting advice 7 days before the 2021 annual general meeting. (4) 3.5 Does the Company upload an English version of its financial report 7 days before annual general meeting? Improvements: The Company plans to upload an English version of its financial report 7 days before the 2021 annual general meeting. (5) 3.18 Has the Company established an English website to disclose financial, business, and corporate governance-related information? Improvements: The Company plans to disclose information relating to the 2021 shareholder meeting in English over its website.				

Note 1: Enforcement of board diversity policy

Measurements of diversity / Name of director	Gender	Nationality	Operational judgment	Finance and accounting	Corporate management	Crisis management	Industry knowledge	Leadership and decision-making
Houng Sun	Male	The Republic of China	v	v	v	v	v	v
Representative of I-MEI Foods Co., Ltd.: Feng-Hsi Wei	Female	The Republic of China		v	v	v		v
Representative of Lien Sheng Investment Co., Ltd.: Wei-Chen Lee	Female	The Republic of China		v	v	v		v
Independent Director: Ching-Yi Wang	Male	The Republic of China	v	v	v	v	v	v
Independent Director: Chia-Ming Hsu	Male	The Republic of China	v		v	v	v	v

Note 2: Assessment criteria for auditors' independence

Serial No.	Assessment	Assessment results
1	Whether the CPAs have direct or material indirect financial interest with the Company	No
2	Are the CPAs involved in any financing or guarantee arrangement with the Company or its directors	No
3	Whether CPAs have extensive commercial relationship and potential employment relationship with the Company	No
4	Whether the CPAs currently or previously assumed role as the Company's director, manager, or any position that may significantly affect the audit in the last two years	No
5	Whether the CPAs provide any non-audit service to the Company that may directly affect the outcome of the audit task	No
6	Whether the CPAs serve as any form of intermediary to the shares or securities issued by the Company	No
7	Whether the CPAs serve as defense attorney for the Company, or represent the Company in mediating any conflict with a third party	No
8	Whether the CPAs are related to the Company's directors, managers, or any person that is significant to the audit task	No

(IV) Composition, responsibilities, and functionality of the Remuneration Committee:

1. Remuneration Committee members

Identity (Note 1)	Criteria / Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)										Number of positions as Remuneration Committee member in other public companies	Remark
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the Company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director	Ching-Yi Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Chia-Ming Hsu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Others	Cheng Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-

Note 1: Please specify director, independent director, or others.

Note 2: Members who meet the following conditions at any time during active duty and two years prior to the date of appointment will have a " " placed in the corresponding boxes.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisor of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent company, subsidiary, or another subsidiary of the parent that is compliant with the Act or local laws).

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, 2nd-degree relative or closer or 3rd-degree direct relative or closer to any personnel listed in (2) or (3).

(5) Not a director, supervisor, or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or 3. appoints director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of The Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).

(6) Not a director, supervisor or employee of any other company that controls directorship in the company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the company and its parent/subsidiary, or in other subsidiary of the parent company that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as chairman, president or equivalent role, and is not a director, supervisor, or employee of another company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in

other subsidiary of the parent company that are compliant with the Act or local laws.)

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).

(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NT$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies . This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers And Acquisitions Act.

(10) Does not meet any of the conditions stated in Article 30 of The Company Act.

2. Duties of the Remuneration Committee

(1) Establishment and regular review of directors' and managers' compensation policies, systems, standards and structures, and performance evaluation.

(2) Regularly review and adjust directors' and managers' compensation.

The Committee shall abide by the following principles when performing duties mentioned in the preceding paragraph:

1. Directors' and managers' performance shall be evaluated and compensated in comparison to industry peers, while taking into consideration their individual achievements, the Company's overall performance, and association with future risks.
2. The compensation should not entice directors and managers into seeking high returns by acting outside the Company's risk appetite.
3. Short-term performance bonuses to directors and senior executives and the timing of variable salary payments/compensations shall be set according to industry characteristics and the Company's business nature.

The term "compensation" mentioned in the two paragraphs above includes cash compensations, warrants, share-based profit sharing, retirement benefits, severance pay, allowances of all kinds, and any substantive incentives. This definition should be consistent with the scope of directors' and managers' compensation stated in "Regulations Governing Information to be Published in Annual Reports of Public Companies."

3. Functionality of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members, 2 of whom are independent directors.

(2) Service of the current committee began on July 24, 2019 and ends June 13, 2022. The Remuneration Committee held 2 meetings in 2020; details of members' eligibility and attendance are as follows:

Title	Name	Required attendance	No. of in-person attendance	Proxy attendance	In-person attendance rate	Remark
Independent Director	Ching-Yi Wang	2	2	-	100%	(Convener)
Independent Director	Chia-Ming Hsu	2	2	-	100%	-
Committee member	Cheng Chen	2	2	-	100%	-

Other mandatory disclosures:

I. In the event that the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, state the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): No.

II. Should any committee member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please state the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: No

4. Major resolutions of the Remuneration Committee

Date (Session)	Motion details and subsequent actions taken	Resolution	Company's response to Remuneration Committee's opinions
2020/3/11 The fourth committee The 2nd meeting	Review of compensations currently paid to directors, supervisors, and managers of the Company.	Passed without objection from all attending committee members	Proposal was passed without objection from all attending directors.
	Review of the Company's 2019 employee/director/supervisor remuneration	Passed without objection from all attending committee members	
	Review of the Company's "Employee Profit Sharing/Share Subscription Policy" and "Bonus Policy."	Passed without objection from all attending committee members	
2020/12/7 The fourth committee 3rd meeting	Acknowledgment of the Company's employee shareholding trust.	Passed without objection from all attending committee members	
	Review of compensations currently paid to directors, supervisors, and managers of the Company.	Passed without objection from all attending committee members	

(V) Fulfillment of social responsibilities and deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?		V	The Company has not performed such actions.	The corporate governance system is being redesigned to incorporate such actions.
II. Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does the unit report its progress to the board of directors?		V	The Company does not have any unit that specializes (or is involved) in corporate social responsibilities.	The corporate governance system is being redesigned to incorporate such actions.
III. Environmental issues				
(I) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	V		(I) The Company supports the 6S movement, enforces recycling practices, and conducts environmental audits regularly. It openly rewards accomplishments and reviews defects.	No.
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		(II) The Company promotes document standardization and digitalization as a means to reduce paper usage.	No.
(III) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in		V	(III) The Company has not performed such actions.	The corporate governance system is being redesigned to incorporate such actions.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
response to climate issues?				
(VI) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water and waste?	V		(IV) The Company is committed to reducing energy consumption by using energy-saving equipment such as: centralized inverter air conditioning system, plant watering system with reclaimed water, elevator service allocation system, sensor-based lighting equipment, and energy-saving pull switch for lights. Furthermore, energy conservation and carbon reduction awareness is constantly promoted within the organization. The Company adopts paperless processes internally and supports the government's e-invoice policy as ways to enforce its convictions toward environmental protection and sustainability.	No.
IV. Social issues				
(I) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	V		(I) The Company has established employment terms strictly in compliance with labor regulations. All employees are covered by Labor Insurance and National Health Insurance, and have pension contributions paid to their respective pension accounts. Labor-management meetings and events are held regularly to protect employees' interests and their rights to express opinions.	No.
(II) Has the Company developed and implemented reasonable employee welfare measures (including	V		(II) Employee welfare measures are explained to new recruits at the time they come on board. Well-defined sets of performance evaluation, reward,	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?			and disciplinary policies have been implemented throughout the Company.	
(III) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		(III) The Company ensures that its workplace complies with public safety requirements, and that employees are able to work in an environment free of health and safety concerns. The Company also arranges employee health checkup and physician consultation on a yearly basis, and organizes training on public safety for all new recruits. (Please refer to Note 1 for details) The Company subscribes to health-related monthly periodicals to assist employees with health management.	No.
(IV) Has the Company implemented an effective training program that helps employees develop skills over their career?	V		(IV) The Company shares course information with employees from time to time, thereby allowing employees to choose courses that meet their needs.	No.
(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing, and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	V		(V) The Company complies with regulation for all its offerings. "Customer satisfaction survey" is conducted on a yearly basis; the Company has a dedicated department that assists customers with services and complaints, and toll-free service hotlines have been created for the various categories of product offered.	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked suppliers' performance on a regular basis?	V		(VI) The Company outlines its trading and collaborative relationship with suppliers in detail, and avoids dealing with suppliers that are prone to pollution. The Company specifically requires key suppliers to fulfill social, environmental, and ethical responsibilities, and is entitled to terminate or cancel contractual relationship with any supplier that violates terms of conduct and causes adverse social or environmental impact.	No.
V. Does the Company prepare corporate social responsibility report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?		V	The Company has not prepared any corporate social responsibility report.	The corporate governance system is being redesigned to incorporate such actions.
VI. If the Company has established CSR principles in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company is currently in midst of designing its own corporate social responsibility code of conduct.				
VII. Other information useful to the understanding of corporate social responsibilities: Support for green lifestyle: 1. "Paperless process, paper reduction" and "waste sorting/recycling/reduction." 2. Digitalized administrative processes and digital signatures are being implemented to reduce waste of paper. 3. Use of e-invoice is being promoted to reduce mailing cost and paper waste.				

Note 1: The Company provides employees with a safe and healthy work environment, trains them regularly on safety and health issues

An Occupational Safety and Health Committee (OSHC) has been assembled according to Article 23 of Occupational Safety and Health Act and Article 10 of Regulations Governing Occupational Safety and Health. In accordance with Article 11 of Regulations Governing Occupational Safety and Health, the OSHC has at least seven members including one chief committee to oversee related matters. Composition of OSHC is as follows:

Occupational Safety and Health Committee	
Chief Committee	Assumed by the Company's General Manager of Administration.
Committee member	Consists of occupational safety and health personnel, department heads, medical personnel, and worker representatives (to account for at least one-third of total committee members, as required by laws).
Secretary	The Chief Committee appoints one secretary to assist with committee affairs.

(I) Worker environment monitoring

The OSHC makes plans, takes samples, conducts monitoring and tests, and performs analyses to gain an understanding of the state and environment that workers are exposed to. Work environment test is conducted twice a year to gather information on workers' environmental exposure, and thereby protect them from hazardous substances, giving them a healthy and comfortable environment to work in.

(II) Work safety audits

Mirle has devised a work plan for its work safety audit team, and assigned general manager to serve as convener for the audit team. A work safety inspection team has been assembled within the Environment and Safety Department to record recommendations and improvement progress mentioned in each audit report. Audit recommendations are mailed to managers and departments on a weekly basis for improvement and defect review.

Work safety audit tasks	
1. Work safety inspection team, Environment and Safety Department	At least once inspection a day
2. Joint inspection team, Administration Center	At least once a week
3. MBWA by on-site manager	At least twice a month by the manager
4. Off-premise work site safety inspection	As required by work site owner

(III) Fire safety

Mirle has devised a "Fire Safety Plan" in accordance with Article 13 of the Fire Services Act to serve as guidance for "fire hazard prevention, rescue, and emergency aid." The plan has been acknowledged by the local fire safety authority, and fire safety management practices are being executed according to plan. The Environment and Safety Department organizes emergency response drills for each department on a yearly basis to improve employees' responses and rescue skills in the event of disaster, and therefore reduce chances of accident and ensure property safety. All fire safety equipment is subjected to maintenance, inspection, and repair once installed. The Company conducts annual inspection and maintenance on its fire safety equipment each year according to the Fire Services Act; the outcomes of which are acknowledged by the local fire safety authority.

(IV) Emergency response

Mirle organizes at least one emergency response drill covering fire safety and rescue every six months. Its annual emergency response drill plan has been devised to incorporate fire safety and rescue courses.

(V) Work safety training and promotion

(I) Statistics on work safety training

Year	Participant count (enrollments)	Time (man-hours)
2020	425	1488

(II) Professional work safety management personnel

Professionally certified work safety management personnel			
Category	Count	Category	Count
Occupational safety management specialist	3	Operator of forklift weighing 1 ton and above	12
Occupational health management specialist	2	Crane operator	23
Occupational safety and health officer	10	Operator of stationary crane weighing less than 3 tons	15
Class-A occupational safety and health manager	11	Operator of stationary crane weighing 3 tons and above	19
Class-C occupational safety and health manager	47	First-aid personnel	25
Worker health service nurse	1	Organic solvent operations manager	4

(III) Work safety performance

Disabling injuries suffered by employees including contractors - 2020					
Year	Death incidents	Disabling incidents	Frequency of injuries Note 1	Severity of injuries Note 2	Frequency-severity indicator Note 3
2020	0	0	0	0	0

*Note 1: Frequency of injuries represents number of injuries per million work hours.
*Note 2: Severity of injuries represents loss days from injury per million work hours.
*Note 3: Frequency-severity indicator is calculated by multiplying frequency of injuries with severity of injuries, dividing the product by 1000, and taking the square root.

(VI) Prevention of occupational illness

(I) Work environment monitoring

The Company measures its work environment for hazardous substances such as: organic solvents, lead, carbon dioxide etc. once every six months to evaluate and eventually reduce employees' exposure to hazardous substances. Based on the outcomes of environmental tests, the Company arranges health checkups for employees who are involved in workplaces of special hazard. Those who are subjected to tier-2 management are offered health guidance; those who are subjected to tier-3 management are tracked and followed up by medical specialists, and reclassified after assessing the work environment; those who are subjected to tier-4 management are inspected for proper use of protective gears 4 times a month to prevent occupational illness.

(II) Health promotion activities

Occupational safety and health nurses publish disease prevention posters regularly to keep employees up to date on health knowledge and prevention against seasonal communicable diseases. This information is distributed through e-mail and the KM website in the form of newsletter, and is made easily accessible to employees.

(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Establishment of integrity policies and solutions				
(I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	V		(I) A set of "Business Integrity Code of Conduct" was passed during the 15th meeting of the 10th board of directors held on November 9, 2018. All members of the board and managers have signed commitments not to violate integrity principles. To enforce the conviction and policy mentioned in the preceding Article, the Company has introduced integrity practices and practical preventions against dishonest conducts into internal policies such as "Work Rules," "Ethical Behavior Guidelines," and "Material Insider Information Handling Procedures."	No.
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Company has established "Business Integrity Procedures and Behavioral Guidelines" and "Ethical Behavior Guidelines" that outline the issues employees has to take note of when performing duties. Fraud prevention measures and awareness promotion programs are being enforced throughout the organization to support business integrity and build up the Company's reputation of professionalism.	No.

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(III) The Company has established "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" and implemented disciplinary actions along with whistleblower systems to address violations. Enforcement of the above policies is reported to the board of directors and reviewed on a regular basis.	No.
II. Enforcement of business integrity				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(I) The Legal Affairs Office has designed a "Counterparty Integrity Commitment Letter" and introduced an "integrity clause" to all commercial contracts that requires both parties to abide by the principles of integrity and act with honesty and self-discipline, and to restrain employees from offering bribe, commission, proportional reward, kickback, or other improper gains.	No.
(III) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?	V		(II) Independent directors, the Human Resources Division, and the Legal Affairs Office have jointly assembled a task force that is responsible for helping the board of directors and the management supervise and execute business integrity policy as well as prevention measures. The task force ensures that Business Integrity Code of	No.

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Conduct is duly enforced, and made its last progress report to the board of directors on May 11, 2020. A total of 192 new recruits were trained in 2020.	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(III) The Company has stated preventions against conflicting interest and implemented reporting channels as part of its "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines," and duly enforces them in procurement contracts.	No.
(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		(IV) The Company engages major local accounting firms to perform audit service. Accounting and internal control systems have been established and executed according to relevant regulations and rules, and audit personnel have been assigned to conduct audit and report to the board of directors on a regular basis.	No.
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(V) The Company has disclosed "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines" on its website, and conveys policy implications to new recruits during orientation. The Company trained a total of 192 new recruits in 2020 on various topics from work ethics, behavior guidelines, integrity, fair trading to duties	No.

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			of confidentiality.	
III. Whistleblowing system (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(I) The Company has outlined proper whistleblowing practices as part of its "Business Integrity Procedures and Behavioral Guidelines" and disclosed misconduct reporting channels on the website. The Legal Affairs Office is the unit responsible for accepting complaints and misconduct reports.	No.
(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	V		(II) The Company has established relevant procedures as part of its "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines."	No.
(III) Has the Company provided proper whistleblower protection?	V		(III) The Company's "Business Integrity Procedures and Behavioral Guidelines" have measures in place to ensure that whistleblowers are not mistreated in any way.	No.
IV. Enhanced information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	V		(I) The Company has disclosed the terms of its Business Integrity Code of Conduct along with execution progress onto the corporate website.	No.
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No.				

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VI. Other information useful to the understanding of integrity in business dealings: No.				

(VII) Methods of inquiry for the Company's corporate governance principles and policies, if any: Inquiries can be made on Market Observation Post System (http://mops.twse.com.tw) or the Company's website (https://www.mirle.com.tw).

(VIII) Other information material to the understanding of corporate governance: Please refer to pages 22-29 Item (III) of the annual report, or make inquiries on Market Observation Post System or the Company's website.

(IX) Internal control

1. Declaration of Internal Control System:

Mirle Automation Corporation
Declaration of Internal Control System

Date: March 18, 2021

The following declaration regarding the Company's internal control system has been made based on its 2020 self-assessment:

I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc), reliable, timely, and transparent financial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.

IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2020. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was passed unanimously without objection by all 5 directors present at the board meeting dated March 18, 2021.

Mirle Automation Corporation

Chairman & President: Sun Houng

2. If the internal control system was reviewed by an external CPA, the result of such review has to be disclosed: No.

(X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system in the most recent year up until the publication date of annual report; describe areas of weakness and any corrective actions taken: No.

(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up until the publication date of annual report:

1. Major resolutions:

Date (Session)	Shareholder /board of directors meeting	Major resolutions	Opinions from all independent directors and Company's response
2020/3/19 11th board 5th	Board of directors meeting	Acknowledged 2019 business report, standalone financial statements, and consolidated financial statements.	Passed by all independent directors
		Passed the 2019 employee/director/supervisor remuneration.	
		Passed the 2019 earnings appropriation.	
		Passed the 2019 Declaration of Internal Control System.	
		Passed assessment of financial statement auditors' independence.	
		Passed details regarding the 2020 annual general meeting.	
		Passed acceptance of "Shareholders' Motion Proposals."	
		Passed amendments to the Company's "Levels of Approval Authority."	
2020/5/11 11th board 6th	Board of directors meeting	Presentation of 2020 first quarter consolidated financial statements.	
		Report on the acceptance of "Shareholders' Motion Proposals."	
		Passed loans to external parties by the Company and subsidiaries.	
		Passed subscription to the cash issue of Main Drive Corporation.	
		Passed establishment of the Company's "Corporate Governance Code of Conduct."	
2020/6/12	Shareholder meeting	Acknowledgment of 2019 business report and financial statements.	
		Acknowledgment of 2019 earnings appropriation.	
2020/6/12 11th board 7th	Board of directors meeting	Passed to set the baseline date for the payment of cash dividends from 2019 earnings.	

Date (Session)	Shareholder /board of directors meeting	Major resolutions	Opinions from all independent directors and Company's response
2020/8/10 11th board 8th	Board of directors meeting	Passed loans to external parties by the Company and subsidiaries.	Passed by all independent directors
		Presentation of 2020 second quarter consolidated financial statements	
		Passed to inject additional capital into MIRTEK (BVI) CORP. LTD.	
2020/11/9 11th board 9th	Board of directors meeting	Presentation of 2020 third quarter consolidated financial statements.	
		Passed amendments to the Company's "Board of Directors Conference Rules," "Remuneration Committee Charter," "Board of Directors Performance Evaluation Policy," "Ethical Behavior Guidelines," and "Internal Audit Enforcement Rules."	
		Passed the Company's employee shareholding trust.	
		Passed the Company's business investment plan.	
2020/12/21 11th board 10th	Board of directors meeting	Passed the decision to apply for credit facilities with financial institutions in 2021.	
		Passed 2021 budget revenues, profits, and capital expenditure for the Company and Mainland subsidiaries.	
		Passed the 2021 audit plan.	
		Passed endorsements and guarantees from the Company to its subsidiaries.	
2021/3/18 11th board 11th	Board of directors meeting	Acknowledged 2020 business report, standalone financial statements, and consolidated financial statements.	
		Passed the 2020 employee/director/supervisor remuneration.	
		Passed the 2020 earnings appropriation.	
		Passed the 2020 Declaration of Internal Control System.	
		Passed details regarding the 2021 annual general meeting.	
		Passed assessment of financial statement auditors' independence.	
		Passed acceptance of "Shareholders' Motion Proposals."	

Date (Session)	Shareholder /board of directors meeting	Major resolutions	Opinions from all independent directors and Company's response
2021/4/23 11th board 12th	Board of directors meeting	Passed the issuance of new shares with restricted employee rights.	Passed by all independent directors
		Passed the new proposals for the 2021 general shareholders' meeting.	
		Passed the amendment to some of the articles of the "Articles of Association" of the Company.	
2021/5/12 11th board 12th	Board of directors meeting	Presentation of 2021 first quarter consolidated financial statements.	

2. Execution of resolutions made in shareholder meeting dated June 12, 2020:

Resolutions	Execution
2019 earnings appropriation	Shareholder dividends totaling NT$488,828,065 were allocated according to shareholder meeting resolutions; July 8, 2020 was set as the baseline date for dividend, and the amount was fully paid on July 29, 2020. (Cash dividends were allocated at NT$2.5 per share.)

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up until the publication date of annual report: No.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up until the publication date of annual report: No.

V. Disclosure of CPA remuneration

NTD: NTD thousands

Name of accounting firm	Name of CPA		Auditing fee	Non-auditing fee					Period of audit service	Remark
				System design	Business registration	Human resources	Others (Note 1)	Subtotal		
Deloitte Taiwan	Mei-Chen Tsai	Gordon Chen		-	-	-			2020/1/1-2020/12/31	

Note 1: Mainly represents expenses that the accounting firm had paid on behalf of the Company

(I) Disclosure of audit fees, non-audit fees, and details of non-audit services, if the sum of non-audit fees paid to the CPA, accounting firm, and affiliated companies amount to more than one-quarter of total CPA remuneration: No.

(II) Change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fee before and after the change and the cause of such change: No.

(III) Any reduction in audit fee by more than 10% compared to the previous year; state the amount, the percentage, and reason of such variation: No.

VI. Change of CPA:

(I) Information relating to the former CPA: Not applicable.

(II) Information relating to the succeeding CPA: Not applicable.

(III) Former CPA's reply to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Guidelines: Not applicable.

VII. Any of the company's chairman, president, or any manager were involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year: No

VIII. In the last year and as of the publication date of the annual report, the situation of share transfer and changes in share pledges by directors, supervisors, managers and shareholders whose shareholding ratio exceeds 10%:

(I) Changes in the equity of directors, supervisors, managers and major shareholders

Unit: share

Title	Name	2020		Current year as of April 13	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman concurrently serving as President	Houng Sun	0	0	0	0
Director	Lien Sheng Investment Co., Ltd. Representative: Wei-Chen Lee	0	0	0	0
Director	I-MEI Foods Co., Ltd. Legal representative: Feng-Hsi Wei	0	0	0	0
Independent Director	Ching-Yi Wang	0	0	0	0
Independent Director	Chia-Ming Hsu	0	0	0	0
Supervisor	Chih-Ming Kao	0	(1,110,000)		500,000
Supervisor	Chang Hsu	0	0	0	0
Supervisor	Chun-Te Chang	0	0	0	0
Vice President (Note)	Shih-Tung Lin	0	0	0	0
General Manager of Automated Equipment Business Group	Kao-Jui Chu	0	0	0	0
President of Intelligent Logistics Business Group	Chih-Chiang Chu	0	0	0	0
President of Advanced System Business Group (Note)	Hao-Sheng Li	0	0	0	0
Vice President of Technology Center	Tsung-Hsien Tsai	0	0	0	0
Chief Financial Officer of Finance Center	Fang-Yi Lin	5,000	0	0	0
Vice President of Automation Equipment Business Group	Chia-Jung Chen	0	0	0	0
Vice President of Automation Equipment Business Group	Wen-Jen Li	0	0	0	0
Vice President of Information and Intelligence Business Group	Yu-Tsai Tsai	0	0	0	0
Vice President of Information and Intelligence Business Group	Yen-Ching Ni	0	0	0	0

Vice President of Advanced System Business Group (date of appointment: October 1, 2020)	Chin-Chang Huang	0	0	0	0
Vice President of Industrial Control Business Group (Date of appointment: November 15, 2020)	Tsai-Hsing Lin	0	0	0	0
General Manager of Automated Equipment Business Group (date of discharge: January 1, 2020)	Chung-I Kuo	0	0	0	0
General Manager of Robotic System Business Group (date of discharge: September 26, 2020)	Yu-Kang Fang	0	0	0	0
General Manager of Industrial Control Business Group (date of discharge: August 28, 2020)	Ching-Hsiang Chiu	0	0	0	0
President of Management Center (date of discharge: June 1, 2020)	Cheng-Chih Chang	(7,000)	0	0	0
Vice President of Robot System Business Group (date of discharge: February 6, 2021)	Te-Hung Yeh	55,361 (64,896)	0	0	0

Note：Vice President Shih-Tung Lin concurrently serving as President of Joint Business Group、President of Information and Intelligence Business Group、President of Operation Management Center、President of Smart Manufacturing Center，Hao-Sheng Li President of Advanced System Business Group concurrently serving as President of Industrial Control Business Group、President of Semiconductor Optoelectronics Group

(II) The share transfer counterparty is a related party:

Name	Reasons for share transfer	Transaction date	Transaction counterparty	The relationship between the transaction counterparty and the Company's directors, supervisors, managers and shareholders who hold more than 10% of the Company’s shares	No. of shares	Trading price
Te-Hung Yeh	Gift	April 6, 2020	XX Yeh	Adult children of managers	64,896	-

Note：Deputy General Manager Te-Hung Yeh of Robotic System Business Group retired on 2021/2/5,

(III) The share transfer or share pledge counterparty is a related party:No.

IX. Relative relationship information of top ten shareholders in terms of shareholding ratio who are related parties, spouses or second-tier relatives:

Name	Personal shareholdings		Shares held by spouse and underage children		Total shareholdings in the names of others		Name of top ten shareholders who are related parties, spouses or second-degree relatives:		Remark
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name	Relationship	
I-MEI Foods Co., Ltd.	11,496,066	5.88%	-	-	-	-	Fumei Co., Ltd. and Imei Co., Ltd.	Same representative	
Representative Chi-Shang Kao	8,726	0.00%	-	-	-	-			
Lien Sheng Investment Co., Ltd.	8,895,541	4.55%	-	-	-	-	Lienchang Investment Co., Ltd.	Same representative	
Representative Shu-Shen Cheng	-	-	-	-	-	-			
Openfind Information Technology, Inc.	5,440,300	2.78%	-	-	-	-	Yuching Investment Co., Ltd.	Same representative	
Representative Chi-Ming Kao	1,337,983	0.68%	78,183	0.04%	-	-			
Fu sheng Co., Ltd.	5,008,146	2.56%	-	-	-	-	-	-	
Representative Liang-Chen Li	-	-	-	-	-	-	-	-	
Houng Sun	3,823,059	1.96%	509,929	0.26%	-	-	-	-	
Lienchang Investment Co., Ltd.	2,266,424	1.16%	-	-	-	-	Lien Sheng Investment Co., Ltd.	Same representative	
Representative Shu-Shen Cheng	-	-	-	-	-	-			
Fumei Co., Ltd.	2,033,859	1.04%	-	-	-	-	Imei Foods Co., Ltd. and Imei Co., Ltd.	Same representative	
Representative Chi-Shang Kao	8,726	0.00%	-	-	-	-			
Imei Co., Ltd.	2,010,557	1.03%	-	-	-	-	Imei Food Co., Ltd. and Fumei Co., Ltd.	Same representative	
Representative Chi-Shang Kao	8,726	0.00%	-	-	-	-			
Yuching Investment Co., Ltd.	2,000,040	1.02%	-	-	-	-	Openfind Information Technology, Inc.	Same representative	
Representative Chi-Ming Kao	1,337,983	0.68%	78,183	0.04%	-	-			
Miao-Chen Huang	1,759,000	0.90%	-	-	-	-	-	-	

X. Investments jointly held by the company, the company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the company, with shareholding disclosed in aggregate of the above parties：

December 31, 2020

Re-investment business (note)	The Company's investment		Investment by directors, supervisors, managers and directly or indirectly controlled businesses		Comprehensive investment	
	Quantity (thousand shares)	Shareholdings ratio	Quantity (thousand shares)	Shareholdings ratio	Quantity (thousand shares)	Shareholdings ratio
MIRTEK(BVI) CORP. LTD.	29,641	100%	-	-	29,611	100%
MIRLE HOLDING CO., LTD.	-	-	17,000	100%	17,000	100%
MIRLE AUTOMATION INTER CO., LTD.	10,000	100%	-	-	10,000	100%
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	-	-	-	100%	-	100%
Mirle Automation (Shanghai) Co., Ltd.	-	-	-	100%	-	100%
Mirle Automation (Kunshan) Co., Ltd.	-	-	-	100%	-	100%
Fuyi Technology Co., Ltd.	2,523	21%	-	-	2,523	21%
David Investment Co., Ltd.	-	99%	-	-	-	99%
IOT Services Information System Corporation	-	-	7,600	99%	7,600	99%
Main Drive Corporation	7,228	27.61%	389	1.49%	7,617	21.9%
Factory Automation International Co., Ltd.	1,275	51%	-	-	1,275	51%

Note: This is the Company's investment by equity method.

Chapter Four. Capital Overview

I. Capital and outstanding shares

(I) Source of share capital

1. Share capital formation process

Month and year	Issuing price	Approved share capital		Paid-in capital		Remark		
		No. of shares (thousand shares)	Amount (thousand yuan)	No. of shares (thousand shares)	Amount (thousand yuan)	Source of share capital	Share capital paid with assets other than cash	Others
78.02	10	55,000	550,000	23,375	233,750	Establishment	-	note (1)
78.04	10	55,000	550,000	4,125	41,250	Technical price manipulation	Technical price manipulation for NT$41,250 thousand	note (2)
79.04	10	55,000	550,000	13,750	137,500	Capital increase in cash	Technical price manipulation for NT$20,625 thousand	note (3)
81.06	10	55,000	550,000	13,750	137,500	Capital increase in cash	Technical price manipulation for NT$20,625 thousand	note (4)
88.09	10	65,000	650,000	2,750	27,500	Capital increase from earnings	-	note (5)
89.09	10	65,000	650,000	4,323	43,226	Capital increase from earnings	-	note (6)
90.10	10	84,800	848,000	7,881	78,814	Capital increase from earnings	-	note (7)
September 2002	10	134,800	1,348,000	8,681	86,810	Capital increase from earnings	-	note (8)
92.09	10	149,900	1,499,000	9,941	99,414	Capital increase from earnings	-	note (9)

93.07	10	200,000	2,000,000	10,650	106,498	Capital increase from earnings	-	note (10)
93.10	10	200,000	2,000,000	250	2,500	Conversion of corporate bonds into shares	-	note (11)
94.04	10	200,000	2,000,000	10,948	109,484	Conversion of corporate bonds into shares	-	note (12)
94.07	10	200,000	2,000,000	2,794	27,938	Conversion of corporate bonds into shares	-	note (13)
94.08	10	226,000	2,260,000	7,217	72,169	Capital increase from earnings	-	note (14)
94.10	10	226,000	2,260,000	5,050	50,495	Conversion of corporate bonds into shares	-	note (15)
95.01	10	226,000	2,260,000	3,022	30,220	Conversion of corporate bonds into shares	-	note (16)
95.04	10	226,000	2,260,000	3,269	32,692	Conversion of corporate bonds into shares	-	note (17)
95.07	10	226,000	2,260,000	1,093	10,934	Conversion of corporate bonds into shares	-	note (18)
95.08	10	226,000	2,260,000	12,687	126,867	Capital increase from earnings	-	note (19)
95.10	10	226,000	2,260,000	116	1,159	Conversion of corporate bonds into shares	-	note (20)
96.07	10	226,000	2,260,000	10,271	102,711	Capital increase from earnings	-	note (21)
97.08	10	226,000	2,260,000	12,963	129,629	Capital increase from earnings	-	note (22)
100.09	10	226,000	2,260,000	8,345	83,453	Capital increase from earnings	-	Note (23)
101.08	10	226,000	2,260,000	5,317	53,175	Capital increase from earnings	-	note (24)
104.08	10	226,000	2,260,000	9,128	91,284	Capital increase	-	note

						from earnings		(25)
106.08	10	226,000	2,260,000	3,834	38,339	Capital increase from earnings	-	note (26)
Total			226,000	2,260,000	195,531	1,955,312		

Note (1): On February 2, 1989, the Science Park Administration Bureau approved the establishment with the reference number Ke-Chu-Sher 103.

Note (2): On July 21, 1989, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Sher 325.

Note (3): On September 7, 1990, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Hsin No. 476.

Note (4): On July 15, 1992, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Hsin No. 693.

Note (5): On September 1, 1999, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Hsin No. 2018.

Note (6): On September 1, 2000, the Science Park Administration approved the change of capital with the reference number Ke-Chu-Hsin No. 2360.

Note (7): On October 4, 2001, the Science Park Administration approved the change of capital with the reference number Ke-Chu-Hsin No. 2713.

Note (8): On September 3, 2002, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 20849.

Note (9): On September 3, 2003, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 23263.

Note (10): On July 28, 2004, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 19939.

Note (11): On October 26, 2004, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 29485.

Note (12): On April 20, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 9988.

Note (13): On July 27, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 19320.

Note (14): On August 16, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 21495.

Note (15): On October 21, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 28358.

Note (16): On January 25, 2006, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 1391.

Note (17): On April 26, 2006, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 9472.

Note (18): On July 27, 2006, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 18371.

Note (19): On August 22, 2006, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 21577.

Note (20): On October 20, 2006, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 27408.

Note (21): On July 16, 2007, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 17567.

Note (22): On August 6, 2008, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 21117.

Note (23): On September 1, 2011, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 26461.

Note (24): On August 20, 2012, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 25744.
Note (25): On August 11, 2015, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 23224.
Note (26): On August 10, 2017, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 21704.

2. Share type

Share type	Approved share capital			Remark
	Outstanding shares (listed)	Unissued shares	Total	
Common stock	195,531 thousand shares	30,469 thousand shares	226,000 thousand shares	-

(II) Shareholder Structure:

April 13, 2021/unit: shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Count	0	5	216	99	40,519	40,839
Number of shares held	0	1,658,922	47,876,342	9,102,395	136,893,567	195,531,226
Shareholdings ratio	0.00%	0.85%	24.49%	4.66%	70.00%	100.00%

(III) Diversification of shareholdings:

April 13, 2021

Shareholdings class	Number of shareholders	Number of shares held	Shareholdings ratio
1 to 999	19,054	1,058,652	0.54%
1,000 to 5,000	17,532	33,860,354	17.32%
5,001 to 10,000	2,192	17,189,153	8.79%
10,001 to 15,000	626	7,990,907	4.09%
15,001 to 20,000	413	7,604,204	3.89%
20,001 to 30,000	359	9,231,573	4.72%
30,001 to 40,000	167	5,944,240	3.04%
40,001 to 50,000	114	5,268,788	2.69%
50,001 to 100,000	205	14,557,041	7.44%
100,001 to 200,000	92	12,752,254	6.52%
200,001 to 400,000	43	12,377,563	6.33%
400,001 to 600,000	15	7,578,306	3.88%
600,001 to 800,000	7	4,776,761	2.44%
800,001 to 1,000,000	5	4,414,567	2.26%
1,000,001 or more	15	50,926,863	26.05%
Total	40,839	195,531,226	100.00%

*The company has not issued preferred shares.

(IV) List of major shareholders: (list of shareholders with shareholdings ratio of more than 5% or among the top ten shareholders)

April 13, 2021

Shares Name of major shareholder	Number of shares held	Shareholdings ratio
I-MEI Foods Co., Ltd.	11,496,066	5.88%
Lien Sheng Investment Co., Ltd.	8,895,541	4.55%
Openfind Information Technology, Inc.	5,440,300	2.78%
Fu sheng Co., Ltd.	5,008,146	2.56%
Hong Sun	3,823,059	1.96%
Lienchang Investment Co., Ltd.	2,266,424	1.16%
Fumei Company	2,033,859	1.04%
Imei Co., Ltd.	2,010,557	1.03%
Yuching Investment Co., Ltd.	2,000,040	1.02%
Miao-Chen Huang	1,759,000	0.90%

(V) Prices, net worth, earnings, dividends and related information of each share market in the last two years

Item \ Year			2019 (Note 9)	2020 (Note 9)	Current year as of March 31 (Note 9)
Price per share (note 1)	Highest		52.20	54.70	50.20
	Lowest		36.65	25.50	40.40
	Average		43.08	39.46	45.53
Net value per share (note 2)	Before distribution		20.81	20.96	21.67
	After distribution		18.31	Note 8	Note 8
Earnings per share	Weighted average number of shares		195,531	195,531	195,531
	Earnings per share	Before adjustment (note 3)	3.49	2.63	0.72
		After adjustment (note 3)	3.48	Note 8	Note 8
Dividend per share	Cash dividends		3.3	2.5	Note 8
	Free share allotment	Earnings distribution	-	-	Note 8
		Fee share allotment from capital reserve	-	-	-
	Accumulated unpaid dividends (note 4)		-	-	-
Return on investment analysis	P/E ratio (note 5)		12.34	15	15.81
	P/I ratio (note 6)		13.05	15.78	Note 8
	Cash dividends yield (note 7)		0.077	0.063	Note 8

*If earnings or capital reserve is transferred to capital increase and free share allotment, the market price and cash dividend information adjusted retrospectively based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of issued shares as of the end of the year, and according to the distribution resolved at the shareholders meeting in the following year.

Note 3: If retrospective adjustment is required due to circumstances such as free share allotment, the earnings per share before and after the adjustment shall be listed.

Note 4: If the equity securities issuance conditions stipulate that the dividends that have not been paid in the current year are accumulated until the year of earnings, the accumulated and unpaid dividends as of the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: P/I ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividends yield = cash dividend per share/average closing price per share for the year.

Note 8: The earnings for the current year have not yet been distributed.

Note 9: The individual financial report is used as the basis for 2019 and 2020, and the IFRS consolidated financial report is used as the basis for the current year as of March 31.

(VI) Company Dividends Policy and Implementation Status

1. Dividends policy stipulated in the Company's Articles of Association:

The Company's dividend policy shall enable the shareholders to share the Company's earnings and business results and aim at expanding the business scale and stabilizing the profitability continuously. Conditions and timing of allocation: The Company's earning in

each fiscal year shall be used to offset any loss in previous years after the business income tax is paid, and then 10% of the balance shall be provided for the legal reserve unless such legal reserve amounts to the total paid-in capital of the Company, The special reserve shall then be allocated or reversed according to law; if there is still a balance, Allocate at least 30% of dividends to shareholders, The cash dividends distributed each year shall not be lower than 40% of the total amount of dividends paid in that year.. the board of directors shall draft an earnings distribution proposal according to actual needs based on the balance together with the accumulated undistributed earnings and submit it for the resolution of the shareholders' meeting on dividends distribution to shareholders and the remainder shall be retained.

2. Proposed dividends distribution at the shareholders' meeting:

   The shareholders' meeting intends to distribute NT$2.0 in cash per share, with a total shareholders' dividends of NT$391,062,452.

3. Explanation of expected major changes in the dividends policy: None.

(VII) The impact of the free share allotment proposed by the shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration of employees, directors and supervisors:

1. The amount or scope of the remuneration of employees, directors and supervisors as stated in the Company's Articles of Association:
   Article 43 of the Company's Articles of Association states that if the Company makes a profit during the year, at least 1% shall be allocated as employees' remuneration, and no more than 2% as directors' and supervisors' remuneration. However, when the Company still has a cumulated loss, it shall reserve the compensation amount in advance.
   In the formulation of the remuneration procedures, in addition to considering the Company's operating results, the contribution to the Company's performance is taken into account and the Company's "Performance Evaluation Measures for the Board of Directors" is based upon as the evaluation basis for the payment of reasonable remuneration.The relevant performance evaluation and reasonableness of remuneration have been reviewed by the Compensation Committee and the board meeting.

2. Calculation basis for the estimated amount of remuneration for employees, directors and supervisors in the current period, calculation basis for the number of shares distributed as employees' remuneration and the accounting treatment if the actual distribution amount is different from the estimated amount:

Estimated ratio/amount

	Ratio in 2020	Amount in 2020	Remark
Employees' remuneration	1%	$ 5,863	Payment in cash
Remuneration of Directors and Supervisors	1.5%	8,795	Payment in cash

If the amount in the annual consolidated financial report is still changed after the date of publication, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

3. Approval of the board meeting on the distribution of remuneration:

The 2020 distribution proposal was approved by the Company's board meeting on March 18, 2021, and is pending submission to the shareholders' meeting. The proposed distribution is as follows:

Unit: NTD thousand; %

Amount / Item	Cash	Stock			Is there any difference from the estimate of recognized expenses for the year?
		Amount	No. of shares	Percentage of the total of the net profit after tax in the current individual financial report and employees' remuneration	
Employees' remuneration	5,863	0	0	0	No
Directors' and supervisors' remuneration	8,795	0	0	0	

4. If there is any difference between the actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price) and the recognized remuneration of employees, directors and supervisors, state the number of difference, reasons and handling status:

There is no difference between the actual distribution amount of remuneration of employees, directors and supervisors for 2019 and the amount recognized in the 2019 consolidated financial report.

(IX) The Company's buyback of its shares: The Company did not buy back its own shares.

II. Corporate bond handling status: The Company has not issued corporate bonds.

III. Status of new share issuance due to preferred shares, overseas depositary receipts, employee stock options, new shares with restricted employee rights, M&A or share transfer from other companies: The Company does not have the circumstances above.

IV. Execution status of fund utilization plan:

(I) Content of the plan (execution status of previously issued or private-placement securities the execution of which is not yet completed): Not applicable.

(II) Execution status (as of the quarter before the publication date of the annual report, or which is completed within the last three years but the benefits of the plan have not yet appeared): Not applicable.

Chapter Five. Business Operation Overview

I. Description of business operation

(I) Scope of business operation

MIRLE is one of the leading firms specializing in the manufacturing of intelligent automation equipment system in Taiwan. With the experience and the R&D technologies accumulated in the automation field as well as the profound understanding of market demands as being acquired over the past years, we have successfully developed a wide range of automation systems and process application equipment until now. As such, we are able to provide a full range of services for the integration of automation systems in order to cater the demands of customers in following sectors such as the intelligent automation system for photoelectric panels, semiconductors, new-rising storage/retrieval (circulation service industry) and intelligent factories as well as the Online-to-Offline (O2O) integration platform for smart manufacturing (industrial PC, War Room Solution System), information products and relevant services.

1. Main business content

We are specializing in the design, develop, produce, manufacture and sales of following products:

(1) Intelligent automation system for photoelectric panels.

(2) Intelligent automation system for semiconductors.

(3) Intelligent automation system for new-rising storage/retrieval /smart factories

(4) Information product and services.

(5) Niche-oriented industries (such as biotechnology, medical, telecommunication, food and transportation, etc.), Big Data collection and analysis, Online-To-Offline integration platform for smart manufacturing (industrial PC and War Room Solution) automatic storage/retrieval and logistics system.

2. Revenue proportion

Main product	Sales amount in 2020	% in annual sales
Intelligent logistics/factory automation system	5,051,648	57%
Information product system and industrial controller	3,857,017	43%
Total	8,908,665	100%

Unit: NTD thousands

3. Technologies or products were successfully developed by MIRLE over past years:

(1) FPD panel process equipment and automation system:

a. Front-end In-Line and Stocker systems.

b. OCA/OCR/LOCA Vacuum Laminating Machine.

c. Consolidated production line for the manufacturing system of high molecular material slit coating.

d. Cell and Module Automation System.

e. Sputter Retrieval/Storage System.

(2) G3 ~ G10.5 Storage System for Clean Room (G3 ~ G10.5 CLEAN ROOM STOCKER).

(3) Overhead Hoist Transport Vehicle System (OHTS) and Auto Guide Vehicle System (AGVS) used by the Clean Room of the FPD module process.

(4) Automation systems like G3 ~ G10.5 LD/ULD(Array/CF/LCD), CF In-Line and CHG.

(5) Overhead Hoist Transport Vehicle (OHT) used by the Semiconductor Wafer Clean Room

(6) War Room Solution and Smart Manufacturing Platform for the intelligent factory

a. Manufacturing Execution System (MES).

b. Automated Material Handling System (AMHS) control software.

c. Material Control System (MCS) software.

d. Warehousing Management System (WMSI) software.

e. Warehousing Execution System (WES) software.

(7) Optical Glass Molding P.

(8) Vehicle curved glass panel laminating process equipment.

(9) New-rising Logistics Storage/Retrieval System:

a. Shuttle Based Storage and Retrieval System (SBS/RS).

(10) Controller system:

a. Plastic Injection Moulding Controller and Energy-conservation Servo System.

b. Injection Molding Mold Open Inspection Control System.

c. Building Automation (BA) energy-conservation system for elevators, chillers and Central A/C Unit Controller.

d. Programmable Logic Controller (PLC) required for the monitoring of medium-large sized water purifier, sewage equipment, electrical equipment and manufacturing process.

e. Servomotor and Servo Actuator.

f. Electronic Material Roll Intelligent Storage and Retrieval System.
g. Automated Storage/Retrieval System (AS/RS)
h. General working environment Material Handling System.
i. Clean Room Material Handling System.

(11) Big data analysis

a. In order to tack the information at any time, a Mobile APP platform was developed
b. In order to automatically check the defect, an AI Data analysis system was imported

(II) Overview of the industry

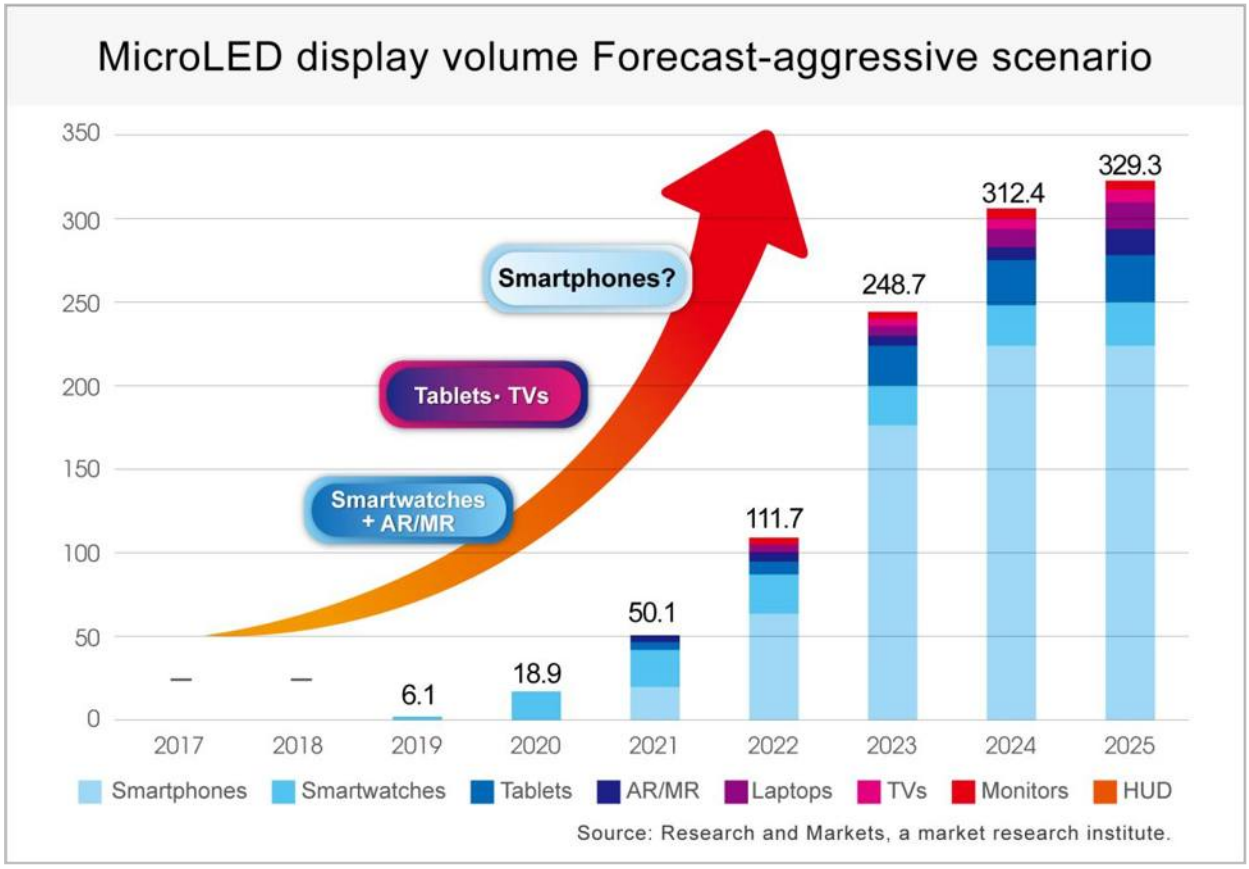
1. Current status and development of the industry:

MIRLE is a system integration equipment supplier specializing in the custom-made "intelligent automation factory" for our customers. We provide the total plant automation solutions for our customers ranging from the planning, design, material flow/information flow simulation analysis to the IOT integration and the Big Data AI O2O integration. The automation system developed by MIRLE is not only endorsed by the market as a fully-fledged, consolidated and well-performed brand but also a leading firm playing the dominating role in the realm of automation industry.

Photoelectric Panel Industry:

Following the launching of LCD and OLED, our next-generation display technology Micro LED has also attracted the eyes of Apple, Sony and global display supply chain and further investment. With its excellent performance, the Micro LED can be applied in a variety of modern applications such as wrist watch, cell phone, vehicle display, Augmented Reality (AR)/Virtual Reality (VR), display screen and TV, etc. Due to the technical challenges and higher fabrication cost, it is more suitable for the high-end TV, display screen and vehicle display. Viewing from the market scale of Micro LED, the application of large-sized display will be sure to become the mainstream in the near future. According to Research and Markets, it is expected that the global Micro LED display market will be boosted to US$20.5 billion by 2025 from US$600 million in 2019. As such, the compound annual growth rate will run up to 80.1% by then. The factors contributing to the vigorous growing of such demand are mainly followings: Smart wrist watch, mobile equipment, TV, digital signage, notebook and AR/VR devices as well as the demand for brighter and higher energy-conserving display panels, etc. Furthermore, the spurring factors also include the future vehicle illumination, centralized display panels

and overhead displays, etc.



The mainstream specifications of the vehicle instrument audio/video system has to be divided into the following product types and they are vehicle instrument, navigation and vehicle multi-media system for audio/video playing. In the meantime, the vehicle device related panel is also changing to 3D panel gradually. In curved panel lamination technology, the outline profile relating to the hand-held and vehicle device is also changed along with the progressing of information technology. As such, newer panel lamination technology is also developed. With the recovering of global economy in 2021, the widespread COVID-19 vaccine and the stricter gas emission control regulations in the European market, it is estimated that higher vehicle change demand will be stimulated in guiding the overall market toward the brighter side. By estimate, there will be double-digit growth for the vehicle panels where the output volume will be pushed up to 1.49 million pieces, representing about 5.2% of growth.

Regarding the status of optical glass molding machine market, YOLE (a market investigation institute) pointed out in its 2019 lens module report that the compound annual growth rate (CGR) of vehicle lens module is to become 7.8% by 2024. When comparing the quantity required for smart cell phone and vehicle lens module, we can see

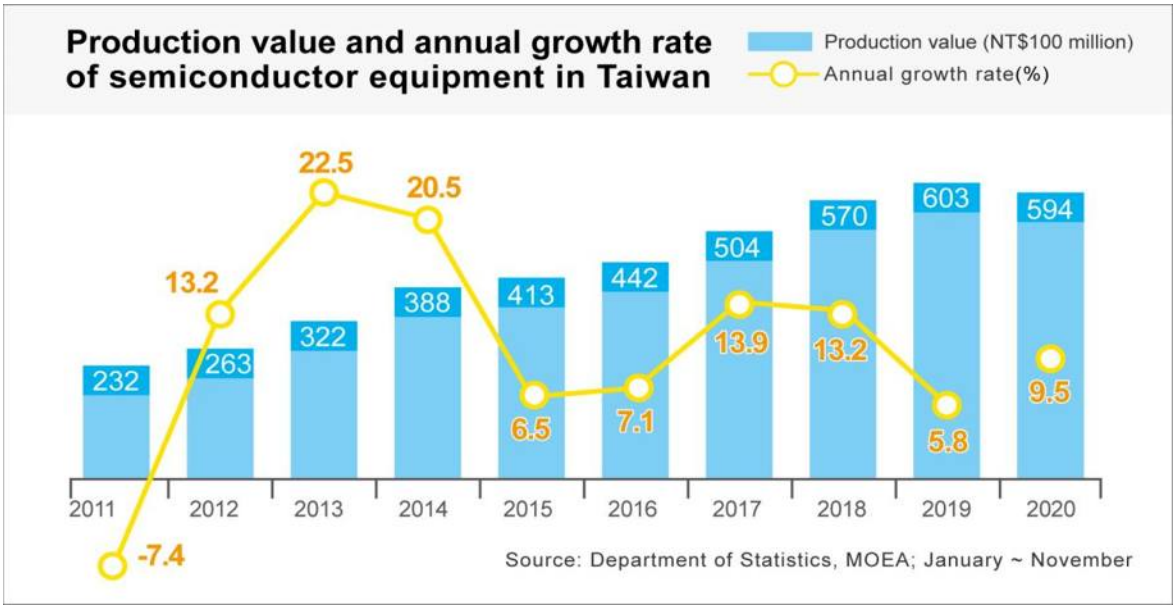
that the quantity of lens module required for each individual car will be more than tripled over that of the cell phone by 2024. For this reason, a rosy trend is expected by the market upholding that the vehicle lens module is most ideal for using as the CCM lens and that it is the market worthy of putting the investment.

Semiconductor Industry:

According to the recent report which was prepared by IC Insights (a market research and investigation institute), it pointed out that although the global semiconductor industry is significantly affected by the COVID-19 in 2020, its total revenue still grew for 8% in this year. In the meantime, the R&D expenditure invested by the semiconductor firms all over the world in 2020 is also growing for 5% than previous year that the total has reached US$68.4 billion, a historical high. However, it is estimated that 4% more will be increased, reaching a total of US$71.4 billion by 2021Looking as a whole, the total R&D expenditure invested by the semiconductor firms will be increasing at 5.8% of CGR during the period from 2021 to 2025, representing US$89.3 billion in total.

The research data revealed by ITRI's IEK Consulting indicated that the economic contribution to Taiwan as brought by the semiconductor industry has created NT$2.6 trillion of production value in 2018 for which, some 225,000 workers are employed. In this way, it has contributed about 7.8% of GDP in the Taiwan market, plus 54.8% of value-added rate. By adding up the consumption from the upstream and downstream semiconductor supply chain and service-oriented industries thus stimulated, it can generate additional NT$3.0 trillion of production value (1.2 times) together with additional 575,000 employment opportunities (2.6 times). At this stage, the semiconductor application has progressed to the diversified level such as IoT, smart manufacturing, AI, Big Data, smart medical, and smart vehicles. In this way, it has created another wave of giant leap for the semiconductor market. As such, it will serve as the momentum in spurring the growth of the semiconductor industry in the coming decade. When distinguished by product application, it is envisaged that the semiconductor market will keep growing till to 2025 under the guidance of relevant applications such as IoT, 5G, vehicle electronics, AR/VR and AI, etc.

Lately, the "Advanced Semiconductor Process Center" is promoted by the government in order to elevate the self-supply rate: Despite Taiwan has the well-configured semiconductor industry clusters and specialization in the entire world, key production equipment and materials are mostly imported from other countries. To elevate the self-supply rate for the semiconductor supply chain, active moves have been initiated by the government in promoting Taiwan to the "Advanced Semiconductor Process Center". It is hoped that more of major international equipment and material manufacturers will be attracted in putting investment in Taiwan and that a solid base will be shaped for the R&D and technical ability of local operators. By then, the autonomic and the localized supply chain will be realized in order to fortify the international competitiveness for local industries.



New-rising storage / smart factories:

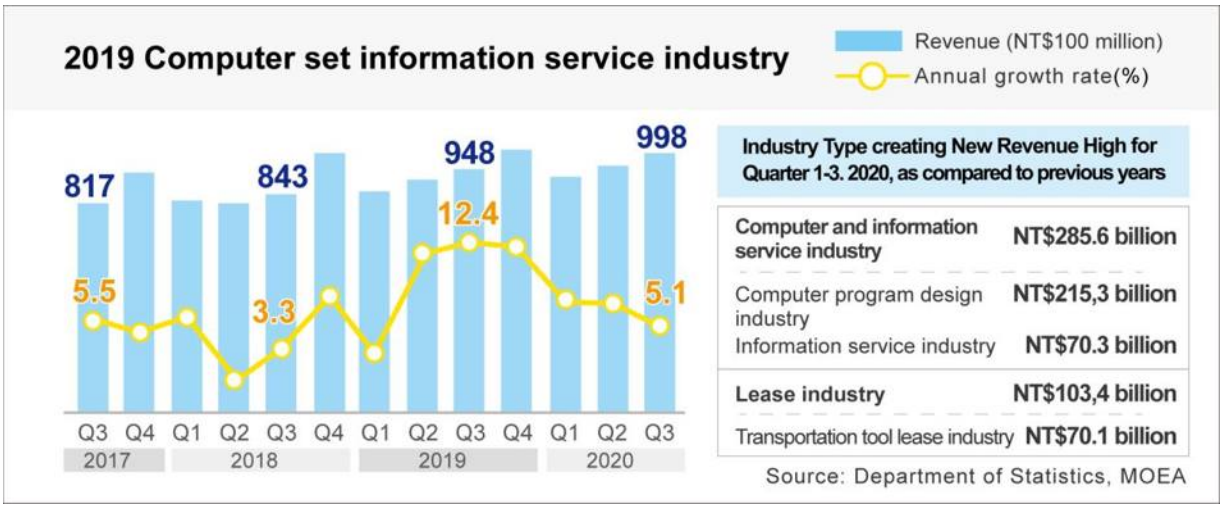
Driven by the AI and the sophisticated application of modern technologies, a new horizon has been shaped for the supply chain. Aided by Big Data analysis, it would be easier for the consuming product manufacturers to determine where to make the production, how many products should be produced, what warehouse should be stored and how to ship to the customers at the fastest way. In addition, it also helps the communication and coordination between human and machine while allowing the robot to carry out the operation and handling tasks during the manufacturing process so as to achieve faster production and bring down the cost in most efficient manner. Until now, the new type of O2O sales solution has been developed by the logistics industry and the comprehensive deployment is now underway. Facing the change of the operation type as seen in commercial environment in recent years, the consuming habits have now gradually shifted to the online platform channel from the physical store. In result, the warehouse planning and implementation are becoming more challenging in Taiwan where the land size is small and narrow. The manpower shortage problems resulting from the low-birth rate issue, the rapid development of logistics service industry and the more sophisticated modern technologies such as AI and block chain as being seen in recent years have forced the respective industry to expand the storage/retrieval functions. Facing the operating demand and the technological innovation, the ASRS (Automatic Storage/Retrieval System) in modern days is progressing towards multi-function kind of extension and integration. According to the CNBC (Consumer News and Business Channel), a latest report delivered by Capgemini Research Institute indicated that by 2023, the smart factories will be able to contribute US$1.5 trillion to US$2.2 trillion of production value for the global economy in each year. As being estimated by Fuji Economy (a Japanese investigation institute), the product value of smart factories will be running up to 6,954,300,000,000 Japanese Yen by 2025.

Information product and service:

Benefitted from the rapid development of network marketing and the elevation of consciousness in network information security plus the rise the smart application technologies for cloud computation and IoT in recent years, many firms are pursuing higher demand for the information system services. According to the latest statistical data issued by the Department of Statistics, MOEA for the revenue of computer and information service industries, it indicated that the revenue of computer and information service has soared to NT$346.7 billion in 2018 from NT$237.5 billion in 2009, representing 4.2% of average annual growth. According to the investigation of “Revenue of Computer and Information Service Industries, the Professional Technical Service

Industry and Lease Industry in 3rd Quarter of 2020" as issued by the Department of Statistics, MOEA, the revenue of computer and information service has accumulated to NT$99.6 billion, approximate to NT$100 billion, which represents 5.1% of annual growth. In this regard, the computer program design industry accounts for NT$74.2 billion which is a new high being achieved for the same quarter when compared to previous years and it represents 4.5% of annual growth. In the meantime, the revenue of information service industry has reached NT$25.3 billion which is a new high being achieved for the single quarter when compared to previous years and it represents 6.7% of annual growth.

The Department of Statistics, MOEA also pointed out that in the revenue of computer program design industry, a new high has been created for the same quarter when compared to previous years. Such achievement is contributed by the increase of diversified integration services for computer and server software and hardware as well as for communication technology and network information security. Not only this, a new single quarter high is also achieved for the information service industry as compared to previous years. It is mainly contributed by the "stay-at-home economy" service demand nurtured by the COVID-19 that has resulted in the increase of revenue for the network platform service, plus the growth in the performance of cloud data processing and backup system services.



When distinguished by business type, top revenue has been achieved by the computer program design, system integration and consultation as well as the "computer program design, consultation and service-oriented industries" relating to the equipment management, which accounts for 76%. In business performance, a sum more than NT$200 billion has been created in 2011 and it even climbed to NT$262.6 billion in 2018. During this period, average 3.8% of growth has been achieved for each year. The main reasons for this are the increase of computer software and hardware integration as well as

the communication technical services as being required by the corporate users, plus the urgent demand for the implementation of cloud system. Next, the revenue of "information service industry" for the businesses engaging in the operation of web portal, data processing, host and authorized network management, etc., which is represented by 24% and the total annual revenue in 2018 is NT$84.1 billion. Its average annual growth is 5.2% over the past decade. The faster growth mode is mainly contributed by the growth of demand in engagement community, authorized electronic data exchange and network management service, etc.

The operators continue enhance their ability in techniques and software development because the market demand still remains strong on the other hand, the computer and information service are regarded as the knowledge-intense type of service industries. According to the statistical data issued by Ministry of Science and Technology, some NT$13.5 billion has been spent as the R&D budget by the computer and information service industries in 2017, which represents7.4%of annual increase and it has increased for 64.1% when compared to NT$8.2 billion invested in 2009.

Starting from 2016, the firms in Europe, America, Japan and China are taking aggressive moves in introducing RPA process related robots and they have greatly elevated the operating efficiency and quality of their employees. Under the promotion of consultant company, firms in Taiwan also started introducing the RPA from 2017. According to an investigation report issued by a foreign investigation institute, some 45% of repeated works will be realized through digital labors provided by AI, Robot and RPA (Robotic Process Automation) in 2022. Due to this reason, many industries will encounter the challenges and opportunities brought by the AI once again. In his "Only Humans Need Apply", Thomas H. Davenport mentioned that the process automation will bring about amazing efficiency elevation for the organization with impressive investment return under comprehensive operating conditions. The introduction of such technology has posed tremendous impact on information security over the past few years.

Data is the asset in the information boosting era. The research and the implementation of data will create a prosperous niche for the country and the corporate and will also change the life style of people. Government agencies, national defense and foreign affairs agencies, financial institutions, hospitals and hi-tech industries have accumulated massive number of confidential information relating to employees, customers, R&D, production lines, inventories and transaction information.

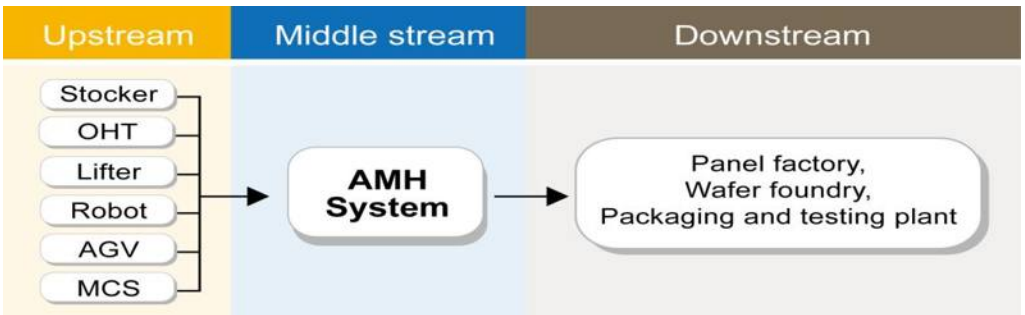
War Room Solution System

Corresponding to the diversified trend and the wide spreading of 5G network, the manufacturing operators will be able to deploy the Digital Twin(DT) in order to simulate the physical reaction of specific real object under virtual environment. Same as the creating of target Twin on computers, it allows the user to quickly implement the prototype, develop the model and simulate the production in order to achieve Go-To-Market as scheduled so to create the business opportunities while reducing the losses resulting from false material feeding. The marketing and planning units need to analyze the trend of consuming behaviors as well as estimate and development the merchandise through the Big Data (BD) collection and Business Intelligence (BI) in conjunction with Deep Learning (DL) and Artificial Intelligence (AI). In modern days, most manufacturing factories are operated by integrating with ERP (Enterprise Resource Planning), MES (Manufacturing Execution System), Modern logistics system and Facility System. In this way, optimal production mode can be established through the IIoT, the connection between machine networking and facility equipment, the monitoring of key parts with IPC and PLC and the collection of information messages as well as the computation of BD, deep learning and AI in order to attain the level where the intelligent automated product can be monitored, controlled, estimated and traced as required.

After determining the production mode through the simulation of DT, the manufacturing process related messages regarding the facility system (water, gas and electricity), the logistics system, the production equipment, the quality management and the productivity together with the operating status of key parts and error alarm, etc. can be instantly displayed on the display board in the War Room Solution by visual mode so that relevant operators may control over the production information and error alarm right on the scene. In the meantime, the troubleshooting time can be shortened through the message traceability function to ensure that DI will be consistent with actual production status in order to achieve the O2O integration.

2、 Correlativity between upstream, middle stream and downstream of the industry:

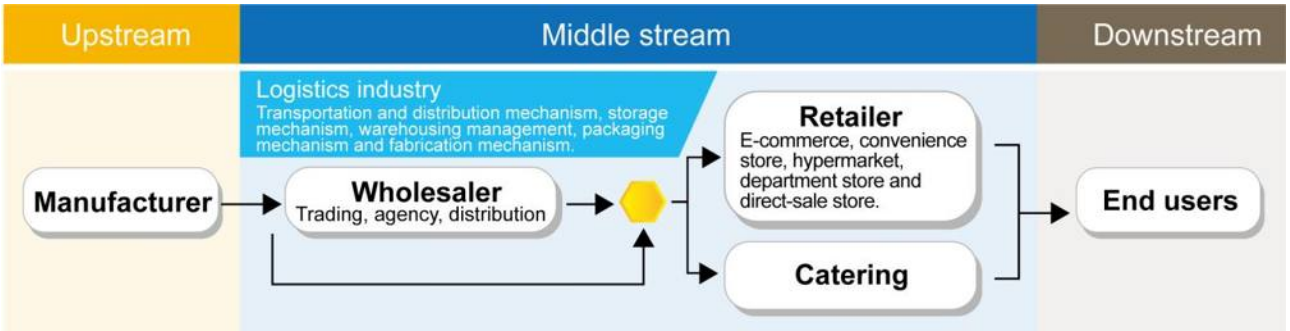
(1) Photoelectric panel and semiconductor industries - Clean Room Automatic Logistics System:



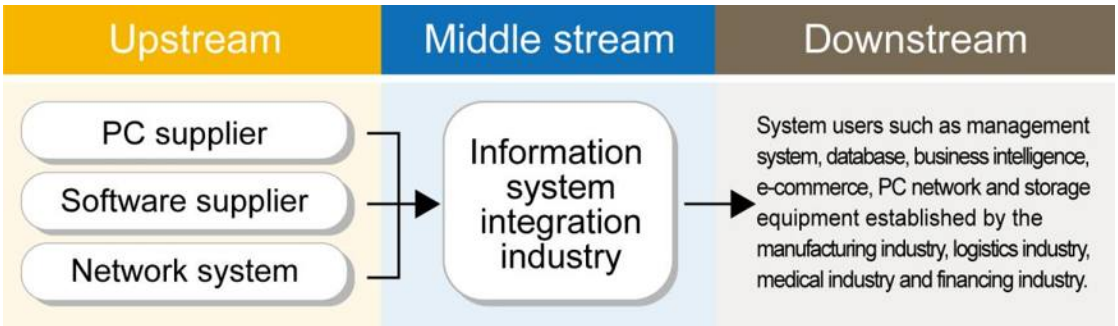
(2) New-rising logistics intelligent automatic system

The scope of circulation service industry has to be defined as below: The business flow and the logistics activities conducted for connecting the merchandise and the service in order to transfer them to final users. The industry conducting the information flow and the cash flow related activities is called as the circulation service related business.

MIRLE GROUP has to provide the optimal intelligent logistic solutions and product system according to the specific characteristics of the business type established by the respective industry.



(3) Information product and service



3. Development trend of the product:

(1) Intelligent automation system for photoelectric panel industry:

- **Clean Room Stocker System**

MIRLE is specialized in developing the automatic storage and retrieval system that will be used by the Clean Room required for processing different sizes of glass panels. We provide stabilized, clean and low-cost stocker solutions for the panel industry according to the size of G3~G10.5 glass panels as well as the storage and handling of wire/normal CST.

The Clean Stocker is one of key elements to AMHS (Automatic Material Handling System), which is required for handling the storage and management of glass substrate material and the in-process product or the finished product in the panel factory. Corresponding to the IOT and Digital Twin developing trend, MIRLE has to cooperate with the customers to collect the usage frequency/life cycle related data for key components of the Stocker. Abiding by the precautionary conception, MIRLE will help the customer conduct the analysis with the BD in order to minimize the downtime resulting from the accident to avoid reducing the productivity.

Since 2003, MIRLE began the research and development of the Stocker System in order to progress further through the development of newer generation of panel handling equipment. By developing newer version of Stocker model each year starting from 2014, MIRLE has succeeded in launching G6 Stocker, followed by G7.5 and G8.5 and then the G10.5 Stocker that has been successfully developed lately. The G10.5 Stocker can be used to carry a cartridge containing 2 tons of glass product. It is the scientific innovation developed to realize the higher speed, heavier load and higher level of technologies. With the performance accumulated over the past years and the innovative design, we have set a historical record in justifying MIRLE as the first company that has acquired the 10.5 version of transmission equipment order by the position of individual automation equipment system supplier through the total plant and systematic solutions and the amount of such contract is even running up to over NT$10 billion. It is not only an endorsement to affirm MIRLE's ability in technical research, engineering management, supply chain management, financial management and employee management but is also a cornerstone to fortify the leading position of MIRLE in automated logistics system for the panel industry.

- **Panel related manufacturing process equipment**
  - Vehicle Glass Panel Laminating Machine

    Vehicle device refers to the information system equipped inside the car, especially the front seat central control system. Comparing to previous cars used as the transportation tool, its recreational touch has been greatly elevated since the electric cars are developed and launched by Tesla in recent years. For this purpose, the vehicle system is also designed with the functions required for the vehicle video/audio amusement and message transmission. It allows the driver to interact more with passengers inside the car. Further, it also transforms

the conventional vehicle acoustic device to the intelligent networking car and unmanned driving level. Whether the elevation of technological deployment for cars or the research of intelligent networking cars and unmanned driving, the automobile manufacturers are pursuing the only sole purpose: Encouraging consumers to build up the electronic product purchasing habitude through the car driving and using experiences.

Over the past years, continuous research and testing efforts have also been invested by MIRLE's R&D Team so as to deal with different types of vehicle panel lamination methods more efficiently such as special shape for large-sized panels as well as the U-shape, S-shape and C-shape panels, etc. By combining the developed lamination method with the pairing multi-vacuum lamination technology exclusively developed by MIRLE, it will not harm the wires deployed in the curved panel. In the meantime, the developed lamination method is also incorporated in the automatic feeding and discharging process in order to intensify the automatic wire stringing function so as to establish the unmanned production system required by Tier-1 manufacturers. It provides much better large-sized 3D curved lamination solution for helping the customers use the new type of vehicle panels more easily.

- Hydrogel Coater

The high precision coating and laminating system is developed by the MIRLE's R&D Team. Such system comprises precision coating, high-precision moving platform (with optional air floating function), automatic image aligning system, high-precision vacuum lamination and control system. Such coating machine can be used in special size substrate and different types of dressing mixture. It can be used for integrating the process machines required for upstream/downstream cleaning, UV, baking and bubble-removing, etc. Further, it can also be connected with customer's CIM System to realize the intelligence and automation functions for the consolidated production line.

The Slit Coater technology has been used for 50 years, and it was initially applied in the coating of soft-sheet materials. The Slit Coater technology can be applied in a variety of product types, including consumer-related chemical industry such as conventional tapes, labels, electronic masking films, RO films, anti-counterfeit labels and signboard light box, etc. In the meantime, the coating technology is also frequently used in the electronic, photoelectric and energy storage technological industries such as flat panel display, PCB, semiconductor,

IC package and lithium battery, etc. In this regard, the highest fineness of coating skill is required by the flat panel display and the IC package, plus higher added value. In the meantime, such coating technology not only yields massive number of product but also reduces the use of materials or achieves the material recycling. With the growing consciousness for energy conservation and environmental protection in nowadays, it would be the right timing for modern manufacturing processes to change their coating method. MIRLE's Slit Coater is mostly applied in the coating line for high-molecular materials as well as the production system for special IC. It is the fully automated production system comprising a dozen of processes such as wet-type rinsing, surface modifying, baking, coating and drying, etc., to name just a few.

- Micro-LED/Mini-LED advanced process equipment:

Last year, DSCC (a market investigation institute) announced its prediction for Top 10 product for the display industry in 2021. The report indicated that by 2025, the sales volume of Mini LED will run up to 48 million units comprised by 4 million units of IT products (display, notebook and tablet PC), over 4 million unit of TV sets and 200,000 units of vehicle displays; and it will start growing from 2021. By estimate, it will be the technological breaking year for Mini LED in which, 8 million units fitted with Mini LED will be sold that it will keep pace with the OLED technology in 2021.

Facing the expanding scale and the climbing production value of E-sports market in recent years, IT brands are eager to launch the E-sport product that will yield higher gross margin and added value and that the HDR standard has also been achieved for PC display. With its powerful zone dimming function, it would be possible for the Mini LED to demonstrate the HDR to the maximal level. Therefore, the high-end IT products will be the few Mini LED items that can compete with the OLED at the same starting line.

By now, MIRLE is well prepared in the deployment of Mini LED with the spotlight focusing on major plants and upstream and downstream supply chains. Based on this, continuous increase of revenue will be envisaged for the storage/retrieval system and the automatic stringing system along the entire production process.

- Optical Glass Molding Press

The aspheric glass molding equipment manufactured by MIRLE not only demonstrates higher accuracy in hardware design but can be used with the

software to achieve more stabilized temperature and pressure control, complete with multi-layer error protection mechanisms in the meantime. When working with the software and the hardware, it is able to control the oxygen content in the high-temperature environment at the minimal level in order to achieve higher productivity and lower cost while maintaining the desired high quality and high yield-rate. By now, a number of machine models developed by MIRLE are selected by the leading photoelectric firms in Taiwan with repeated orders placed in the meantime. Until now, It is highly endorsed by our customers with remarkable sales performance achieved in the meantime. In addition to the upgrading of the molding equipment, the Lens Mold Transfer Machine (for mold/lens automatic retrieving and placing) is also allowed for integrating with the molding machine to carry out the production. In this way, the corresponding mold can be enlarged to Φ80 in size. In the meantime, it can also be used to produce a variety of lens products so as to minimize the nitrogen consumption while achieving more effective accuracy in temperature control and the optimal product quality. In this way, it helps the customer enhance their productivity and reduce the operating manpower so as to elevate the production efficacy.

(2) Semiconductor Intelligent Automation System:

By now, the industry has advanced to the post-Moore's Law era. Facing such trend, the focus of development has also been elevated from the front-end processing to the back-end package automation factory where the Stocker, OHT, AGV, EFEM, Tower Stocker and Lifter are employed in the automation system. Through the total plant integration, it not only allows the customer to achieve maximal efficiency in the limited production line space but can help the customer upgrade its facility to an unmanned factory while providing more intensified custom-made design services.

- **Clean Room Stocker System**

The space in the production line of the back-end package semiconductor plant is normally limited. To use the available leftover space around the equipment more flexibly and to improve the efficiency of the cartridge stocking space, the Clean Room Tower Stock solution is now developed by MIRLE with its years of experiences in automated handling operation for the Clean Room. In this way, the existing space occupied by the Stocker can be shrunken to the size similar to an elevator that it allows the Stocker to perform the ascending/descending and

retrieving/placing actions more easily. As the ascending and descending speed is designed at 120m per minute, it can be used for the cross-level conveying operation. With the equipment height restricted within 24m, the storage room can also be used as the holding area as compared to the elevator in ordinary Clean Room. In the meantime, it still meets the high cleanliness requirements due to additional air current control design.

Facing the automation upgrading challenge encountered by the back-end package industry, MIRLE is able to provide higher level of custom-made design services with its experiences in the industrial automation for conventional factories, panel and semiconductor. With the aid of the 3D logistics simulation, it helps the customer achieve the maximum efficiency in the limited factory space. In this way, it will become the best partner to help the customer implement the automation system.

- **OHT (Overhead Hoist Transport Vehicle)**

The OHT (Overhead Hoist Transport Vehicle) developed by MIRLE is an overhead handling system that occupies the dimensional space of the plant house effectively. Without occupying the operator walkway, it can be implemented in the plant house up to 2.7m high so as to maximize the service rate of the space in the Clean Room. The OHT can be used to retrieve and store the cargo on the Stocker load port to avoid the interference of obstacles such as machine/operators along the traveling route. As one of the major automation plants, MIRLE will be ready at the well-grounded and well-prepared position in order to create a blue ocean market for the back-end automation handling equipment in the semiconductor industry.

- **EFEM**

The EFEM (Equipment Front End Module) serves as the Loader/Unloader in the semiconductor plant. Depending on the size of the wafer, it can be used as the automation module required for the front-end loading/unloading operations. The EFEM developed by MIRLE can fully satisfy the demand and the restrictions designed for the customer’s process machine in helping the customer develop the automation system that will be suitable for all equipment required by the semiconductor process.

In the selection of front-end robot, the logistics method for the EFEM and the host machine, the communication between SECS/GEM and host system as well as the BC (Block Control) integration, rich experienced engineers hired by MIRLE can

help the customer reduce the risks when importing the EFEM and the subsequent online time.

(3) Intelligent Automation System for new-rising logistics industry:

Abiding by the "new-rise logistics" concept, well-organized solutions have been developed by MIRLE, ranging from preliminary simulation operation before erecting the plant, the optimized warehousing management in the plant to the logistics system after the releasing, etc. Based on the respective operation process, the optimal and field conditions as well as the diversified product structure will be analyzed in order to present an intelligent storage/retrieval logistics system. On this basis, an intelligent storage/retrieval logistics system will be developed in order to provide the storage/retrieval space with higher floor efficacy, higher efficient warehouse entry/release management and future expandability performance.

- **Shuttle Cart**

To cope with the demand in the logistics center, MIRLE launched the Cartridge Shuttle Cart which is the only kind in the entire Taiwan. Such Shuttle Cart is also equipped with the Shuttle Cart traffic management system to realize the total intelligent storage and retrieval operation. It can be widely used in retailing industry, logistics industry and electronic industry, etc.

Described below are key characteristics:

Flexibility: The number of shuttle carts can be flexibly adjusted according to the required entry and release efficacy. With the alley and layer shifting features designed for the Shuttle Cart, the entire storage/retrieval system can be serviced simply with an individual cart.

Mobility: It allows the servicing and maintenance of the cart alternately. Further, the entry/release operation will not be affected because the Shuttle Cart is designed with mutual supporting function.

Adaptability: The Shuttle Cart can be deployed at any leftover space, whether presented in concave or convex type, so that the space will be fully utilized to maximize the floor efficiency.

Intelligent Automation System for new-rising logistics industry:

■ General environment Pallet-type Shuttle Cart

■ General environment	Cartridge-type 4-way Shuttle Cart
■ Refrigerating environment	Pallet-type Automated Storage/Retrieval System
■ Refrigerating environment	Pallet-type 2-way Shuttle Cart
■ Retail Industry	Intelligent Logistics System Solution

(4) Cross-sector Core Automation Equipment System

- **AGV for Cleaning Room:**

MIRLE has launched a variety of Automatic Guided Vehicle (AGV) models such as submarine type, self-unloading type, fork type, traction type, lifting type and custom-made model for Cleaning Room.

By now, the models developed by MIRLE is included the 8” or 12” wafers for semiconductor industry (front-end FOUP or back-end CST) and the AGV system for LED process industry. The system comprises the cart body (FORK Type or CV type) or MR (Mobile Robot), AGV battery application, BMS (Battery Management System), charging technology (including quick-charging mode), SLAM navigation, laser navigation, and the use of Smart Cart Control System for replacing the NDC architecture. The aforesaid are the core technologies designed for the fully automated material storage and retrieval system that are completely controlled by MIRLE.

The AGV System and the Information Control System developed and integrated by MIRLE can provide a well-based one-stop package that will be implemented in the customer’s smart plant. As such, it not only solves the problems encountered by the customer when implementing the smart factory more effectively but also satisfies customer’s demands in order to achieve the smart manufacturing target.

- **MR AGV**

The MR AGV is the mainstream dominating the market in navigation positioning, battery module and EHS sectors. The battery module is the UL1642 certified item, with the charger and the battery handling device being certified by IEC 61851 and UN38.3 respectively. As for the EHS, it is also certified by an impartial third party agency according to the Semi requirements. In this way, the products provided by MIRLE are highly trusted items. The MR AGV developed by MIRLE is designed with self-driven and flexible operating features. The visual software and hardware will be integrated through the SLAM navigation system. In the meantime, we also developed the user-friendly UI and invested the efforts in developing the product that meets the flexible half-delivery demand required for the

semiconductor fabrication.

Currently, most of the manufacturing factories in Taiwan are operated by following FORD's assembly line production or TOYOTA's lean production management (TPS) mechanisms since the Industrial 2.0~3.0 era. Stronger urgency in introducing is more apparent when the production lifeline flow sector is involved. For this reason, the focusing on the optimization of production line, the management of handling equipment and the logistics will be considered as 3 major realms that should be firstly implemented in the factory for coordinating with the 5G application. It is more urgent for the handling equipment. Concerning this, the AGV used in the conventional automated factory is regarded as one of the sector in the handling equipment aspect because it is used for the logistic moving between production lines. After being installed with the light-weighted universal robots, it will help achieve the optimization of production.

In this respect, the development trend for the control application with industrial robots is included as follows: The integration of a variety of sensing devices (e.g. visual), the edge combining (the robot body) and the cloud control as well as the machine learning and self-updating function together with the reinforcing of safety when working with the robot, the collaboration between robots, and the self-moving, etc.

- **Lifter**

The vertical handling system developed by MIRLE is featuring on higher handling capability, energy conserving design, safety design and easier installation method. It is mainly used in the environment requiring higher class of cleanliness such as semiconductor industry, panel industry and electronic industry, etc. It is also an essential system for the commercial warehouse established for dealing with massive amount of incoming and outgoing cargos as well as frequently moving cargos. The maximum dimensions of the newer-generation panel has to be up to G10.5, which is the largest application dimensions for the newer-generation panel manufacturing plant, as being proven in Japan, China and Taiwan.

- **War Room Solution**

The War Room Solution developed by MIRLE is provided with following characteristics:

  - The Smart War Room Solution will produce the visual production process as well as integrate the information relating to the productivity of each

machine, the production schedule and the production progress. Through the data analysis, it helps the factory control over the bottleneck point by which the work distribution will be adjusted for other equipment in order to fill up the gap along the production line in due time. As such, optimal production will be realized for the entire factory.

- Through the AI health diagnosis of the War Room Solution, it allows the system to analyze the operation orders, behavior performance and status feedback of the equipment in order to upgrade previous call-service and cyclic maintenance to predicable maintenance. In this way, it will maximize the equipment availability in order to stabilize the productivity.
- Another function is helping the manufacturer control over the production pace more accurately. Further, it can be used to link up the order ERP originally issued by IT end and OT end with the productivity message (MES) and the Facility System. Further, it can also break the data islanding phenomenon in order to control over the messages exchanged among the entire plant in real-time and simultaneous manner.
- O2O Integration Platform for smart manufacturing:

Manufacturing Execution System (MES) and Automated Material Handling System (AMHS) control software as well as Warehousing Management System software

By now, MIRLE is equipped with the implementation technology required for integrating the Operation and Procedure Control (OT), Information Technology (IT), IoT and The Artificial Intelligence of Things (AIoT) and combining the O2O related Digital Twin (DT). Based on actual need, the result will be displayed on the situation board of the War Room so that the real-time and accurate information will be available for the operator and the decision-maker to determine the decisions.

- **Industrial PC and Industrial Controller (MIPC and IJC)**

Responding to the post-plague era, the percentage of the factory automation is increasing each year. This is especially true by using the automated material handling system to replace the manual handling method. To achieve higher flexibility in using the production line, the introduction of AGV will become an inevitable market trend in the future. In replacing the conventional PLC, the Industrial PC (MIPC) is designed with the computation ability and the interface

flexibility in executing the introduction of AI function, the collection of Big Data and the linking of War Room Solution. Compared to ordinary industrial PC, the MIPC developed by MIRLE uses the autonomy-based technology for implementing on the real-time operation system (RTOS) and is built with movement control function. In the meantime, it is also equipped with the EtherCAT main station developed by MIRLE for achieving 125μs of multiple axis control. With the built-in data and image recording function, the MIPC can shorten the time required for error analysis and shutdown maintenance through the recording, replaying and analysis so as to elevate the site capacity utilization effectively. The MIPC developed by MIRLE is built with 5G high-speed communication function. When using with the higher bandwidth and lower latency designed for the 5G, it will be able to collect massive amount of data via 5G. By connecting the 5G with the War Room, it will be allowed to manage and collect the production data while optimizing the capacity utilization in order to elevate the productivity. In the meantime, MIRLE's MIPC is also built with the external image connecting function. It can achieve the visual identification through the external-connecting image function, including the image distance measuring, visual navigation and cargo detection, etc. Through the built-in AI intelligence function, it can also effectively reduce the number of external module so as to meet the system simplification requirements.

(5) Information product and service:

The information product and system service provided by MIRLE has to include the system integration services for Warehousing Management System (WMS), Automated Material Handling System (AMHS) and automatic identification system (RFID) as well PC host, database, data storage device, information security and network.

- **Big Data analysis**

  In the critical core for the Big Data realm, MIRLE provides the service as follows:

  - Application system development
  - Information pipeline development
  - Management integration reinforcement
  - Information security integration reinforcement
  - Architecture planning development

- **AI**

- RPA

In view that the RPA will be the future trend for digital development, active move has been taken by MIRLE for joining the RPA market starting from 2018. For this purpose, MIRLE initiated a cooperation program with UiPath, the market leading brand, to engage in the introduction of enterprise process automation system in order to help local firms execute the digital transformation. The main purpose of RPA is to improve the enterprise productivity, and its main features are as below: Evading the repetitive works, avoiding man-made errors, enhancing the operation effect, and optimizing customer's experience. The RPA is suitable for wider range of realms, and it is mainly used in the repetitive, standardized and large-scale operation process. Currently, it is widely applied in the financing, insurance, retailing, manufacturing and medical industries.

Through the professional consultation service offered by MIRLE, we can help the enterprise elevate the operation quality and the production efficiency for their process in order to achieve the cost-efficiency for the investment while expediting the steps in digital transformation.

Described below are the RPA services currently offered by MIRLE:

a. Authorized sales of RPA software
b. Enterprise process remodeling consultation
c. RPA process development/maintenance
d. Education and training

- Image

In the AI image realm, we provide following products and services:

a. AI visual inspection platform: Allowing the customer to quickly implement the visual inspection model.
b. Symptom diagnosis for the medical industry: Cooperating with the hospital in developing medical inspection model and AI inspection ancillary system.
c. Human facial recognition platform: Helping customer's staff in performing the management.
d. Defect inspection for manufacturing industry: Providing custom-made service for developing the production line inspection model.

- **Risk control**

Since 2014, MIRLE started the investment of introducing the banking risk management system and the consultation service and the main purpose is to help the bank meet the minimum capital provision requirements specified in the Basel Agreement. The service is included the implementation of credit risk, market risk and operating risk prevention as well as the observation of the Basel-related laws.

1. Introducing the service for Market Risk Internal Model Method Management System (using with the Algo software):
2. Introducing the service for the calculation of bank capital adequacy rate and Legal Report Summary System (using with the Moody's software):
3. Introducing the service for the Credit Risk Internal Evaluation Method Management System (using with the SAS software):

- **Information security**

In recent years, lots of information security events have emerged where losses are frequently heard for the enterprise suffering from the information security threatening. Due to this reason, the information security has become an issue profoundly concerned and emphasized by the market. For the information security realm, MIRLE will help the enterprise introduce all types of information security systems in order to protect the enterprise from information security threatening while avoiding the loss. It include the following solutions:

a. Zero trust privilege access management solution
b. End Detection and Response (EDR) and Managed Detection and Response (MDR) solutions
c. Identity and access management as well as data access control solutions
d. IP Resource Management System

- E-invoice

Over the past years, MIRLE has been engaging in the sales of the circulation industry hardware related equipment. In 2013, MIRLE implemented the e-invoice value-added service center. Its purpose is to cooperate with the downstream POS system operators and the cloud e-commerce operators in providing all types of information services for the customer's e-invoice so as to help the enterprise transform to e-invoice operation. By now, such service system has been widely accepted by a variety of occupations such as catering, hypermarket, garment industry, road-side eatery and automobile parts transaction, etc. In aspect of the circulation

industry, we provide the professional advisory consultation service. In the meantime, we also provide the software and hardware sales solutions for all types of stores operated by the customer hoping to help the customer expand their stores more quickly so as to create higher revenue. Listed below are the service items offered by the E-invoice Value-Added Center:

a. Introducing the consultation service for e-invoice.
b. Introducing the service for the enterprise e-invoice supply chain.
c. Provide the MobilePOS mobile cash register solution
d. Provide the subscription service for Cloud Membership System.
e. Provide technical advisory service for account reporting.

4. Product competition status:

(1) With the efforts and the techniques accumulated over the past decades, MIRLE is now a leading firm in several industrial realms such as the production line automation system, automated storage/retrieval system, high-level Clean Room transportation System and intelligent logistics system. In terms of the panel industry requiring highly automated system, MIRLE is now one of the major suppliers in the automated logistics system for the global panel plants through the perspective investment in establishing the in-house R&D production line and the testing production line as well as in the organization of air current, logistic, structure and material analysis team. With the work performance accumulated over the past years and the innovative design, we have set a historical record in recent years where the order of the 10.5-generation transmission equipment is secured exclusively by an individual automation equipment system supplier, which is the first of its kind in Taiwan, and the single contract amount is running up over NT$10 billion. It is an endorsement affirming MIRLE's ability in technical R&D, engineering management, supply chain management, financial management and personnel management. As such, it has fortified MIRLE's leading position in the automated logistics system for the panel industry.

(2) Regarding the Automated Logistics System, the AGV, the Shuttle Cart, the Clean Room Automated Logistics System, the industrial PC, the controller and the Glass Molding Press being implemented for a variety of industries by MIRLE, they are superior to other local firms in terms of quality, performance and integrity. With continuous investment in the R&D as well as the highly honored patents and work performance, it has fortified the leading position of MIRLE in the automation industry in that the global competitiveness will be elevated to a higher level.

(III) Summary of technological and R&D status

1. The R&D budget invested in current year and previous years until the annual report printing date:

R&D budget for 2020:422,972NT$K.

R&D budget until March 31, 2021:101,020 NT$K

2. Successfully developed technologies or product in previous years:

(1) FPD panel process equipment and automation system:

a. Front-end In-Line and Stocker systems.

b. OCA/OCR/LOCA Vacuum Laminating Machine.

c. Consolidated production line for the manufacturing system of high molecular material slit coating.

d. Cell and Module Automation System.

e. Sputter Retrieval/Storage System.

(2) G3 ~ G10.5 Storage System for Clean Room (G3 ~ G10.5 CLEAN ROOM STOCKER).

(3) Overhead Hoist Transport Vehicle System (OHTS) and Auto Guide Vehicle System (AGVS) used by the Clean Room of the FPD module process.

(4) Overhead Hoist Transport Vehicle (OHT) and Auto Guide Vehicle System (AGVS) used by the Clean Room of the FPD module process.

(5) Automation systems like G3 ~ G10.5 LD/ULD(Array/CF/LCD), CF In-Line and CHG.

(6) Overhead Hoist Transport Vehicle (OHT) used by the Semiconductor Wafer Clean Room

(7) War Room Solution and Smart Manufacturing Platform for the intelligent factory

a. Manufacturing Execution System (MES).

b. Automated Material Handling System (AMHS) control software.

c. Material Control System (MCS) software.

d. Warehousing Management System (WMSI) software.

e. Warehousing Execution System (WES) software.

(8) Optical Glass Molding Press.

(9) Vehicle curved glass panel laminating process equipment.

(10) New-rising Logistics Storage/Retrieval System:

a. Shuttle Based Storage and Retrieval System (SBS/RS).

(10) Controller System:

a. Plastic Injection Moulding Controller and Energy-conservation Servo System.

b. Injection Moulding Mold Open Inspection Control System.

c. Building Automation (BA) energy-conservation system for elevators, chillers and Central A/C Unit Controller.

d. Programmable Logic Controller (PLC) required for the monitoring of medium-large sized water purifier, sewage equipment, electrical equipment and manufacturing process.

e. Servomotor and Servo Actuator.

f. Electronic Material Roll Intelligent Storage and Retrieval System.

g. Automated Storage/Retrieval System (AS/RS)

h. General working environment Material Handling System.

i. Clean Room Material Handling System.

(11) Data cloud service and analysis

a. Mobile APP development

b. Data analysis platform and system for AI defect inspection

(IV) Long-term/Short-term business development plan

Short-term:

1. In the short-term plan, we will keep closer watch of the market demands for the photoelectric panel industry, the semiconductor industry and the intelligence automated logistics system. In addition to fortifying the local market in Taiwan, more resources will also be invested in seeking deeper market opportunities by coordinating with the customer's business development programs in China, Japan, Europe, and America.

2. Based on the progressing trend of the global intelligent equipment, positive strategies will be drafted to create more flexible application programs and equipment. Through the effective use of the intensive industrial knowledge and the design ability in total plant automation system, the application level and the market share will be expanded for the respective industrial sector. Further, it is also planned to establish a collaborative alliance program by combining the upstream and downstream suppliers so that a consolidated production line program will be available in order to realize the joint growing and performance expanding goal.

Long-term:

Set up the following four approaches for the future development: (1) Intelligent automation system for the photoelectric panel industry. (2) Intelligent automation system for the semiconductor industry. (3) Automation system for the new-rising logistics/intelligent factor. (4) Automation system for the niche-type industries with

market strategic advantages. By readjusting the distribution of the company resources, more R&D projects will be invested for creating a powerful core technology. To this extent, a consolidated application level will be established for our products in order to build a global MIRLE.

II. Market, production and sales overview

(I) Market analysis:

1. Distribution areas of main products

Distribution Area \ Year		2019		2020	
		AMOUNT	%	金額	%
Local Market		4,686,165	37.47	4,719,807	52.98
Export	China	7,283,785	58.24	3,920,932	44.01
	Others	537,383	4.29	267,926	3.01
Total		12,507,333	100.00	8,908,665	100.00

Source: "2019~2020 Overall Financial Report" being certified by CPA Unit: NTD thousands

2. Description of market expansion program and market share

(1) Automated logistics system and equipment for the Clean Room of photoelectric panel factory: Corresponding to the COVID-19, demands are vigorously soaring that the panel industry is facing the over-demand dilemma. Such situation has forced some panel factories to develop the plan for carrying out the production line expanding and the equipment updating ahead of the schedule. With the panel demand keeps growing, we expect that more investment will be visualized for the panel industry than the previous. In result, we will be benefitted in expanding more market opportunities.

(2) The semiconductor industry is not only the core of AI/IOT/HPC products but also the foundation for most electronic, electric, computer and communication industries. Due to this reason, it will deeply affect the economic and social development and even the national security. Therefore, it can be regarded as the national class of strategic product in guiding the fundamental and piloting industries. As MIRLE has provided the Stocker, OHT, AGV, EFEM, and MR AGV related system equipment for our semiconductor customers by now, we will become a key partner to the semiconductor factory for increasing their productivity and reducing the downtime.

(3) Soaring demand for intelligent logistics and intelligent factory system: Being

affected by the COVID-19 in 2020, significant increase of demand has been experienced for the automated logistic serviced in Taiwan and China where more than doubled planning cases over previous years are being seen in the Taiwan market. Such trend is even more obvious for the demand requested by the retailing industry (e-commerce logistics, and convenience store logistics) and the logistics transportation industry (third party logistics), etc. (the equipment mainly used are Shuttle Cart and AGV). Forced by the trading dispute between America and China, the backflow investment cases in Taiwan as initiated by the industries are still increasing. Therefore, we expect that high growth will be envisaged for the investment and the demand of the intelligent logistics and the intelligent factories.

3. Future market supply-demand status and growing potential

The automation products manufactured and sold by MIRLE have been widely applied in the photoelectric panel industry, circulation service industry, semiconductor industry, bio-medical industry, electronic industry and food industry, etc. For this reason, it is closely related to the economic climate and the private investment messages. With the approaching of 2021, significant increase of equipment investment plans will be expected because that China's demand for the panel and IC equipment are still increasing and that the Industrial 4.0 has also been actively promoted by major countries in this world. With the equipment investment plan increasing in massive scale, the investment in relevant machineries and equipment will keep soaring in the meantime. Spurred by the rejuvenated economic activities in Taiwan, the market demand for the automated equipment service will be positively stimulated. Therefore, future growth of the associated industries can be expected.

4. Competitive niche

By now, MIRLE is the leading branding in automated equipment service industry. Analyzed below are the competitive niches specific to MIRLE:

(1) Technology:

Through continuous research and introducing of new technologies over the past years, MIRLE has been granted with a number of patents for the automation equipment related products. In the future, we will develop new product and relevant key parts continuously in order to achieve a wider technologies and level for the application of intelligent automation system.

(2) Professionals:

Abiding by the operating conception of "Mutual Benefit. Co-existence. Mutual Prosperity. Sharing", MIRLE has established a competitive and diversified salary

system in order to recruit high-caliber professional experts. Implement the career development system composed by the selection, training, using and retaining process. Prepare the competence training and development courses for the respective aspect in order to stimulate the potential ability and the innovative idea of employees. In this way, they may expand the breadth and depth of their competence in the leadership, technical, business operation and management in order to become the A+ professionals in the group and enjoy the excellently performed growth. Encourage employees to cooperate with the company in creating higher operation performance in order to achieve the system integration in full-scale, intelligent and automated way. Create reasonable profit for the company with superior competitive ability so as to create a win-win situation for labors and the employer. Talent cultivation: Establish higher-vision level of systematic standard and build up the objective-oriented thinking and dialogue ability through systematic consultation and guidance mechanism. The purpose is to stimulate the responsible attitude of employees in order to improve the collaborative execution ability of the management team. Provided below are annual key training and guidance plan:

Type	Project name / Program name
Consultation Instructor	Welding skill and engineering management project: Establish the standard welding procedure starting from the design. Coach the outsourced welding vendor to secure the welding operator qualification certificate. It will be used as the basis and the execution standard required for upgrading the overall welding quality system.
	OKR (Object and Key Result) Introducing Project: Help the company organize the seed instructor team in order to deal with critical objectives and key result. Inspire the bottom-up innovation and responsible attitude and promote the cross-sector collaboration in order to elevate the contribution level.
Newcomer training	Newcomer onboarding and training, machine operation training, and newcomer safety and health education.

Marketing course	Marketing and brand shaping, B2B marketing method and approaches, exhibition planning and brand presentation.
Management and leadership	OKR objectives and key result, manufacturing strategic blueprint by Gartner viewpoints, user experience and demand survey, coaching-type dialogue, support and listening, effective question, objective-oriented thinking.
Machinery course	Fatigue destruction and product lifespan, structural simulation analysis, metallic material and heat treatment related knowledge, damage analysis practices and hand-on (SEM/EDS) operation
Welding course	Welding technique and engineering management, welding design drawing consultation and instructions.
Information course	Big Data analysis and visualized chart, BIM engineering drafting, C# high-level language, 8D, Hadoop application, C++and data structure, PMPR certification, Python, AI depth learning series, AI data analysis and visualization, UiPath-RPAv1 certification
Work safety/human resource/purchase/legal/QA courses	Patent analysis, credit rating and contract, engineering purchase and supplier management, occupational safety, purchase contract and negotiation, flexible use of Taguchi DOE method (Robust Design), FMEA.

(3) Production line:

MIRLE is specializing in the manufacturing of intelligent automation system for the photoelectric panel industry, the intelligent automation system for the semiconductor industry, the automation system for the new-rising logistics/intelligent factories, and the automation system for the industry armed with market strategic niche. Being able to catch up with the development trend of the global smart manufacturing, our production line is equipped with long-term development niche.

5. Advantageous factors, disadvantageous factors and countermeasures for the development vision

Advantageous factors	Disadvantageous factors	Countermeasures
1. Mature industrial automation environment and rapid expansion of market scale. 2. Promote higher level of innovative research, develop key parts through private R&D process, and elevate the self-production rate. 3. With the emerging of automated production effect, the automation equipment is now an essential strategy widely selected by the manufacturers for elevating their competitiveness. 4. Corresponding to the trend of automation equipment, promoted the single-unit automation to the automated operation of consolidated production line. 5. The future of the e-Automation will be infinite because it accords with the mainstream architectural requirements.	1. The expansion of the operating scale is restricted due to the climbing of salary and the shortage of industrial professionals. 2. Due to higher revolutionary frequency of technology, the risks for putting investment in R&D technology are increasing. 3. All country are gradually valuing the cultivation of automated system operated company in order to secure higher market share through government's subsidy policy and lower price competition.	1. Improve the working environment, provide reasonable remunerations that can attract professionals as well as expand the employee's learning and growth space so that each person can demonstrate his expertise in order to contribute more for the company. 2. Increase the R&D investment and establish closer linkage with the R&D resources owned by the customers and the suppliers in order to provide comprehensive and real-time system integration services.

(II) Main purpose of key products and production process

1. Main purpose of key products

Product name	Main purpose
Clean Room Stocker System	With the Clean Room Automatic Stocker System, MIRLE is able to integrate the equipment and the information for the Logistics System and control over the material information instantly so as to enhance the operation performance. By integrating the existing information system, it allows the customer to save the space required for AMHS, reduce the AMHS implementation cost, improve the handling reliability and shorten the product manufacturing time. With the experiences in designing the Clean Room Stocker System for the panel industry and the ability in the total plant logistics planning that have been accumulated over the past 10 more years, MIRLE is now able to develop the mini-sized, light-weighted and high-speed automatic stocker system for the semiconductor industry in order to provide an optimal solution for the logistics system required by the semiconductor industry. The automatic Stocker System designed for the semiconductor industry is suitable for stocking 12” FOUP Carrier. Further, it is also allowed for highly flexible design modification in order to meet the special carrier stocking demand required by each individual customer such as the specially sized FOUP, FOSB and Tray, etc.
OHT: Overhead Hoist Transport	In the semiconductor field, the OHT is selected by ITRS (International Technology Roadmap for Semiconductors) for using as the key transport tool for the new-generation 18” wafer factory. Because it does not require Stocker for serving as the transition station, the implementation of OHT encompassing the entire plant can realize the EQ-to-EQ direct handling that the Carrier transport time and the product Cycle Time will be significantly shortened. It is the artery of the entire plant, and the higher stability and the intelligent logic control is played the key roles. MIRLE is equipped with professional consultants specialized in the semiconductor and panel industries. They not only help manufacture more perfect products for MIRLE but can also achieve higher production efficiency for customers

Clean Room AGV: 8" and 12" wafer AGV.	The AGV System is an indispensable role in the intelligent factory planning blueprint. It is featured on enhancing the efficiency of the entire factory effectively and largely reducing the factory's demand for labors. Further, it can also lower operating cost in a more effective manner. Spurred by the prosperous development of IoT devices, it is estimated that US$6.3 trillion can be realized by 2025, which represents about 1 trillion units of devices designed with interlinking function. In the meantime, the AGV System can be used for combining with the production equipment designed with different function and for connecting with diversified production procedure in order to present extensive range of intelligent applications. In modern days, the AGV System has been widely used in a variety of industrial fields such as the Automated Storage/Retrieval System, the smart factories and the smart manufacturing, etc.
MR AGV	Until now, the AMHS has become the dominating trend for the planning of new generation factories. In this regard, the Stocker plays the holding equipment role for stocking the materials and the semi-product during the manufacturing process and the OHS (Over Head Shuttle) is used for the handling between the Bay STK. Finally, the material conveying between the machine and the STK is executed by the unmanned handling vehicle such as OHT (Overhead Hoist Transport) or the AGV (Auto Guide Vehicle). As the AGV is designed with higher handling flexibility and sensitivity, it will become the mainstream handling system for serving as an alternative option other than the OHS and the OHT.
Lifter	The vertical direction implemented by MIRLE is equipped with cargo dedicated automated handling device where the handling route is planned. Such device comprises the vertical handling section (vertical Lifter host) equipped with cargo lifting/lowering device and the horizontal handling section equipped with the automatic device required for moving the cargo to and out of the cargo loading device. In this way, it is presenting an impeccable 3D logistic layout and it is a prerequisite component for the cargo conveyance. With the experience in the Clean Room cargo handling operation over the past years, MIRLE is familiar with the deployment of each industry and the workmanship in the logistic field. Through such kind of profound plant erection experience, MIRLE is able to provide well-based solutions for customers.

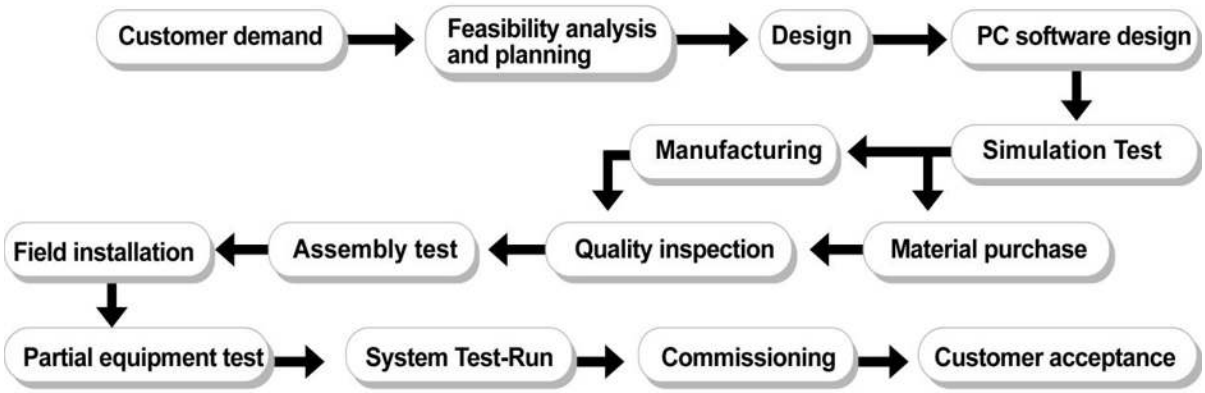
EFEM	The EFEM planned by MIRLE can be designed flexibly according to the machine required for the respective production process. In the plant house demanding higher class of Clean Room environment, the EFEM developed by MIRLE can be operated corresponding to the requirements of ISO Class 1- Class 1000. It means that when facing the machine requiring different cleanliness class, MIRLE is able to provide a clean environment during the product moving process. In the meantime, the EFEM developed by MIRLE is also equipped with the ability for carrying out the Semi SECS/GEM 300 communication. When used in the automated factory, such interface can be used to start and stop the equipment processing, collect the measured data, change the volume and select the desired product recipe. SECS / GEM standard execute the aforesaid operation methods by definition method.
Vehicle Panel Laminating Machine	Demand is climbing along with the launch of larger-sized vehicle panels. In previous, only a couple of panels were required and now there are examples requiring 5 pieces to 7 pieces of panels for the entire car. Further, the size of the panel has also increased to over 20” and even run up to 50” from the 7” in early days. As such, the quantity and size of the panel has suggested that huge demand is posed by the vehicle market. By estimate, there will be at least 2-digit compound growth rate in each year. By now, MIRLE is a leading brand in vehicle lamination technology as can be supported by the proven performance of automobile plants and major panel factories.

Hydrogel Coater	The slit coating technology is designed with measurable coating volume and higher thickness uniformity. Nowadays, most industries based in Taiwan are still at the single-layer material coating level. If a manufacturer expects to achieve bouncing type of elevation for the product specifications and characteristics when the material characteristics are evolved to certain stage, it has to be solved through the multi-layer structure presented by specific design. Taking the product structure for example, the issue on how to maintain the cohesion, insulation, coarseness, optical characteristics, thermal conductivity, electric conductivity, low dielectric characteristics and high dielectric characteristics will be the key direction that can help the global major plants to put investment in the R&D positively. The slit coating technology developed by MIRLE allows a smooth coating for the entire face or for multiple coating runners or for the cps presented in varied elevations in order to satisfy the stricter demand required by the customer.
General environment Pallet-type 4-way Shuttle Cart	It applies in the automated storage/retrieval system of densely organized warehouse deployed in general environment of service-oriented industries and the manufacturing industry such as distribution center, medical, chemical, textile, computer, electronic and machinery manufacturing industries. In addition to saving massive amount of storage floor, it also saves manpower in order to intensify the management efficiency and correctness by linking the intelligent software with the PC and by executing the control. In the meantime, it can also be flexibly added with 4-way shuttle cart to provide maximum handling capability. Further, the stocking space can also be flexibly increased according to the spatial environment in order to provide optimal floor effect.
General environment Cartridge-type 4-way Shuttle Cart	
Refrigerating environment Pallet-type Automated Storage/Retrieval System	It applies in the automated storage/retrieval system of the “-25℃ refrigerating environment” required for the service-oriented industries and the manufacturing industry.
Refrigerating environment Pallet-type 2-way Shuttle Cart	

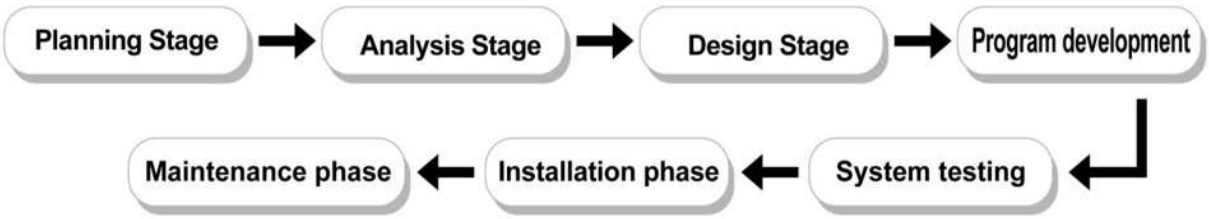
Industrial PC and Industrial Controller (MIPC)	The MIPC developed by MIRLE can be applied in the AMHS System such as the logistics handling system, AGV and OHT, etc. When applying MIRLE's MIPC in the AGV, it can be connected with the external navigation system for carrying out flexible adjustment according to the conditions of the handling site. As such, it is superior to the conventional PLC in terms of the transport route and the optimal efficacy in labor assignment. When used with the AGVC (AGV Controller) developed by MIRLE, it also provides much higher integration performance for the control system. When using with the OHT, the MIPC developed by MIRLE is used the built-in motion control device for coordinating with the 125μs of multi-axis control function to achieve high-speed moving and accurate positioning in order to shorten the cargo storage/retrieval time while enhancing the equipment service rate. The MIPC developed by MIRLE can operate the 4-way Shuttle Cart for combining the image identification to achieve multi-car evading and intelligent cargo sensing and judging functions.

2. Manufacturing process of main products:

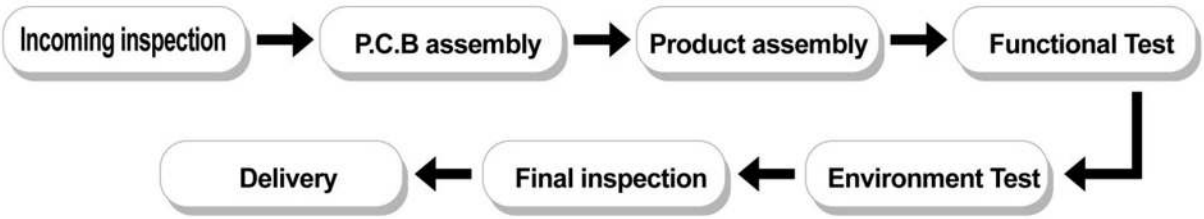
(1) Manufacturing process of Intelligent Automated Logistics System:



(2) Information product system manufacturing process:



(3) Industrial PC and Industrial Controller manufacturing process:



(III) Primary material supply status

1. The primary parts required for the Automated Storage/Retrieval System is the access host. Except that partial materials required for manufacturing the host will be imported from Japan and that the Reducer motor will be imported from Germany, over 80% of parts will be supplied locally.
2. The primary parts required for the logistics system are AGV, Shuttle Cart and OHT. Except that partial materials will be imported from Japan, over 90% of parts required for manufacturing the host will be supplied locally.
3. Semiconductor intelligent automation system and lamination-related equipment (such as Stocker, EFEM, Sorter, Storage, Glass Molding Press, and consolidated production line manufacturing system for high-molecular material slit coating): Except that partial materials required for manufacturing the host will be imported from Japan, over 90% of parts will be supplied locally.
4. The main supply source of the PC hardware required for the information product system is the agent of each brand such as HP commercial PC, enterprise host, enterprise-class server and SAN/NAS data storage devices, etc. As for the management software used with the automation system, it will be developed by MIRLE. In the meantime, the UiPath software (robot for RPA process) and POSIFLEX equipment are also available for sales.
5. The primary parts used by the controller are CPU microprocessor, Memory, A/D, D/A converter and passive electronic parts. Except for the passive electronic parts will be supplied locally, all main components will be imported from other countries such as TI, INTEL and ADI suppliers.

(IV) The names of customers accounting for more than 10% of the total purchases (sales) in any of the last two years and their purchases (sales) amount and proportion:

1. List of sales customers accounting for more than 10% of total sales in any of last two years:

Unit: NTD thousands

2019				2020				Year 2021 as of the end of the first quarter			
Name	Amount	% of net annual revenue	Relationship with the issuer	Name	Amount	% of net annual revenue	Relationship with the issuer	Name	Amount	% of net annual revenue	Relationship with the issuer
Customer FJ	5,047,647	40.36	No	Customer P	2,103,561	23.61	No	Customer P	332,705	14.56	No
Customer EZ	158,916	1.27	No	Customer FJ	1,367,222	15.35	No	Customer FJ	291,731	12.77	No
Others	7,300,770	58.37	No	Others	5,437,882	61.04	No	Others	1,660,876	72.67	No
Net sales	12,507,333	100.00		Net sales	8,908,665	100.00		Net sales	2,285,312	100.00	

*Reason for increase or decrease:
1. Customer P's purchase increased from that in 2019 mainly due to the increase in demand for information equipment.
2. Customer FJ's purchase decreased from that in 2019 mainly due to the decrease in its demand for building factories.

2. List of purchasing manufacturers accounting for more than 10% of the total purchases in any of the last two years:

Unit: NTD thousands

2019				2020				Year 2021 as of the end of the first quarter			
Name	Amount	% of net annual purchase	Relationship with the issuer	name	Amount	% of net annual purchase	Relationship with the issuer	Name	Amount	% of net annual purchase	Relationship with the issuer
Others	9,088,845	100.00	No	Customer A	726,779	13.64	No	Customer B	252,426	18.51	No
				Others	4,599,603	86.36	No	Others	1,111,028	81.49	No
Net purchase	9,088,845	100.00	-	Net purchase	5,326,382	100.00	-	Net purchase	1,363,454	100.00	

*Reason for increase or decrease:
Due to the sharp decline in revenue in 2020, the purchase amount significantly reduced compared with that in the last year.

(V) Production volume and value in the last two years

Unit: NTD thousands

Year / Production volume and value / Main products (or departments)	2019			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Logistics system	note	note	6,652,662	note	note	3,350,439
Information product system and industry controller	note	note	3,502,520	note	note	3,661,029
Total	note	note	10,155,182	note	note	7,011,468

Note: It is designed in accordance with customer requirements. Each system requires different accessories, so the quantity cannot be calculated accordingly.

(VI) Sales volume value in the last two years

Unit: NT$ thousand

Year / Production volume and value / Main products (or departments)	2019				2020			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Logistics system	note	3,173,369	note	679,240	note	3,376,524	note	1,675,124
Information product system and industry controller	note	1,512,796	note	7,141,928	note	1,343,283	note	2,513,734
Total	note	4,686,165	note	7,821,168	note	4,719,807	note	4,188,858

Note: It is designed in accordance with customer requirements. Each system requires different accessories, so the quantity cannot be calculated accordingly.

III. Information of employees in the past two years and as of the end of the first quarter of 2021:

Year		2019	2020	As of March 31, 2021
Number of workers	Technical staff	659	743	731
	Managerial staff	402	337	345
	Total	1,061	1,080	1,076
Average age		38	38	38
Average years of service		8	8	8
Ratio of education level distribution	PhD	0.38%	0.28%	0.28%
	Master's degree	19.51%	20.65%	20.45%
	Junior college	74.84%	73.98%	73.79%
	High school	5%	4.81%	5.02%
	Below high school	0.28%	0.28%	0.46%

IV. Environmental Protection Expenditure Information

(I) In the last year and as of the publication date of the annual report, losses (including compensation) due to environmental pollution and violations of environmental protection laws and regulations as a result of environmental protection audits: None.

(II) Future countermeasures and possible expenditures: The business operated by the Company has no risk of environmental pollution and it is expected that there will be no major environmental protection expenditures in the next three years.

V. Labor-management relations

(I) Employee welfare measures, further study, training and their implementation status:

1. Welfare measures handled by the Company:
   (1) Labor Insurance: Labor Insurance is applied for the employee from the day of reporting to duty.
   (2) National Health Insurance: National Health Insurance is applied for the employee from the day of reporting to duty.
   (3) Regular health check-ups: Regular physical check-ups are arranged for all employees and group insurance is applied for them (including life insurance, accident insurance, medical insurance and spouse and children medical insurance).
   (4) Pension allocation/withholding:
      a. With the adoption of the old system, the Company, in accordance with Article 2 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, allocates a retirement fund within the range of 2% to 15% of the total actual salary of employees every month.
      b. For those who choose the new system in accordance with the Labor Pension Act, and new employees who joined after July 1, 2005, 6% of the individual's monthly salary will be withheld according to the "Salary Withholding Class Table" and will be saved in the individual labor pension account at the Labor Insurance Bureau.
   (5) Training courses:
      a. Compliance with relevant regulations, including sexual harassment prevention, anti-discrimination, job management, protection of humane treatment and

healthy and safe working environment.

b. Education and propaganda on daily behaviors and ethical standards to provide a healthy and positive workplace culture.

c. Various functional trainings to enhance the professional and innovative capabilities of employees.

d. Occupational safety training series.

(6) Shareholdings trust: In order to inspire employees' loyalty and sense of participation, an employee shareholdings committee is established, and the Company allocates incentives to share business results, so as to ensure the stability of employees' future lives.

2. Welfare measures by the Employee Welfare Committee:

For the main source of welfare funds, the Employee Welfare Committee is established in accordance with the Employee Welfare Fund Act to handle various employee welfare matters and welfare funds are allocated in accordance with the regulations from the amount of venture capital, monthly operating income, employee salaries and sale of waste materials.

(1) For occasions of weddings, funerals, celebrations, etc. a variable amount of gift or bereavement money may be applied for in accordance with the regulations.

(2) Gifts for the New Year and birthdays.

(3) Domestic and foreign travel: domestic and foreign travel is organized from time to time.

(4) Movies, various club activities and healthy life lectures.

(5) An employee gym and fitness equipment are set up for employees to use, and various fitness courses are offered.

3. Implementation of the retirement system:

The Company has a retirement plan for full-time employees of ROC nationality who are formally hired through the employment process.According to the regulations:

(1) For those who adopt the old system:

a. Two base numbers are granted for each work year according to their work seniority.However, for those with a seniority of more than 15 years, one base number is granted for each year and the maximum total is forty-five base numbers.Those with a service period of less than half a year will be counted as having a service period of half a year and those who have completed half a year of service will be counted as one year.

b. According to the second paragraph of Article 6, if a worker who is forced to retire has a loss of mind or is physically disabled due to a work-related injury or illness, an increase of 20% will be added in accordance with the provisions of the preceding paragraph.

c. The pension base number refers to the average salary in the six months before the approved retirement.

(2) For those adopt the new labor retirement system:

a. For those who choose the Labor Pension Act since July 1, 2005, the original seniority will be retained and when they retire, the pension will be granted for the retained seniority according to the pension granting standards.

b. 6% of the monthly individual salary will be withheld and deposited in the individual labor pension account at the Labor Insurance Bureau.

4. Status of agreement between labor and management:

Providing employees with unobstructed communication channels and building a workplace environment with harmonious labor-management relations:

(1) Labor-management meetings are held every quarter to listen to the suggestions of laborers and promote harmonious labor-management relations.

(2) A suggestion box is set up and the "Personnel Review Committee Rules" are

formulated.

(3) The code of ethics for employees and sexual harassment prevention and related measures are formulated to prohibit sexual harassment incidents.

(4) The Company has had harmonious labor-management relations so far and no labor-management disputes have occurred.

(II) Losses suffered due to labor disputes in the last three years and up to the publication date of the annual report; disclose the current and the estimated loss amount in the future and countermeasures:

1. So far, the Company has not suffered losses due to labor disputes.
2. The Company has always followed the provisions of various labor laws and regulations, and is committed to the improvement of employee welfare. Under its humanized and rational management, employees' opinions are fully valued for improvement.
3. Under the harmonious labor-management relations, the Company does not expect any loss of money due to labor-management disputes in the future.

VI. Major contracts

Contract nature	Parties involved	Contract start and end date	Main content	Restriction clause
Land lease	Hsinchu Science Park Administration	April 1, 2009 ~ December 31, 2028	Lease of the factory base from Hsinchu Science Park Administration	No subletting
Land lease	South Science Park Administration	July 10, 2008 ~ July 9, 2028	Lease of the factory base from South Science Park Administration	No subletting
Land lease	Central Science Park Administration	May 1, 2011 ~ April 30, 2031	Lease of the factory base from Central Science Park Administration	No subletting
Land lease	Hsinchu Science Park Administration	July 15, 2019 ~ December 31, 2038	Lease of Tongluo factory base from Hsinchu Science Park Administration	No subletting

Chapter Six. Financial Overview

I. Summary balance sheet and statement of comprehensive income for the last 5 years

(I) ~ 1 Condensed Balance Sheet (Consolidated) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year		**Consolidated** Financial Data of the Past Five Years					As of March 31 of the specific year (Note 3)
		2016	2017	2018	2019	2020	
Current assets		7,597,870	8,657,306	9,698,493	8,505,627	8,057,341	7,213,069
Property, plant and equipment		1,634,515	2,056,104	2,297,761	2,278,356	2,449,453	2,527,325
Intangible assets		36,457	40,774	45,336	51,376	51,661	54,155
Other assets		308,533	365,438	377,038	627,639	650,074	630,487
Total assets		9,577,375	11,119,622	12,418,628	11,462,998	11,208,529	10,425,036
Current liabilities	Before distribution	5,228,765	6,619,417	7,860,502	6,802,428	5,476,352	4,592,759
	After distribution	5,573,820	6,912,714	8,505,755	7,291,256	Note 2	Note 2
Non-current liabilities		834,149	981,750	443,625	590,437	1,623,015	1,595,625
Total liabilities	Before distribution	6,062,914	7,601,167	8,304,127	7,392,865	7,099,367	6,188,384
	After distribution	6,407,969	7,894,464	8,949,380	7,881,693	Note 2	Note 2
Equity attributable to shareholders of the parent		3,514,264	3,518,254	4,114,300	4,069,951	4,099,210	4,226,547
Capital stock		1,916,972	1,955,312	1,955,312	1,955,312	1,955,312	1,955,312
Capital surplus		262,505	262,505	262,505	258,245	253,729	253,729
Retained earnings	Before distribution	1,371,013	1,375,301	2,004,793	2,029,741	2,042,218	2,182,231
	After distribution	1,025,958	1,082,004	1,359,540	1,540,913	Note 2	Note 2
Other equities		(36,226)	(74,864)	(108,310)	(173,347)	(152,049)	(164,725)
Treasury stock		-	-	-	-	-	-
Uncontrolled equity		197	201	201	182	9,952	10,105
Total equity	Before distribution	3,514,461	3,518,455	4,114,501	4,070,133	4,109,162	4,236,652
	After distribution	3,169,406	3,225,158	3,469,248	3,581,305	Note 2	Note 2

Note 1: The data of respective years listed above have all been audited (reviewed and approved) and certified by the CPAs.

Note 2: The distribution of earnings from 2020 is yet to be decided during the shareholders' meeting.
Note 3: As of the date when the Annual Report was printed, financial data of companies that are listed or whose stocks are already being traded at the business locations of securities dealers, if they have been audited, certified, reviewed, or approved by the CPAs, shall be disclosed as well.

(I) ~ 2 Condensed Balance Sheet (Individual) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year		**Individual** Financial Data of the Past Five Years				
		2016	2017	2018	2019	2020
Current assets		6,280,686	7,002,235	7,692,398	6,236,108	6,035,393
Property, plant and equipment		1,275,554	1,408,590	1,536,081	1,548,691	1,742,367
Intangible assets		32,118	34,982	32,264	39,054	35,564
Other assets		1,492,893	1,822,152	1,909,714	2,254,555	2,401,732
Total assets		9,081,251	10,267,959	11,170,457	10,078,408	10,215,056
Current liabilities	Before distribution	4,732,838	5,767,955	6,615,877	5,421,715	4,492,939
	After distribution	5,077,893	6,061,252	7,261,130	5,910,543	(Note 2)
Non-current liabilities		834,149	981,750	440,280	586,742	1,622,907
Total liabilities	Before distribution	5,566,987	6,749,705	7,056,157	6,008,457	6,115,846
	After distribution	5,912,042	7,043,002	7,701,410	6,497,285	(Note 2)
Equity attributable to shareholders of the parent		-	-	-	-	-
Capital stock		1,916,972	1,955,312	1,955,312	1,955,312	1,955,312
Capital surplus		262,505	262,505	262,505	258,245	253,729
Retained earnings	Before distribution	1,371,013	1,375,301	2,004,793	2,029,741	2,042,218
	After distribution	1,025,958	1,082,004	1,359,540	1,540,913	(Note 2)
Other equities		(36,226)	(74,864)	(108,310)	(173,347)	(152,049)
Treasury stock		-	-	-	-	-
Uncontrolled equity		-	-	-	-	-
Total equity	Before distribution	3,514,264	3,518,254	4,114,300	4,069,951	4,099,210
	After distribution	3,169,209	3,224,957	3,469,047	3,581,123	(Note 2)

Note 1: The data of respective years listed above have all been audited and certified by the CPAs.
Note 2: The distribution of earnings from 2020 is yet to be decided during the shareholders' meeting.

(II)~1 Condensed Comprehensive Income Statement (Consolidated) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year	**Consolidated** Financial Data of the Past Five Years					As of March 31 of the specific year
	2016	2017	2018	2019	2020	
Net revenue	8,883,695	12,376,355	14,406,440	12,507,333	8,908,665	2,285,312
Gross profit	1,507,168	1,958,852	2,659,935	2,325,614	1,883,306	501,742
Income(Loss) from operations	554,773	695,530	1,146,252	879,357	668,970	177,087
Non-operating income and expenditure	(12,523)	(212,479)	10,389	(31,667)	(91,197)	(11,813)
Income before income tax	542,250	483,051	1,156,641	847,690	577,773	165,274
Income from continuing operations	489,427	420,988	953,813	681,668	513,384	139,960
Losses from discontinued operations	-	-	-	-	-	-
Net income	489,427	420,988	953,813	681,668	513,384	139,960
Other comprehensive income (loss) for the year (after-tax)	(128,265)	(71,939)	(64,470)	(76,523)	10,127	(12,470)
Total comprehensive income (loss) for the year	361,162	349,049	889,343	605,145	523,511	127,490
Net income attributable to shareholders of the parent	489,426	420,978	953,805	681,670	513,367	140,013
Net income attributable to non-controlling interest	1	10	8	(2)	17	(53)
Total comprehensive income (loss) attributable to shareholders of the parent	361,119	349,045	889,343	605,145	523,511	127,337
Total comprehensive income (loss) attributable to non-controlling interest	43	4	0	0	0	153
Earnings per share	2.55	2.15	4.88	3.49	2.63	0.72

Note 1: The data of respective years listed above have all been audited (reviewed and approved) and certified by the CPAs.

(II)~2 Condensed Comprehensive Income Statement (Individual) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year	**Individual** Financial Data of the Past Five Years				
	2016	2017	2018	2019	2020
Net revenue	7,750,273	10,474,999	11,986,072	10,033,116	7,484,989
Gross profit	1,339,406	1,774,993	2,343,772	2,053,646	1,684,351
Income(Loss) from operations	542,568	643,387	1,039,138	850,366	625,084
Non-operating income and expenditure	5,065	(171,120)	104,036	(11,649)	(53,429)
Income before income tax	547,633	472,267	1,143,174	838,717	571,655
Income from continuing operations	489,426	420,978	953,805	681,670	513,367
Losses from discontinued operations	-	-	-	-	-
Net income	489,426	420,978	953,805	681,670	513,367
Other comprehensive income (loss) for the year (after-tax)	(128,307)	(71,933)	(64,462)	(76,506)	10,129
Total comprehensive income (loss) for the year	361,119	349,045	889,343	605,164	523,496
Net income attributable to shareholders of the parent	2.55	2.15	4.88	3.49	2.63
Net income attributable to non-controlling interest	7,750,273	10,474,999	11,986,072	10,033,116	7,484,989
Total comprehensive income (loss) attributable to shareholders of the parent	1,339,406	1,774,993	2,343,772	2,053,646	1,684,351
Total comprehensive income (loss) attributable to non-controlling interest	542,568	643,387	1,039,138	850,366	625,084
Earnings per share	5,065	(171,120)	104,036	(11,649)	(53,429)

Note 1: The data of years listed above have all been audited and certified by the CPAs.

(III) Names of CPAs of the Past Five Years and Their Audit Feedback

Year	Accounting Firm	Certified Public Accountant (CPA)	Audit Feedback	Reason for replacement of the CPA
2016	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	Regular internal reassignment of duties
2017	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2018	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2019	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2020	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No

II. Financial analysis for the last 5 years

(I) Financial Analysis (Consolidated) - The Financial Reporting Standard (IFRS) is adopted

Analysis Item \ Year		**Consolidated** Financial Analysis of the Past Five Years					As of April 31 of the specific year
		2016	2017	2018	2019	2020	
Financial structure	Liability-to-asset ratio (%)	63.30	68.36	66.87	64.49	63.34	59.36
	Long term funds to property, plant and equipment ratio (%)	266.05	218.87	198.37	204.56	234.02	230.77
Solvency	Current ratio (%)	145.31	130.75	123.38	125.04	147.13	157.05
	Quick ratio (%)	42.07	43.82	45.21	50.17	67.63	70.53
	Times interest earned ratio	50.93	27.72	82.36	53.54	43.31	56.70
Operating ability	Receivable turnover ratio (frequency)	13.73	18.39	14.68	10.44	8.64	11.74
	Average collection days (day)	27	20	25	35	42	31
	Inventory turnover ratio (frequency)	3.35	4.07	4.95	4.68	3.79	4.08
	Payable turnover ratio (frequency)	2.94	3.51	2.85	2.40	2.30	2.58
	Average sales days (day)	109	90	74	78	96	89
	Property, plant and equipment turnover ratio (frequency)	5.46	6.71	6.62	5.47	3.77	3.80
	Total asset turnover ratio (times)	1.02	1.20	1.22	1.05	0.79	0.85
Profitability	Return on assets (%)	5.70	4.21	8.20	5.82	4.63	5.32
	Return on equity (%)	13.77	11.97	24.99	16.66	12.55	13.29
	Income before tax to paid-in capital ratio (%)	28.29	24.70	59.15	43.35	29.55	33.81
	Profit margin ratio (%)	5.51	3.40	6.62	5.45	5.76	6.12
	Earnings per share (NT$)	2.50	2.15	4.88	3.49	2.63	0.72
Cash flow	Cash flow ratio (%)	12.27	7.74	31.48	6.37	19.75	(7.78)
	Cash flow adequacy ratio (%)	90.45	88.57	117.45	93.09	115.56	113.68
	Cash Re-investment ratio (%)	4.36	3.54	44.97	(4.45)	10.05	(5.91)
Leverage	Operating leverage	3.28	3.00	2.59	3.09	3.47	3.55
	Financial leverage	1.02	1.03	1.01	1.02	1.02	1.02

Note 1: The data of years listed above have all been audited (reviewed and approved) and certified by the CPAs.

Note 2: Information on the reason for the changes in respective financial ratios over the past two years (with a change rate of 20% and above)

Analysis Item	2019	2020	Difference	Description
Quick ratio (%)	50.17	67.63	34.80%	Mainly caused by a decrease in the current liability.
Average collection days (day)	35	42	20.00%	Mainly caused by a decrease in the receivable turnover ratio (frequency)
Average sales days (day)	78	96	23.08%	Mainly caused by a decrease in the inventory turnover ratio.
Property, plant and equipment turnover ratio (frequency)	5.47	3.77	-31.08%	Mainly caused by a decrease in the net sales.
Total asset turnover ratio (frequency)	1.05	0.79	-24.76%	Mainly caused by a decrease in the net sales.
Return on assets (%)	5.82	4.63	-20.45%	Mainly caused by a decrease in the net profits after tax.
Return on equity (%)	16.66	12.55	-24.67%	Mainly caused by a decrease in the net profits after tax.
Income before tax to paid-in capital ratio (%)	43.35	29.55	-31.83%	Mainly caused by a decrease in the net profits before tax.
Earnings per share ($)	3.49	2.63	-24.64%	Mainly caused by a decrease in the net profits after tax.
Cash flow ratio (%)	6.37	19.75	210.05%	Mainly caused by a decrease in the current liability.
Cash flow adequacy ratio (%)	93.09	115.56	24.14%	Mainly caused by a decrease in the net cash flow from business activities.
Cash re-investment ratio (%)	(4.45)	10.05	325.84%	Mainly caused by an increase in the net cash flow from business activities.

(II) Financial Analysis (individuals) - The Financial Reporting Standard (IFRS) is adopted

Analysis Item \ Year		**Individual** Financial Analysis of the Past Five Years				
		2016	2017	2018	2019	2020
Financial structure	Liability-to-asset ratio (%)	61.30	65.74	63.17	59.62	59.87
	Long term funds to property, plant and equipment ratio (%)	340.90	319.47	296.51	300.69	328.41
Solvency	Current ratio (%)	132.70	121.40	116.27	115.02	134.33
	Quick ratio (%)	26.52	33.59	36.92	32.17	47.10
	Times interest earned ratio	55.01	27.42	85.53	79.77	42.86
Operating ability	Receivable turnover ratio (frequency)	24.18	31.94	30.41	26.08	26.66
	Average collection days (day)	15	11	12	14	14
	Inventory turnover ratio (frequency)	3.20	3.82	4.95	4.79	3.92
	Payable turnover ratio (frequency)	2.91	3.54	3.07	2.65	2.96
	Average sales days (day)	114	96	74	76	93
	Property, plant and equipment turnover ratio (frequency)	6.27	7.81	8.14	6.50	4.55
	Total asset turnover ratio (times)	0.94	1.08	1.12	0.94	0.74
Profitability	Return on assets (%)	6.02	4.50	9.00	6.50	5.17
	Return on equity (%)	13.77	11.97	24.99	16.66	12.57
	Income before tax to paid-in capital ratio (%)	28.57	24.15	58.47	42.89	29.24
	Profit margin ratio (%)	6.31	4.02	7.96	6.79	6.86
	Earnings per share (NT$)	2.50	2.15	4.88	3.49	2.63
Cash flow	Cash flow ratio (%)	8.08	9.48	37.10	1.99	20.22
	Cash flow adequacy ratio (%)	80.19	88.49	133.53	97.84	116.40
	Cash Re-investment ratio (%)	(1.28)	4.23	44.46	(11.37)	7.15
Leverage	Operating leverage	2.90	2.77	2.48	2.78	3.23
	Financial leverage	1.02	1.03	1.01	1.01	1.02

Note 1: The data of respective years listed above have all been audited and signed off as approval by the CPAs.

Note 2: Information on the reason for the changes in respective financial ratios over the past two years (with a change rate of 20% and above)

Analysis Item	2019	2020	Difference	Description
Quick ratio (%)	32.17	47.10	46.41%	Mainly caused by a decrease in the current liability.
Times interest earned ratio	79.77	42.86	-46.27%	Mainly caused by a decrease in the income tax and net profit before interest and an increase in the interest expenditure of the current term.
Average sales days (day)	76	93	22.37%	Mainly caused by a decrease in the inventory turnover ratio.
Property, plant and equipment turnover ratio (frequency)	6.50	4.55	-30.00%	Mainly caused by a decrease in the net sales.
Total asset turnover ratio (frequency)	0.94	0.74	-21.28%	Mainly caused by a decrease in the net sales.
Return on assets (%)	6.50	5.17	-20.46%	Mainly caused by a decrease in the net profits after tax.
Return on equity (%)	16.66	12.57	-24.55%	Mainly caused by a decrease in the net profits after tax.
Income before tax to paid-in capital ratio (%)	42.89	29.24	-31.83%	Mainly caused by a decrease in the net profits before tax.
Earnings per share ($)	3.49	2.63	-24.64%	Mainly caused by a decrease in the net profits after tax.
Cash flow ratio (%)	1.99	20.22	916.08%	Mainly caused by a decrease in the current liability.
Cash re-investment ratio (%)	(11.37)	7.15	162.88%	Mainly caused by an increase in the net cash flow from business activities.

Note 3. The calculation formula is shown below:

1. Financial structure

(1) Liability-to-asset ratio = total liabilities/ total assets

(2) Long term funds to property, plant and equipment ratio ＝ (Total equities + Non-current liabilities)/Net value of property, plant and equipment

2. Solvency

(1) Current ratio＝Current assets/ Current liabilities.

(2) Quick ratio ＝ (Current assets － Inventory － Prepaid expenses)/Current liabilities.

(3) Times interest earned ratio ＝ Income tax and net profit before interest/Interest expenditure of the current term

3. Management ability

(1) Receivable (including accounts receivable and receivable notes from operations) turnover ratio ＝ Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days ＝365/Receivable turnover ratio

(3) Inventory turnover ratio ＝ Sales cost/mean inventory

(4) Payable (including accounts payable and payable notes from operations) turnover ratio ＝ Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

(5) Average sales days ＝365/Inventory turnover ratio

(6) Property, plant and equipment ratio ＝ Net sales value/Mean net value of property, plant and equipment

(7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

(1) Return on assets = [after-tax income + interest × (1-tax rate)]/gross assets on average

(2) Return on equity = after-tax income/mean total equity

(3) Profit margin ratio ＝ After-tax income/Net sales

(4) Earnings per share ＝ (Income that belongs to the clients of the parent company － Preferred stock dividend)/Weighted average number of shares (Note 1)

5. Cash flow

(1) Cash flow ratio ＝ Net cash flow from business activities/Current liabilities

(2) Net cash flow adequacy ratio ＝ Net cash flow from business activities over the past five years/(capital expenditure + increase in inventory ＋ cash dividend) over the past five years.

(3) Cash reinvestment ratio = (net cash flow from business activities - cash dividends)/(net value of real estate, manufacturing facilities, and equipment + long-term investment + other non-current assets + working capital) (Note 2)

6. Leverage:

(1) Operating leverage ＝ (Net operating income － Change in operating costs and expenses)/Operating profit (Note 3).

(2) Financial leverage ＝ Operating profit/(Operating profit - interest).

III. Supervisor's review of the latest financial reports

Supervisor’s Audit Report

The 2020 Individual Financial Statements, Consolidated Financial Statement prepared, and submitted by the Board of Directors have been completely audited by CPAs Tasi Mei-Chen and Chen Ming-Hui at Deloitte Taiwan and the Audit Report with unqualified opinion along with the 2020 Business Report and the proposal on the assignment of 2020 earnings were issued.

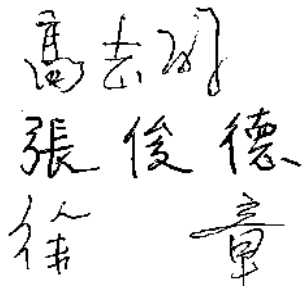
The CPAs and I have communicated on key items being audited and disclosed them in the Audit Report.

The above-mentioned 2020 Individual Financial Statements, Consolidated Financial Statement, Business Report, and Proposal on the Assignment of Earnings have been reviewed by me and no discrepancy has been found. Therefore, the Report is prepared as required by Article 219 of the Company Act for your review.

To:

The Company’s 2021 General Shareholders' Meeting

Mirle Automation Corporation
Supervisor:



March 18, 2021

IV. Consolidation financial statement from the most recent year:

Please refer to Appendix 1 on Pages 125 through 195.

V. Individuals financial statements from the most recent year:

Please refer to Appendix 2 on Pages 196 through 275.

VI. Impacts of latest financial difficulties encountered by the company and its affiliated enterprises on company's financial standing in the most recent year and up to the date the report was printed:

No financial difficulties occurred to the Company and its affiliated enterprises in the most recent year and up to the date the Report was printed.

Chapter Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

I. Financial position:

Financial Standing Comparative Analysis Table

Unit: NTD thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	8,505,627	8,057,341	(448,286)	(5)
Property, plant and equipment	2,278,356	2,449,453	171,097	8
Other intangible assets	51,376	51,661	285	1
Other assets	627,639	650,074	22,435	4
Total assets	11,462,998	11,208,529	(254,469)	(2)
Current liabilities	6,802,428	5,476,352	(1,326,076)	(19)
Non-current liabilities	590,437	1,623,015	1,032,578	175
Total liabilities	7,392,865	7,099,367	(293,498)	(4)
Capital stock	1,955,312	1,955,312	0	0
Capital surplus	258,245	253,729	(4,516)	(2)
Retained earnings	2,029,741	2,042,218	12,477	1
Other equities	(173,347)	(152,049)	21,298	12
Uncontrolled equity	182	9,952	9,770	5,368
Total equities	4,070,133	4,109,162	39,029	1
Information on the difference in the financial standing and the management outcome of up to 20%: 1. The increase in non-current liabilities is mainly the result of an increase in long-term borrowings, 2. The increase in uncontrolled equity is mainly the result of an increase in uncontrolled equity acquired from subsidiaries.				

II. Financial performance

Management Outcome Comparative Analysis Table

Unit: NTD thousands

Item \ Year	2019	2020	Increased (Decreased) value	Change ratio (%)
Net revenue	12,507,333	8,908,665	(3,598,668)	(29)
Cost of revenue	10,181,719	7,025,359	(3,156,360)	(31)
Gross profit	2,325,614	1,883,306	(442,308)	(19)
Operating expense	1,445,868	1,216,004	(229,864)	(16)
Other operating income and expenses	(389)	1,668	2,057	529
Income from operations	879,357	668,970	(210,387)	(24)
Non-operating income and expenditure	(31,667)	(91,197)	(59,530)	(188)
Income before income tax	847,690	577,773	(269,917)	(32)
Income tax expense	166,022	64,389	(101,633)	(61)
Net income	681,668	513,384	(168,284)	(25)
Total other comprehensive income (loss)	(76,523)	10,127	86,650	113
Total comprehensive income (loss) for the year	605,145	523,511	(81,634)	(13)

Note 1: Information on the change ratio of increase/decrease up to 20% over the past two years:

Item	Change ratio (%)	Description
Net revenue	(29)	Mainly caused by a decrease in market demand and the number of purchase orders
Cost of revenue	(31)	Mainly caused by a decrease in the operating income
Other operating income and expenses	529	Mainly caused by an increase in profits from disposing of property, plant and equipment
Income from operations	(24)	Mainly caused by a decrease in market demand and business revenue
Non-operating income and expenditure	(188)	Mainly caused by an increase in the net foreign currency exchange losses
Income before income tax	(32)	Mainly caused by a decrease in the operating income
Income tax expense	(61)	Mainly caused by a decrease in the operating income
Net income	(25)	Mainly caused by a decrease in the operating income
Total other comprehensive income (loss)	113	Mainly caused by an increase in the exchange difference from the conversion of financial statements of overseas operating entities

Note 2: Possible impacts on the future financial performance of the Company:

The overall operational outcome shows that the operating profits are up to 8%. The Company has sufficient capital and an adequate cash flow ratio. Financial support and allocations in the future shall be cautious and optimistic.

Note 3: Sales and criteria expected for the coming year: Not applicable. (No financial forecasts for the coming year are prepared by the Company.)

III. Cash flow analysis

Unit: NTD thousands

Balance of cash at start of term①	Net cash flows from operating activities throughout the year②	Annual cash outflow③	Remaining (Shortage in) cash①+②-③	Remedies in case of cash shortage	
				Investment plan	Wealth management plan
2,211,104	1,081,713	451,034	2,841,783	-	-

1. Analysis of change in cash flows of the year:
   （1） Operating activities: Mainly completion of system projects; slight improvements in collection of receivables in cash.
   （2） Investing activities: Mainly purchase of fixed assets
   （3） Financing activities: Mainly distribution of cash dividends and bonuses
2. Remedies for shortage in cash and liquidity analysis: No
3. Analysis of cash flow in the coming year:

Balance of cash at start of term①	Net cash flows from operating activities throughout the year②	Annual cash outflow③	Remaining (Shortage in) cash①+②-③	Remedies in case of cash shortage	
				Investment plan	Wealth management plan
2,841,783	610,288	1,735,942	1,716,129	-	-

IV. Material capital expenditures in the last year and impacts on financial position and business performance

(I) Utilization of major capital expenditure and source of funding: No.

(II) Production/distribution volume and value and gross profits that are expected to likely increase: No.

(III) Other benefits: No.

V. The reinvestment policy in the most recent year and main reasons for profits or losses and the improvement plan and the investment plan for the coming year:

(I) Re-investment Policy:

The Company considers investments mainly based on the comprehensive benefits of strategic alliance and developmental trends on the market and careful evaluation of the future profitability of the investment plan.

(II) Main reasons for profits or losses and the improvement plan:

Mirle Automation (Shanghai) Co., Ltd. and Mirle Automation (Kunshan) Co., Ltd. have taken root on the Mainland China's automation market. As the demand on the market for automated equipment and systems rises, investments in product research and development will continue in the future in order to maintain the Company's existing advantages and to create operational benefits.

(III) Investment plan for the coming year: The Company will carefully evaluate respective

investment solutions and possibilities in favor of the Company's developments in the future in order to create a win-win situation for the shareholders and the Company and to realize localization of Mirle around the world.

VI. Risk management and assessment

(I) Impacts of changes in interest rate, exchange rate, and inflation in the most recent year on the Company's income and countermeasures in the future:

1. Impacts of changes in interest rate in the most recent year on the Company's profits and losses and countermeasures in the future:

2020 Unit: NTD thousands

Net interest income/expenditure (1)	15,207
Net revenue (2)	8,908,665
Net value before tax (3)	577,773
(1)/(2)* 100	0.1707%
(1)/(3)* 100	2.6320%

The Company had1,358,967 thousand dollars of liabilities with interest and1,844,080 thousand dollars of deposits with interest as of the end of 2020. Therefore, for an increase of 1% in interest rate, the Company's interest income will be increased by 4,851 thousand dollars a year.

To avoid impacts of changes in the interest rate, the Company takes countermeasures depending on the circumstances. Examples include having someone in charge to evaluate the fluctuations in interest rate periodically, working closely with banks to seek preferred interest rates, and adequately applying other financing approaches depending on the operational status and the required funds.

2. Impacts of changes in exchange rate in the most recent year on the Company's profits and losses and countermeasures in the future:

2020 Unit: NTD thousands

Net foreign exchange income (1)	(130,769)
Net revenue (2)	8,908,665
Net value before tax (3)	577,773
(1)/(2)* 100	(1.4679%)
(1)/(3)* 100	(22.6333%)

The Company bore net losses worth 130,769thousand dollars in foreign currency exchange throughout 2020, which accounted for -1.4679% and -22.6333%, respectively, of the net annual revenue and the net profits before tax.

The Company is keeping track of exchange rate fluctuations on the international market on a daily basis and continues to take related countermeasures. Examples include that the Finance Department keeps in close contact with the foreign exchange departments of financial institutions that the Company does business with,

collects related information on changes in exchange rate at all times, and sufficiently keeps track of the trends and the changes in exchange rate internationally in order to respond to the negative impacts brought about by fluctuating exchange rates proactively and such information may serve as reference in forward transactions and settlements.

3. Impacts of inflation in the most recent year on the Company's income and countermeasures in the future:

   The Company will pay close attention to inflation and adequately adjust the selling prices of products and the stock of supplies in order to reduce the impacts of inflation on the Company.

(II) Policies on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives in the most recent year, main profit or loss factors, and countermeasures in the future:

1. The Company does not engage in high-risk and high-leverage investments and has established internal management guidelines and operating procedures based on sound finance and operations in compliance with applicable laws and regulations and requirements of the Securities and Futures Bureau, including the Operating Procedure for Lending to Others, the Operating Procedure for Endorsement and Guarantee, and the Procedure for the Acquisition or Disposal of Assets.
2. As of the date when the Annual Report was printed, lending to others and endorsement and guarantee are limited only to subsidiaries that are indirectly 100% held by the Company and when related laws and regulations and applicable requirements are fulfilled.
3. Transactions of derivative financial instruments that the Company is engaged in are meant for hedging not transactional purposes and are based on principles of conservativeness and robustness. In the future, adequate adjustments will be made in honor of such principles and reflective of the trends in exchange rate and interest rate and the operational status and will be in compliance with the requirements of applicable laws and regulations and the internal operating procedure(s).

(III) Future research and development plans and R&D expenses expected to be devoted:

1. Scheduled 2021 R&D expense; NTD525,554 thousand.
2. Future research and development plans: In the fields that respective business divisions of the Company specialize in, related staff will be devoted to various R&D plans regarding existing and new products each year in order to create more business opportunities for the Company. The Company expects to develop more advanced and specialized decision-making models and application software applying AI and machine learning technologies based on existing software and hardware equipment in the coming three years. It will begin with educational training for the staff so that AI and machine learning are consolidated as part of the Industry 3.5 objectives while they are being enforced.

(IV) Impacts of important domestic and international policies and regulatory changes in the most recent year on the Company's financial performance and the countermeasures: No.

(V) Impacts of technological changes in the most recent year on the Company's financial performance and the countermeasures: Continued devotion to various R&D plans.

(VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures:

Since it was established, the Company has been adhering to its management beliefs, that is, integrity and robustness, while laying the groundwork to support corporate management accumulatively and step by step. Thanks to the efforts of the management and the staff over the 31 years, the revenue has seen rapid growths along with good will on the market. The brand is well endorsed and recognized by customers and suppliers alike. The corporate image has been optimal over the past few years. Change in corporate image is not a crisis.

(VII) Expected benefits and possible risks of mergers and acquisitions and the countermeasures: There are no merger or acquisition plans at the moment.

(VIII) Expected benefits and possible risks of the expansion of plants and the countermeasures:

1. Expanding plants helps flexibly adjust and shorten product lead time, reduce the cost, and improve competitive advantages, intensify partnership with customers to win trust and affirmation from the customers, and create better business opportunities to secure more purchase orders and enhance economic benefits.
2. In light of the possible risks brought about by customers reducing their investment in equipment in response to the impacts of the overall economic cycle, the Company will strive to devote itself to the R&D, innovation, and development of new products and to enhance product features, bring down the cost of production, and improve its competitiveness in response.

(IX) Risks associated with focused purchases or sales and the countermeasures: The Company does not have particularly focused purchases and sales.

(X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares on the Company and the countermeasures: Transfer or exchange of stock options in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares on the Company has occurred.

(XI) Impacts and risks of change in management on the Company and the countermeasures:

1. The most favorable resources of the Company are automation staff. Therefore, both the impacts and risks of change in management are minimal.
2. Countermeasures: To stabilize the holding ratio of heavyweight shareholders and management and win the endorsement and recognition of institutional investors with the management performance.

(XII) Litigation or non-litigation incidents:

1. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, general managers, actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies over the past two years and up to the date the Annual Report was printed with a confirmed verdict or ongoing ones whose results may have significant impacts on the shareholders' equity or prices of securities: No.

(XIII) Other important risks: No.

VII. Other important matters

Information security risk assessment and analysis:

The information security system of the Company has security as its paramount goal, followed by user friendliness in order to comply with the Company's policy. Over the past few years, air gap and encrypted/decrypted access of some important servers have been completed. The information security risk exists at any time and efforts are ongoing.

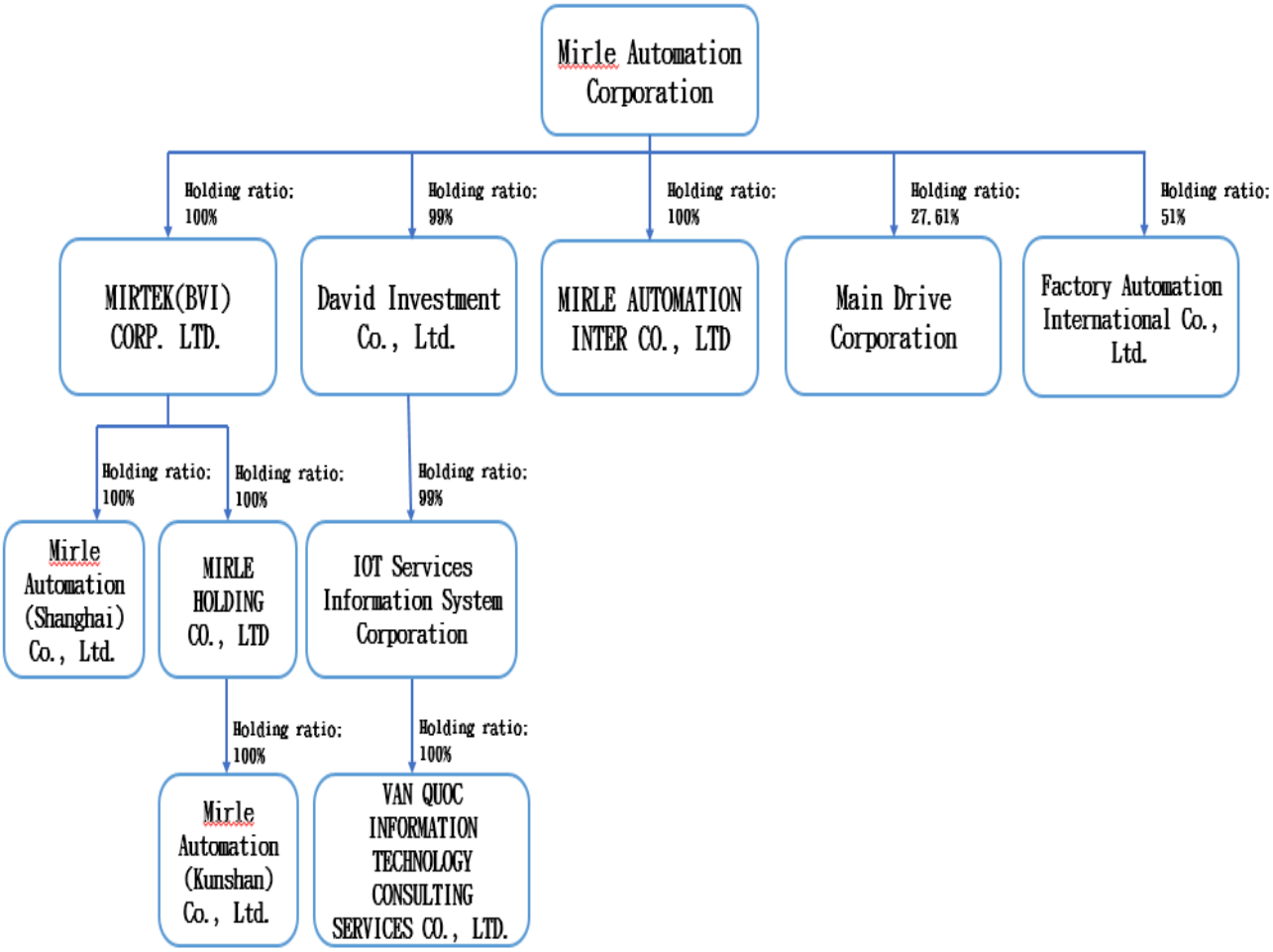
Chapter Eight. Special Disclosure

I. Related information of affiliated enterprises:

(I) Business Report of Affiliated Enterprises

1. Overview of Affiliated Enterprises

(1) Organizational Chart of Affiliated Enterprises:



Note: Formosa Medical Devices Inc., which Mirle held 21% of, was abolished on May 27, 2020.

(2) Profile of respective affiliated enterprises:

Unit: NTD1,000

Name of enterprise	Establishment date	Address	Paid-in capital size	Main scope of operation or production
MIRLE AUTOMATION INTER CO., LTD.	July 10, 2013	4345 Bhiraj Building, 12FI.,Room 1204,Sukhumvit Rd., Bangnatai Subdistric, Bangna District, Bangkok 10260	THB100,000	Machinery installation, automated warehousing and logistics equipment, automated control equipment engineering.
MIRTEK (BVI) CORP. LTD.	March 18, 1997	P.O. Box 662，Road Town，Tortola，British Virgin Islands.	USD29,641	Investment
MIRLE HOLDING CO., LTD	May 19, 2015	NO.24,Lesperance Complex,Providence Industrial Estate, Mahe, Seychelles	USD17,000	Investment
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	February 21, 2014	19th Floor, No. 182, Le Dahang Road, 15th Fong, District 11, Ho Chi Minh City, Vietnam	USD500	Machinery and equipment installation, computer and office machinery and equipment wholesale and retail
Mirle Automation (Shanghai) Co., Ltd.	July 31, 1997	838 Yinglun Road, Waigaoqiao Free Trade Zone, Pudong New Area, Shanghai	USD13,232	Development, production, and distribution of various packaging machines, labeling machines, and other food machinery, parts of thermoforming machines, automated storage and management equipment, logistics, delivery, and other automated product systems and services, computer and network system integration and service.
Mirle Automation (Kunshan) Co., Ltd.	November 24, 2015	No. 198, Dengta Road, Yushan Township, Kunshan, Province of Jiangsu	USD17,000	Research, development, and production of welding robots and their welding devices and equipment, automated storage and management equipment, logistics, delivery, and other automated product systems, industrial controller products and systems, provider of industrial robotic systems, visual detection systems, computer and network system integrated applications
David Investment Co., Ltd.	February 1, 2011	26F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei	NTD76,100	Investment
IOT Services Information System Corporation	March 9, 2011	5F, No. 285, Section 4, Jhongsiao East Road, Da’an, Taipei	NTD76,100	Machinery and equipment manufacturing and installation, computer and office machinery and equipment wholesale and retail

Name of enterprise	Establishment date	Address	Paid-in capital size	Main scope of operation or production
Main Drive Corporation	October 22, 2018	2F, No. 11, Yanfa First Road, Baoshan Township, Hsinchu County, Hsinchu Science Park	NTD261,760	R&D, design, production, and distribution of precision decelerators that are key parts and components of robots, CNC machine tools, semi-conductor equipment, medical aids, automated machinery, and non-manned transporting vehicles, etc.
Factory Automation International Co., Ltd.	November 24, 1997	26F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei	NTD25,000	Design of software packages to be used in computers, trading of computers and peripheral equipment

(3) Industries covered in the scope of operation of affiliated enterprises as a whole: Refer to Point (2).

(4) Profile of directors, supervisors, and general managers of individual associated enterprises:

Name of enterprise	Title	Name or Representative	Shareholding	
			Quantity (thousand shares)	Ratio
MIRLE AUTOMATION INTER CO., LTD.	Director	Mirle Automation Corporation Representatives: Lin Shi-Dong, Lin Fang-Yi, Hsien Ming-Sung, Hsien Ti-Hsien	10,000	100%
MIRTEK (BVI) CORP. LTD.	Director	Mirle Automation Corporation Representative: Sun Houng	29,641	100%
MIRLE HOLDING CO., LTD.	Director	Mirle Automation Corporation Representative: Sun Houng	17,000	100%
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Director	Mirle Automation Corporation Representative: Chu Ling-Yu	-	100%
Mirle Automation (Shanghai) Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Sun Houng	-	100%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong	-	100%
	Director	Mirle Automation Corporation Representative: Yeh Ming-Yu	-	100%
	Supervisor	Mirle Automation Corporation Representative: Lin Fang-Yi	-	100%
Mirle Automation (Kunshan) Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Sun Houng	-	100%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong	-	100%
	Director	Mirle Automation Corporation Representative: Chang Teng-Shan	-	100%
	Supervisor	Mirle Automation Corporation Representative: Lin Fang-Yi	-	100%
David Investment Co., Ltd.	Chairman	Fan Jui-Ling	Mirle provided a capital worth 76,000 thousand dollars	99%

Name of enterprise	Title	Name or Representative	Shareholding	
			Quantity (thousand shares)	Ratio
IOT Services Information System Corporation	Chairman	Hsu Yung-Te	David holds 7,600 thousand shares	99%
	Director	Fan-Chiang Li-Sung		
	Director	Huang Wei		
	Supervisor	Yang Mei-Ling		
Main Drive Corporation	Chairman	Mirle Automation Corporation Representative: Sun Houng	7,228	27.61%
Factory Automation International Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Chen Chien-Sheng	Mirle holds 1,275 thousand shares	51%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong		
	Supervisor	Lin Fang-Yi		

2. Overview of individual affiliated enterprises' operation

Unit: NTD thousands

Name of enterprise	Capital size	Total assets	Total liabilities	Net worth	Operating income	Business Interest	Income of current term (after-tax)	Earnings per share ($) (after-tax)
MIRTEK (BVI) CORP. LTD.	950,457	1,705,053	-	1,705,053	84,166	84,166	84,166	2.84
MIRLE HOLDING CO., LTD.	544,745	520,948	-	520,948	(32,602)	(32,602)	(32,602)	(1.92)
Mirle Automation (Kunshan) Co., Ltd.	544,745	714,822	193,874	520,948	198,831	(36,636)	(32,602)	Not applicable
Mirle Automation (Shanghai) Co., Ltd.	398,530	2,001,949	817,957	1,183,992	1,453,985	72,051	116,853	Not applicable
MIRLE AUTOMATION INTER CO., LTD.	97,881	104,783	26,173	78,610	32,139	4,109	4,109	0.41
David Investment Co., Ltd.	76,100	78,297	-	78,297	6,379	6,379	6,380	Not applicable
IOT Services Information System Corporation	76,100	125,226	46,937	78,289	95,455	(97)	6,388	0.84
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	15,520	33,712	11,416	22,296	33,274	3,001	3,390	Not applicable
Main Drive Corporation	261,760	219,502	84,135	135,367	7,759	(89,920)	(84,344)	(5.62)
Factory Automation International Co., Ltd.	25,000	20,433	525	19,908	5,112	165	(4,953)	(1.98)

Rate: USD: NTD = 1: 29.549 (annual mean) 28.48 (December 31, 2020)
USD: RMB = 1: 6.8996 (annual mean) 6.5249 (December 31, 2020)
VND: NTD = 1: 0.00115 (annual mean) 0.00111 (December 31, 2020)
THB: NTD = 1: 0.9496 (annual mean) 0.9556 (December 31, 2020)

(II) Consolidated financial statements of affiliated enterprises: Companies that should be included in the compiled Consolidated Financial Statement of Affiliated Enterprises for 2020 (from January 1, 2020 to December 31, 2020) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those that should be compiled in the Consolidated Statement of Parent Company and Subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the Consolidated Financial Statement of Affiliated Enterprises has been disclosed in the Consolidated Statement of Parent Company and Subsidiaries. Therefore, the Consolidated

Financial Statement of Affiliated Enterprises is not prepared separately. (For the Consolidated Financial Statement, refer to Pages 83 through 156)

(III) Affiliation Enterprises Report: No.

II. Management of private placement securities in the most recent year and up to the date the Annual Report was printed: No.

III. Holding or disposal of the company's shares by its subsidiaries in the most recent year and up to the date the annual report was printed: No.

IV. Other supplementary information: No.

V. Occurrences significant to shareholders' equity or security price in the last year up until the publication date of annual report: No.

Appendix 1: Consolidation financial statement of the most recent year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mirle Automation Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

The Group is mainly engaged in the design, development, production and sale of medical equipment and its components, and provides after-sales services for these products. The Group also develops and sells software and databases used in automation equipment, and provides construction planning, installation, consulting and maintenance services for the above products.

Construction contract revenue is the Group's major source of revenue (accounting for about 59% of total revenue). According to the International Financial Reporting Standards, construction contract revenue should be recognized based on the percentage of completion method. If the contract is expected to incur losses, the total loss should be recognized all at once.

Due to the fact that the contract or order may be started before the contract or order is confirmed, and the revenue will be recognized in advance according to the percentage of completion of the job, there is a risk that the amount of revenue recognized is incorrect; therefore, we considered the authenticity of the contract or order as a significant risk and deemed it as a key audit matter. Please refer to Notes 4 and 20 of the consolidated financial statements for the relevant accounting policies on revenue.

The audit procedures performed in response to the aforementioned key audit matter are as follows:

1. We understood the internal controls of the contracts and orders, and tested the operating effectiveness of the controls.

2. We confirmed that the recognized construction contract revenue is based on actual contracts or orders.

Other Matter

We have also audited the parent company only financial statements of Mirle Automation Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisor, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei-Chen Tsai and Ming Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 28)	$ 2,841,783	25	$ 2,211,104	19
Contract assets - current (Notes 4, 5, 22 and 29)	2,615,024	23	2,607,856	23
Notes receivable (Notes 4, 8, 22 and 28)	234,469	2	98,022	1
Accounts receivable (Notes 4, 8, 22 and 28)	625,506	6	1,099,350	9
Receivables from related parties (Notes 4, 22, 28 and 29)	1,993	-	4,000	-
Other receivables (Notes 4, 8 and 28)	59,001	1	77,192	1
Inventories (Notes 4, 5 and 9)	1,503,416	13	2,207,603	19
Other current assets (Notes 4 and 16)	176,149	2	200,500	2
Total current assets	8,057,341	72	8,505,627	74
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 28)	39,098	-	39,316	1
Investments accounted for using the equity method (Notes 4 and 11)	37,374	-	24,418	-
Property, plant and equipment (Notes 4, 12, 30 and 35)	2,449,453	22	2,278,356	20
Right-of-use assets (Notes 4, 13 and 35)	360,833	3	376,296	3
Intangible assets (Notes 4, 15 and 30)	51,661	1	51,376	1
Goodwill (Notes 4, 14 and 27)	43,906	1	12,663	-
Deferred income tax assets (Notes 4 and 24)	7,779	-	7,779	-
Prepayments for equipment	23,147	-	19,378	-
Refundable deposits (Note 28)	127,937	1	147,789	1
Prepayments for investments (Note 16)	10,000	-	-	-
Total non-current assets	3,151,188	28	2,957,371	26
TOTAL	$ 11,208,529	100	$ 11,462,998	100

	2020		2019	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Notes 17 and 28)	$ 300,000	3	$ 900,000	8
Contract liabilities - current (Notes 4, 5, 22 and 29)	1,676,671	15	1,520,694	13
Notes payable (Note 28)	63,447	1	75,491	1
Accounts payable (Note 28)	2,641,198	24	3,334,036	29
Accounts payable to related parties (Notes 28 and 29)	5,278	-	191	-
Current income tax liabilities (Notes 4 and 24)	160,823	1	141,488	1
Provisions - current (Notes 4 and 19)	4,356	-	8,035	-
Lease liabilities - current (Notes 4, 13 and 28)	24,241	-	24,625	-
Current portion of long-term borrowings (Notes 17 and 28)	5,000	-	-	-
Accrued expenses and other current liabilities (Notes 18, 28 and 29)	595,338	5	797,868	7
Total current liabilities	5,476,352	49	6,802,428	59
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 17 and 28)	1,058,967	9	10,000	-
Lease liabilities - non-current (Notes 4, 13 and 28)	257,252	2	267,997	2
Net defined benefit liabilities - non-current (Notes 4 and 20)	306,390	3	308,447	3
Guarantee deposits received (Note 28)	318	-	3,530	-
Other non-current liabilities	88	-	463	-
Total non-current liabilities	1,623,015	14	590,437	5
Total liabilities	7,099,367	63	7,392,865	64
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 21)				
Common shares	1,955,312	18	1,955,312	17
Capital surplus	253,729	2	258,245	2
Retained earnings				
Legal reserve	852,644	8	785,624	7
Special reserve	173,348	1	108,311	1
Unappropriated earnings	1,016,226	9	1,135,806	10
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(144,404)	(1)	(164,948)	(1)
Unrealized gain (loss) on investments in financial assets at fair value through other comprehensive income	(7,645)	-	(8,399)	-
Total equity attributable to shareholders of the Corporation	4,099,210	37	4,069,951	36
NON-CONTROLLING INTERESTS (Notes 4 and 21)	9,952	-	182	-
Total equity	4,109,162	37	4,070,133	36
TOTAL	$ 11,208,529	100	$ 11,462,998	100

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 4, 22, 29 and 35)	$ 8,908,665	100	$ 12,507,333	100
OPERATING COSTS (Notes 4, 9, 23 ,26 and 29)	7,025,359	79	10,181,719	81
GROSS PROFIT	1,883,306	21	2,325,614	19
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expense	360,546	4	490,452	4
General and administrative expense	432,550	5	438,564	4
Research and development expense	422,972	4	528,979	4
Expected credit gain	(64)	-	(12,127)	-
Total operating expenses	1,216,004	13	1,445,868	12
OTHER OPERATING INCOME AND EXPENSES (Note 23)	1,668	-	(389)	-
OPERATING INCOME	668,970	8	879,357	7
NONOPERATING INCOME AND EXPENSES				
Interest income (Note 23)	22,999	-	23,168	-
Other income (Notes 9, 15, 23 and 26)	56,526	1	37,701	-
Other gains and losses (Notes 23 and 29)	(5,382)	-	(3,910)	-
Finance costs (Note 23)	(13,656)	-	(16,135)	-
Share of loss of associates (Note 11)	(20,915)	-	(10,777)	-
Foreign exchange loss, net	(130,769)	(2)	(61,714)	-
Total non-operating income and expenses	(91,197)	(1)	(31,667)	-
PROFIT BEFORE INCOME TAX	577,773	7	847,690	7
INCOME TAX EXPENSE (Notes 4 and 24)	64,389	1	166,022	1
NET PROFIT FOR THE YEAR	513,384	6	681,668	6
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,169)	-	(11,469)	-

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$ 754	-	$ (2,904)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	20,542	-	(62,150)	(1)
Other comprehensive income (loss) for the year	10,127	-	(76,523)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 523,511	6	$ 605,145	5
NET PROFIT (LOSS) ATTRIBUTABLE TO				
Shareholders of the Corporation	$ 513,367	6	$ 681,670	5
Non-controlling interests	17	-	(2)	-
	$ 513,384	6	$ 681,668	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO				
Shareholders of the Corporation	$ 523,496	6	$ 605,164	5
Non-controlling interests	15	-	(19)	-
	$ 523,511	6	$ 605,145	5
EARNINGS PER SHARE (Note 25)				
Basic	$ 2.63		$ 3.49	
Diluted	$ 2.62		$ 3.48	

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation														
	Share Capital Issued and Outstanding		Capital Surplus				Retained Earnings								
	Number of Shares (In Thousands)	Amount	Equity Component of Convertible Bonds Issued by the Corporation	Investments in Associates Accounted for Using the Equity Method	Treasury Shares	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interest	Total Equity
BALANCE, JANUARY 1, 2019	195,531	$ 1,955,312	$ 234,579	$ 8,776	$ 19,150	$ 262,505	$ 690,243	$ 74,865	$ 1,239,685	$ 2,004,793	$ (102,815)	$ (5,495)	$ 4,114,300	$ 201	$ 4,114,501
Appropriation of 2018 earnings															
Legal reserve	-	-	-	-	-	-	95,381	-	(95,381)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	33,446	(33,446)	-	-	-	-	-	-
Cash dividends distributed by the Corporation - 33%	-	-	-	-	-	-	-	-	(645,253)	(645,253)	-	-	(645,253)	-	(645,253)
Other changes in capital surplus															
Obtain the difference between the equity price of the subsidiary and the book value	-	-	-	(4,395)	-	(4,395)	-	-	-	-	-	-	(4,395)	-	(4,395)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	135	-	135	-	-	-	-	-	-	135	-	135
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	681,670	681,670	-	-	681,670	(2)	681,668
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	-	-	(11,469)	(11,469)	(62,133)	(2,904)	(76,506)	(17)	(76,523)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	670,201	670,201	(62,133)	(2,904)	605,164	(19)	605,145
BALANCE, DECEMBER 31, 2019	195,531	1,955,312	234,579	4,516	19,150	258,245	785,624	108,311	1,135,806	2,029,741	(164,948)	(8,399)	4,069,951	182	4,070,133
Appropriation of 2019 earnings															
Legal reserve	-	-	-	-	-	-	67,020	-	(67,020)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	65,037	(65,037)	-	-	-	-	-	-
Cash dividends distributed by the Corporation - 25%	-	-	-	-	-	-	-	-	(488,828)	(488,828)	-	-	(488,828)	-	(488,828)
Other changes in capital surplus															
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(4,516)	-	(4,516)	-	-	(893)	(893)	-	-	(5,409)	-	(5,409)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	513,367	513,367	-	-	513,367	17	513,384
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(11,169)	(11,169)	20,544	754	10,129	(2)	10,127
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	502,198	502,198	20,544	754	523,496	15	523,511
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	9,755	9,755
BALANCE, DECEMBER 31, 2020	195,531	$ 1,955,312	$ 234,579	$ -	$ 19,150	$ 253,729	$ 852,644	$ 173,348	$ 1,016,226	$ 2,042,218	$ (144,404)	$ (7,645)	$ 4,099,210	$ 9,952	$ 4,109,162

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 577,773	$ 847,690
Adjustments for:		
Depreciation expenses	148,021	150,400
Amortization expenses	22,662	21,863
Expected credit gain	(64)	(2,983)
Finance costs	13,656	16,135
Interest income	(22,999)	(23,168)
Share of loss of associates	20,915	10,777
(Gain) loss on disposal of property, plant and equipment	(1,697)	388
Loss on disposal of other assets	29	1
Write-downs (reversal of write-downs) of inventories	(19,637)	6,288
Net loss (gain) on foreign currency exchange	66,142	(19,740)
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(204)	(1,602)
Lease modification benefits	(10)	(1)
Changes in operating assets and liabilities		
Contract assets	(16,312)	904,661
Notes receivable	(136,013)	106,046
Accounts receivable	421,831	(8,067)
Accounts receivable from related parties	2,007	3,250
Other receivables	18,203	(10,357)
Inventories	723,485	(60,348)
Other current assets	33,761	139,661
Contract liabilities	155,977	358,343
Notes payable	(12,044)	(14,206)
Accounts payable	(695,042)	(1,654,987)
Accounts payable to related parties	5,087	191
Provisions	(3,679)	166
Accrued expenses and other current liabilities	(161,855)	(67,155)
Net defined benefit liabilities	(13,226)	(33,004)
Cash generated from operations	1,126,767	670,242
Income tax paid	(45,054)	(236,758)
Net cash generated from operating activities	1,081,713	433,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	972	-
Acquisition of financial assets at fair value through profit or loss	(530,000)	(300,000)
Disposal of financial assets at fair value through profit or loss	530,204	752,304
Acquisition of long-term investments accounted for using the equity method	(39,280)	-
Increase in prepayments for long-term investments	(10,000)	-
Acquisition of property, plant and equipment	(336,740)	(92,917)

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Disposal of property, plant and equipment	$ 19,498	$ 13
Decrease in refundable deposits	19,902	6,945
Acquisition of intangible assets	(22,737)	(28,078)
Net cash (outflow) inflow on acquisition of subsidiaries	(23,130)	56,865
(Increase) decrease in prepayments for equipment	(3,769)	18,739
Interest received	13,589	24,165
Net cash (used in) generated from investing activities	(381,491)	438,036
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	2,780,000	3,050,000
Decrease in short-term bank loans	(3,380,000)	(2,500,000)
Proceeds from long-term bank loans	1,058,967	-
Repayments of long-term bank loans	(5,000)	(377,857)
Decrease in guarantee deposits	(3,212)	(113)
Repayment of the principal portion of lease liabilities	(25,011)	(22,832)
Dividends paid	(488,828)	(645,253)
Acquisition of subsidiaries	-	(20,908)
Interest paid	(13,608)	(16,205)
Net cash used in financing activities	(76,692)	(533,168)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,149	(36,357)
NET INCREASE IN CASH AND CASH EQUIVALENTS	630,679	301,995
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	2,211,104	1,909,109
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,841,783	$ 2,211,104

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

1. GENERAL INFORMATION

Mirle Automation Corporation (the "Corporation") was incorporated in Hsinchu Science Industrial Park, Republic of China (ROC) on February 2, 1989 and commenced business on March 16, 1989. The Corporation is mainly engaged in the business of automation equipment systems and its components, various parking facilities, medical equipment and the design, development, production and sale of the automation equipment used in these products, and also provides after-sales services for the products. The Corporation is also engaged in the leasing business, and develops and sells software and databases that are used in automation equipment. Moreover, the Corporation also provides construction planning, installation, consulting and maintenance services for the above products.

The Corporation's shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since September 2001.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 18, 2021.

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

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Corporation and the entities controlled by the Corporation (collectively referred to as the "Group").

b. The IFRSs endorsed by the FSC for application starting from 2021

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

c. New IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 10, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Group's foreign operations (including subsidiaries, associates and branches in other countries that use currencies which are different from the currency of the Group) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount (including goodwill). Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

When the Group has the right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the

recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income,

respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. The financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and remeasurement gains or losses (including any dividends or interests paid on the financial assets) arising from the remseasurment are recognized in profit or loss.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of information products. The Group recognizes income and accounts receivable in accordance with the terms stated in the contract.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

As the Group provides hardware and software installation services and extended warranty services, customers simultaneously receive and consume the benefits provided by the Group's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

3) Construction contract revenue

For construction contracts that are under the control of the customer during the progress of construction, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfaction of the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in the satisfaction of the performance obligation for which recovery is expected.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and plus any initial direct costs incurred and an estimate and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in future lease payment, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs or in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of products of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Incentives and penalties stipulated in the contract are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 22 for the details.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 9,885	$ 9,735
Demand deposits	1,844,080	1,586,734
Checking accounts	737	560
Cash equivalents		
Time deposits with original maturities within 3 months	309,149	596,046
Time deposits with original maturities of more than 3 months but less than 1 year	677,932	18,029
	$ 2,841,783	$ 2,211,104

Cash equivalents includ time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The Group's cash is held for the purpose of meeting short-term cash commitments.

The market rates of cash in bank at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Bank deposits	0.001%-2.55%	0.001%-2.50%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	**2019**
Non-current		
Investments in equity instruments FVTOCI	$ 39,098	$ 39,316
Foreign investments		
Unlisted shares	$ 39,098	$ 39,316

The Corporation invested in TIEF FUND, L.P. for medium to long-term strategic purposes, and expects to make a profit through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
Operating	$ 234,591	$ 98,578
Less: Allowance for impairment loss	(122)	(556)
	$ 234,469	$ 98,022
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 655,119	$1,128,483
Less: Allowance for impairment loss	(29,613)	(29,133)
	$ 625,506	$1,099,350
Other receivables		
Business tax	$ 43,733	$ 12,636
Others	18,207	67,495
	61,940	80,131
Less: Allowance for impairment loss	(2,939)	(2,939)
	$ 59,001	$ 77,192

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 30 to 180 days.

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

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

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

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's provision matrix:

December 31, 2020

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 229,231	$ 290,073	$ 176,316	$ 194,090	$ 889,710
Loss allowance (Lifetime ECLs)	(2,015)	(2,492)	(851)	(24,377)	(29,735)
Amortized cost	$ 227,216	$ 287,581	$ 175,465	$ 169,713	$ 859,975

December 31, 2019

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 418,042	$ 546,045	$ 52,731	$ 210,243	$ 1,227,061
Loss allowance (Lifetime ECLs)	(4,248)	(5,448)	(527)	(19,466)	(29,689)
Amortized cost	$ 413,794	$ 540,597	$ 52,204	$ 190,777	$ 1,197,372

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Years Ended December 31	
	2020	2019
Balance at January 1	$ 29,689	$ 37,536
Add: Net remeasurement of loss allowance	(64)	(2,983)
Less: Net remeasurement of loss allowance	-	(4,396)
Foreign exchange gains and losses	110	(468)
Balance at December 31	$ 29,735	$ 29,689

As of December 31, 2020 and 2019, the amounts of loss allowance which included individually impaired notes receivable and accounts receivable of debtors in significant financial difficulty were $19,041 thousand and $18,285 thousand, respectively. The expected credit losses recognized are the carrying amounts of notes receivable and accounts receivable. The Group does not hold any collateral over the balance of these notes receivable and accounts receivables.

9. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 27,920	$ 55,657
Work in progress	1,094,659	1,496,025
Raw materials	376,792	569,880
Inventory in transit	4,045	86,041
	$ 1,503,416	$ 2,207,603

The components of operating costs related to inventories are as follows:

	For the Year Ended December 31	
	2020	2019
Cost of goods sold	$ 7,025,359	$ 10,181,719
(Reversal of) write-downs of inventories	$ (19,637)	$ 6,288
Sale of scraps	$ (643)	$ (488)

The Group did not pledge inventories as collateral for bank borrowings.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	Proportion of Ownership (%) December 31 2019
The Corporation	MIRTEK (BVI) CORP. LTD.	Investment	100	100
	MIRLE AUTOMATION INTER CO., LTD	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	100	100
	DAVID INVESTMENT CO., LTD.	Investment	99	99
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Design of computer application package software and sale of computer peripheral equipment	51	-
MIRTEK (BVI) CORP. LTD.	Mirle Automation Technology (Shanghai) Co., Ltd.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	100	100
	MIRLE HOLDING CO., LTD.	Investment	100	100
MIRLE HOLDING CO., LTD.	Mirle Automation (Kunshan) Co., Ltd.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	100	100
DAVID INVESTMENT CO., LTD.	IOT SERVICES INFORMATION SYSTEM CORPORATION	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	99	99
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Machinery and equipment installation construction, wholesale and retail sale of computing and business machinery equipment	100	100

The Corporation originally held a 49% interest in MIRLE AUTOMATION INTER CO., LTD. In order to dominate the Southeast Asian market, the Group acquired the remaining 51% interest held by the other shareholders for an amount not exceeding THB80,000 thousand, which was approved by the board of directors on March 25, 2019. On November 4, 2019, the Group remitted THB61,861 thousand and obtained control of MIRLE AUTOMATION INTER CO., LTD, and remitted THB20,908 thousand on December 31, 2019 to acquire the remaining equity. For more information, refer to Note 27.

On November 9, 2020, the Corporation's board of directors approved the reinvestment in Factory Automation International Co., Ltd. for an amount not more than NT$50,000 thousand. On December 25, 2020, the Corporation remitted NT$42,075 thousand to acquire 51% interest and obtained control of the aforementioned company. For more information, refer to Note 27.

The consolidated financial statements of the subsidiaries for the years ended December 31, 2020 and 2019 were based on the audited financial statements of the subsidiaries for the same years.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	**2019**
Investments in associates		
Material associate		
MAIN DRIVE CORPORATION	$ 37,374	$ 24,418

Refer to Note 34(b) for the nature of activities, principal place of business and country of incorporation of the aforementioned associate.

The above - mentioned associate was accounted for using the equity method.

a. Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2020**	**2019**
MAIN DRIVE CORPORATION	27.61%	20.40%

On April 30, 2019, the Corporation subscribed for the shares of MAIN DRIVE CORPORATION at a percentage different from its existing shareholding percentage, which caused the proportion of ownership to decrease from 22% to 20.4%.

The Corporation subscribed for 3,928 thousand common shares of MAIN DRIVE CORPORATION for NT$39,280 thousand in cash after approval was obtained from the board of directors on May 11, 2020, which increased the proportion of ownership from 20.4% to 27.61%.

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

MAIN DRIVE CORPORATION

	December 31	
	2020	**2019**
Current assets	$ 85,563	$ 88,264
Non-current assets	133,939	91,566
Current liabilities	(43,255)	(39,975)
Non-current liabilities	(40,880)	(20,160)
Equity	$ 135,367	$ 119,695
Proportion of the Group's ownership	27.61%	20.4%
Equity attributable to the Group	$ 37,374	$ 24,418
Carrying amount	$ 37,374	$ 24,418

	For the Years Ended December 31	
	2020	2019
Operating revenue	$ 7,759	$ 243
Net loss for the year	$ (84,344)	$ (40,502)

b. The share of profit or loss and other comprehensive income (loss) of the investments in the associate accounted for using the equity method for the years ended December 31, 2020 and 2019 were based on the associate's audited financial statements for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Group	$ 2,448,940	$ 2,236,653
Assets leased under operating leases	513	41,703
	$ 2,449,453	$ 2,278,356

	Assets Used by the Group						Assets Leased under Operating Leases		
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Work in Progress	Buildings and Ancillary Equipment	Machinery Equipment	Total
Cost									
Balance at January 1, 2020	$ 179,901	$ 2,281,541	$ 296,809	$ 47,966	$ 84,470	$ 56,530	$ 26,155	$ 18,018	$ 2,991,390
Additions	-	4,640	33,431	3,075	8,314	246,032	-	-	295,492
Acquisitions through business combinations	-	-	-	-	452	-	-	-	452
Transfers from assets leased under operating leases	-	24,466	17,217	-	-	-	-	-	41,683
Disposals	-	(6,970)	(47,255)	(2,381)	(2,889)	-	-	-	(59,495)
Transfers to assets used by the Group	-	-	-	-	-	-	(24,466)	(17,217)	(41,683)
Reclassified	-	-	3,423	-	-	(3,423)	-	-	-
Effects of foreign currency exchange differences	-	13,265	1,807	189	532	-	(1,153)	(801)	13,839
Balance at December 31, 2020	$ 179,901	$ 2,316,942	$ 305,432	$ 48,849	$ 90,879	$ 299,139	$ 536	$ -	$ 3,241,678
Accumulated depreciation									
Balance at January 1, 2020	$ -	$ 473,180	$ 158,477	$ 29,476	$ 44,773	$ -	$ 714	$ 1,756	$ 708,376
Depreciation expenses	-	64,372	36,171	4,925	11,832	-	58	-	117,358
Acquisitions through business combinations	-	-	-	-	367	-	-	-	367
Transfers from assets leased under operating leases	-	714	1,678	-	-	-	-	-	2,392
Disposals	-	(6,970)	(30,487)	(1,908)	(2,329)	-	-	-	(41,694)
Transfers to assets used by the Group	-	-	-	-	-	-	(714)	(1,678)	(2,392)
Effects of foreign currency exchange differences	-	2,183	614	143	333	-	(35)	(78)	3,160
Balance at December 31, 2020	$ -	$ 533,479	$ 166,453	$ 32,636	$ 54,976	$ -	$ 23	$ -	$ 787,567
Accumulated impairment									
Balance at January 1, 2020 and December 31, 2020	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ -	$ -	$ 4,658
Carrying amount at December 31, 2020	$ 179,901	$ 1,783,463	$ 134,321	$ 16,213	$ 35,903	$ 299,139	$ 513	$ -	$ 2,449,453
Cost									
Balance at January 1, 2019	$ 179,901	$ 2,285,896	$ 282,027	$ 46,863	$ 81,575	$ 4,149	$ 26,111	$ 18,374	$ 2,924,896
Additions	-	29,019	35,173	3,081	7,333	57,877	-	-	132,483
Acquisitions through business combinations	-	808	-	2,633	1,715	-	-	-	5,156
Disposals	-	(7,442)	(17,585)	(3,690)	(4,591)	-	-	-	(33,308)
Reclassified	-	5,492	-	-	-	(5,496)	-	-	-
Effects of foreign currency exchange differences	-	(32,236)	(2,806)	(921)	(1,562)	-	44	(356)	(37,837)
Balance at December 31, 2019	$ 179,901	$ 2,281,541	$ 296,809	$ 47,966	$ 84,470	$ 56,530	$ 26,155	$ 18,018	$ 2,991,390

(Continued)

	Assets Used by the Group						Assets Leased under Operating Leases		
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Work in Progress	Buildings and Ancillary Equipment	Machinery Equipment	Total
Accumulated depreciation									
Balance at January 1, 2019	$ -	$ 416,550	$ 141,791	$ 25,842	$ 38,031	$ -	$ 126	$ 137	$ 622,477
Depreciation expenses	-	68,372	35,627	5,657	11,216	-	591	1,622	123,085
Acquisitions through business combinations	-	289	-	2,235	892	-	-	-	3,416
Disposals	-	(7,442)	(17,353)	(3,596)	(4,516)	-	-	-	(32,907)
Effects of foreign currency exchange differences	-	(4,589)	(1,588)	(622)	(850)	-	(3)	(3)	(7,695)
Balance at December 31, 2019	$ -	$ 473,180	$ 158,477	$ 29,476	$ 44,773	$ -	$ 714	$ 1,756	$ 708,376
Accumulated impairment									
Balance at January 1, 2019 and December 31, 2019	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ -	$ -	$ 4,658
Carrying amount at December 31, 2019	$ 179,901	$ 1,808,361	$ 133,674	$ 18,490	$ 39,697	$ 56,530	$ 25,441	$ 16,262	$ 2,278,356

(Concluded)

Operating leases are related to leases of buildings and ancillary equipment and machinery equipment with lease terms between 2 and 10 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2020	2019
Year 1	$ 119	$ 4,197
Year 2	119	2,212
Year 3	89	3,178
Year 4	-	3,147
Year 5	-	3,053
Year 5 onwards	-	11,703
	$ 327	$ 27,490

There was no indication of impairment on the Group's property, plant and equipment for the years ended December 31, 2020 and 2019.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and ancillary equipment	3-50 years
Machinery equipment	2-20 years
Transportation equipment	4-9 years
Office equipment	2-10 years

The major component of the Group's buildings comprise the main building of the plant and electromechanical power equipment, which are depreciated on a straight-line basis over their estimated useful lives of 40-50 years and 3-15 years, respectively.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 356,843	$ 374,163
Buildings	-	453
Transportation equipment	3,990	1,680
	$ 360,833	$ 376,296

	For the Years Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 14,825	$ 108,124
Depreciation charge for right-of-use assets		
Land	$ 29,078	$ 25,004
Buildings	453	922
Transportation equipment	1,132	1,389
	$ 30,663	$ 27,315

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 24,241	$ 24,625
Non-current	$ 257,252	$ 267,997

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.90%-2.10%	1.40%-2.10%
Buildings	-	1.40%
Transportation equipment	1.40%	1.40%

c. Material leasing activities and terms

The Group leases land, buildings and transportation equipment for office space and operational uses with lease terms of 2-50 years, 2 years and 2-3 years, respectively. The Group does not have bargain purchase options to acquire the land, buildings and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Years Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 10,515	$ 27,725
Expenses relating to low-value asset leases	$ 2,408	$ 4,491
Total cash outflow for leases	$ (43,798)	$ (55,048)

The Group's leases of certain buildings and office equipment qualify as short-term leases and certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. GOODWILL

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 12,663	$ -
Acquisitions through business combinations (Note 27)	31,922	12,929
Effect of foreign currency exchange differences	(679)	(266)
Balance at December 31	$ 43,906	$ 12,633

15. OTHER INTANGIBLE ASSETS

	Franchises	Computer Software	Others	Total
Cost				
Balance at January 1, 2020	$ 9,389	$ 58,319	$ 39,103	$ 106,811
Additions	-	12,669	10,068	22,737
Decrease	-	(15,158)	-	(15,158)
Effect of foreign currency exchange differences	-	213	265	478
Balance at December 31, 2020	9,389	56,043	49,436	114,868
Accumulated amortization				
Balance at January 1, 2020	3,286	29,031	23,118	55,435
Amortization expense	469	14,985	7,208	22,662
Decrease	-	(15,129)	-	(15,129)
Effect of foreign currency exchange differences	-	137	102	239
Balance at December 31, 2020	3,755	29,024	30,428	63,207
Carrying amount at December 31, 2020	$ 5,634	$ 27,019	$ 19,008	$ 51,661

(Continued)

	Franchises	Computer Software	Others	Total
Cost				
Balance at January 1, 2019	$ 9,389	$ 50,374	$ 35,365	$ 95,128
Additions	-	24,054	4,024	28,078
Acquisitions through business combinations	-	-	329	329
Decrease	-	(15,664)	-	(15,664)
Effect of foreign currency exchange differences	-	(445)	(615)	(1,060)
Balance at December 31, 2019	9,389	58,319	39,103	106,811
Accumulated amortization				
Balance at January 1, 2019	2,816	30,476	16,500	49,792
Amortization expense	470	14,567	6,826	21,863
Decrease	-	(15,663)	-	(15,663)
Effect of foreign currency exchange differences	-	(349)	(208)	(557)
Balance at December 31, 2019	3,286	29,031	23,118	55,435
Carrying amount at December 31, 2019	$ 6,103	$ 29,288	$ 15,985	$ 51,376

(Concluded)

The Group signed several power purchase agreements with Taiwan Power Company that would expire in 20 years starting from the date of interconnection of the electric generators. The gains for the years ended December 31, 2020 and 2019, which were recognized as other income, amounted to $2,501 thousand and $2,359 thousand, respectively.

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

Franchises	20 years
Computer software	3 years
Others	10 years

Other intangible assets pledged as collateral for bank borrowings are set out in Note 30.

16. OTHER CURRENT ASSETS

	December 31	
	2020	2019
Overpaid VAT	$ 59,448	$ 59,784
Prepayments for construction	37,386	63,717
Temporary payments	22,074	22,080
Payments in advance	11,465	24,528
Others	45,776	30,391
	$ 176,149	$ 200,500
Non-current		
Prepayments for investments	$ 10,000	$ -

The Corporation plans to invest in Phoenix II innovation Venture Capital Co., Ltd. and has injected capital of NT$10,000 thousand in 2020. As of December 31, 2020, the investee company has not completed registration.

17. BORROWINGS

a. Short-term bank loans

	December 31	
	2020	**2019**
Unsecured borrowings		
Working capital loan	$ 300,000	$ 900,000

The effective interest rates of the working capital loan were 0.51% and 0.78%-0.86% as of December 31, 2020 and 2019, respectively.

b. Long-term bank loans

	December 31	
	2020	**2019**
Unsecured borrowings		
Bank loans - expiring before April 15, 2025	$ 1,063,967	$ 10,000
Less: Current portion	(5,000)	-
	$ 1,058,967	$ 10,000

The effective interest rates of the bank loans were 0.41%-0.85% and 1.10% as of December 31, 2020 and 2019, respectively.

18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2020	**2019**
Bonuses	$ 264,388	$ 377,672
Salaries	111,281	113,217
Payables for equipment	15,539	56,787
Employees' compensation and remuneration of directors and supervisors	14,672	21,983
Others	189,458	228,209
	$ 595,338	$ 797,868

19. PROVISIONS - CURRENT

	December 31	
	2020	2019
Warranties	$ 4,356	$ 8,035

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 8,035	$ 7,869
Additional provisions recognized	30,107	23,662
Amount used	(33,805)	(23,457)
Effect of foreign currency exchange differences	19	(39)
Balance at December 31	$ 4,356	$ 8,035

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, DAVID INVESTMENT CO., LTD., IOT SERVICES INFORMATION SYSTEM CORPORATION and FACTORY AUTOMATION INTERNATIONAL CO., LTD. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

In accordance with the relevant local laws and ordinances, MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD., MIRLE AUTOMATION (KUNSHAN) CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. contribute a specific ratio of the local employees' monthly salary to the pension funds of their respective countries.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 11% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Corporation's defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of funded defined benefit obligation	$ 637,231	$ 683,329
Fair value of plan assets	(330,841)	(374,882)
Net defined benefit liabilities	$ 306,390	$ 308,447

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2019	$ 696,473	$ (366,491)	$ 392,982
Service cost			
Current service cost	5,568	-	5,568
Net interest expense (income)	6,965	(3,730)	3,235
Recognized in profit or loss	12,533	(3,730)	8,803
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,180)	(13,180)
Actuarial loss			
Changes in demographic assumptions	8,029	-	8,029
Changes in financial assumptions	15,342	-	15,342
Experience adjustments	1,278	-	1,278
Recognized in other comprehensive loss (income)	24,649	(13,180)	11,469
Contributions from the employer	-	(41,807)	(41,807)
Benefits paid	(50,326)	50,326	-
Balance at December 31, 2019	683,329	(374,882)	308,447
Service cost			
Current service cost	3,830	-	3,830
Net interest expense (income)	5,125	(2,857)	2,268
Recognized in profit or loss	8,955	(2,857)	6,098
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,623)	(12,623)
Actuarial loss			
Changes in demographic assumptions	627	-	627
Changes in financial assumptions	14,141	-	14,141
Experience adjustments	9,024	-	9,024
Recognized in other comprehensive loss (income)	23,792	(12,623)	11,169
Contributions from the employer	-	(19,324)	(19,324)
Benefits paid	(78,845)	78,845	-
Balance at December 31, 2020	$ 637,231	$ (330,841)	$ 306,390

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate	0.50%	0.75%
Expected rate of salary increase	4%	4%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (14,143)	$ (15,464)
0.25% decrease	$ 14,670	$ 16,039
Expected rate of salary increase		
0.25% increase	$ 13,952	$ 15,291
0.25% decrease	$ (13,533)	$ (14,831)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 10,152	$ 12,192
Average duration of the defined benefit obligation	9.3 years	9.2 years

21. EQUITY

a. Share capital

1) Common shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	226,000	226,000
Shares authorized	$ 2,260,000	$ 2,260,000
Shares issued and fully paid (in thousands of shares)	195,531	195,531
Shares issued	$ 1,955,312	$ 1,955,312

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

A total of 20,000 thousand common shares are reserved for the exercise of employee share options, preferred shares with share options or bonds with attached share options.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Conversion of bonds	$ 234,579	$ 234,579
Treasury share transactions	19,150	19,150
	253,729	253,729
May be used to offset a deficit only		
Share of changes in capital surplus of joint ventures (2)	-	135
May not be used for any purpose		
Changes in ownership interests in subsidiaries	-	4,381
	$ 253,729	$ 258,245

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation's articles of incorporation (the "Articles"), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23(h).

In accordance with the Corporation's Articles, the dividends policy is to enable the shareholders to have a share in the Group's profit, for continuous expansion of its business and stabilization of profitability. The total cash dividends paid in any given year should be at least 40% of total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Group has no deficit and the legal reserve has exceeded 25% of the Group's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings on June 12, 2020 and June 14, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 67,020	$ 95,381
Special reserve	$ 65,037	$ 33,446
Cash dividends	$ 488,828	$ 645,253
Cash dividends per share (NT$)	$ 2.5	$ 3.3

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors on March 18, 2021. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 50,131
Special reserve	$ (21,298)
Cash dividends	$ 391,062
Cash dividends per share (NT$)	$ 2.0

The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 108,311	$ 74,865
Appropriations in respect of Debits to other equity items	65,037	33,446
Balance at December 31	$ 173,348	$ 108,311

e. Other equity items

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

The relevant exchange differences arising from the conversion of the net assets of foreign operations from their respective functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) are recognized directly as exchange differences on the translation of the financial statements of foreign operations under other comprehensive income.

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (8,399)	$ (5,495)
Recognized for the year		
Unrealized (gain) loss - equity instruments	754	(2,904)
Other comprehensive (income) loss recognized for the year	754	(2,904)
Balance at December 31	$ (7,645)	$ (8,399)

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 182	$ 201
Share of profit (loss) for the period	17	(2)
Other comprehensive income (loss) for the period		
Exchange differences on the translation of the financial statements of foreign operations	(2)	(17)
Non-controlling interests arising from acquisition of subsidiaries (Note 27)	9,755	-
Balance at December 31	$ 9,952	$ 182

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Construction contract revenue	$ 5,297,339	$ 10,034,687
Revenue from the sale of goods	3,182,940	2,019,585
Revenue from the rendering of services	428,386	453,061
	$ 8,908,665	$ 12,507,333

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 8)	$ 234,469	$ 98,022	$ 193,006
Accounts receivable (Note 8)	$ 625,506	$ 1,099,350	$ 1,076,886
Receivables from related parties (Note 29)	$ 1,993	$ 4,000	$ 7,250
Contract assets - current			
Construction of properties	$ 2,615,024	$ 2,607,856	$ 3,407,958
Contract liabilities - current			
Construction of properties	$ 1,676,671	$ 1,520,694	$ 1,116,781

c. Disaggregation of customer contract revenue

	Reportable Segments		
	Automatic Production Line and Equipment Segment	Information and Controller Segment	Total
For the years ended December 31, 2020			
Type of goods or services			
Construction contract revenue	$ 4,595,372	$ 701,967	$ 5,297,339
Revenue from the sale of goods	364,971	2,817,969	3,182,940
Revenue from the rendering of services	91,305	337,081	428,386
	$ 5,051,648	$ 3,857,017	$ 8,908,665

(Continued)

	Reportable Segments		
	Automatic Production Line and Equipment Segment	Information and Controller Segment	Total
For the years ended December 31, 2019			
Type of goods or services			
Construction contract revenue	$ 8,164,608	$ 1,870,079	$ 10,034,687
Revenue from the sale of goods	397,445	1,622,140	2,019,585
Revenue from the rendering of services	92,671	360,390	453,061
	$ 8,654,724	$ 3,852,609	$ 12,507,333

(Concluded)

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	$ 1,697	$ (388)
Loss on disposal of other assets	(29)	(1)
	$ 1,668	$ (389)

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 22,999	$ 23,168

c. Other income

	For the Year Ended December 31	
	2020	2019
Government grant income (Note 26)	$ 12,533	$ 3,798
Franchise income (Note 15)	2,501	2,359
Rental income	542	6,466
Others	40,950	25,078
	$ 56,526	$ 37,701

d. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net gain on fair value changes of financial instruments at fair value through profit or loss	$ 204	$ 1,602
Other net loss	(5,586)	(5,512)
	$ (5,382)	$ (3,910)

e. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 7,792	$ 11,395
Interest on lease liabilities	5,864	4,740
	$ 13,656	$ 16,135

f. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 117,358	$ 123,085
Right-of-use assets	30,663	27,315
Other intangible assets	22,662	21,863
	$ 170,683	$ 172,263
An analysis of depreciation by function		
Operating costs	$ 43,553	$ 57,327
Operating expense	104,468	93,073
	$ 148,021	$ 150,400
An analysis of amortization by function		
Operating costs	$ 5,246	$ 6,622
Selling and marketing expense	1,521	1,223
General and administrative expense	10,395	8,780
Research and development expense	5,031	4,768
Other expense	469	470
	$ 22,662	$ 21,863

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits (Note 20)		
Defined contribution plans	$ 45,519	$ 43,772
Defined benefit plans	6,098	8,803
	51,617	52,575
Termination benefits	4,347	1,164
Other employee benefits	1,420,537	1,589,096
Total employee benefits expense	$ 1,476,501	$ 1,642,835
An analysis of employee benefits expense by function		
Operating costs	$ 743,621	$ 878,924
Operating expenses	732,880	763,911
	$ 1,476,501	$ 1,642,835

h. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's board of directors on March 18, 2021 and March 19, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	1%	1%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2020	2019
Employees' compensation	$ 5,863	$ 8,602
Remuneration of directors and supervisors	8,795	12,903

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

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

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

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 88,500	$ 197,841
Adjustments for prior year	(24,111)	(31,819)
Deferred tax		
In respect of the current period	-	-
Income tax expense recognized in profit or loss	$ 64,389	$ 166,022

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 577,773	$ 847,690
Income tax expense calculated at the statutory rate	115,555	169,538
Non-deductible expenses in determining taxable income	(21,846)	(2,372)
Unrecognized temporary differences	(22,679)	14,373
Effect of different tax rates of the Group's entities operating in other jurisdictions	17,470	16,302
Adjustments for prior years' tax	(24,111)	(31,819)
Income tax expense recognized in profit or loss	$ 64,389	$ 166,022

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the undistributed surplus tax, the Group only deducts the amount of capital expenditure that has actually been reinvested.

b. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 160,823	$ 141,498

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

d. Items not recognized as deferred tax assets

	December 31	
	2020	2019
Deductible temporary differences		
Deferred revenue	$ 364	$ 516
Allowance for impairment loss	-	8,922
	$ 364	$ 9,438

e. Aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $139,017 thousand and $124,401 thousand, respectively.

f. Income tax assessments

Income tax returns of the Corporation through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	$ 2.63	$ 3.49
Diluted earnings per share	$ 2.62	$ 3.48

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Net profit attributable to the owners of the Corporation	$ 513,367	$ 681,670
Earnings used in the computation of basic earnings per share	513,367	681,670
Earnings used in the computation of diluted earnings per share	$ 513,367	$ 681,670

Weighted average number of common shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of common shares used in the computation of basic earnings per share	195,531	195,531
Effect of dilutive potential common shares:		
Employees' compensation	199	277
Weighted average number of common shares used in the computation of diluted earnings per share	195,730	195,808

The Corporation offered to settle the compensation paid to employees in cash or shares, therefore, the Corporation assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. GOVERNMENT GRANTS

The Corporation participated in a project proposed by the Ministry of Economic Affairs called "Hangzhou Aerospace Composite Materials Smart Manufacturing Production Pioneering Project", with the Institute for Information Industry in October 2017. The subsidy provided by the Ministry of Economic Affairs was NT$31,740 thousand. As of December 31, 2019, the project had been closed, and the accumulated government grant income recognized was NT$31,652 thousand.

The Corporation applied for subsidies from the Ministry of Economic Affairs under "Salary and Working Capital of Businesses with Financial Difficulties in the Manufacturing and Technical Service Industries Affected by Severe Pneumonia with Novel Pathogens" in 2020, which was available for application from April 2020 to June 2020. The amount of subsidies allocated to the Corporation, recognized as government grant income, was NT$67,635 thousand, and as of December 31, 2020, the decrease in the accumulated salary expenses decreased recognized was NT$57,285 thousand and other income recognized was NT$10,350 thousand.

The Corporation participated in a project proposed by the Ministry of Economic Affairs called "Smart Measuring Technology Applied to 3D Curved Glass Manufacturing Process", with the Institute for Information Industry in June 2020. The subsidy provided by the Ministry of Economic Affairs was NT$12,893 thousand. As of December 31, 2020, the accumulated government grant income recognized was NT$2,183 thousand.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
MIRLE AUTOMATION INTER CO., LTD.	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	November 1, 2019	60	$ 61,861
Factory Automation International Co., Ltd.	Design of computer application package software and sale of computer and peripheral equipment	December 25, 2020	51	$ 42,075

In 2020, the Group acquired 51% of the equity of Factory Automation International Co., Ltd., and in 2019, the Group increased its investment in MIRLE AUTOMATION INTER CO., LTD. and gained control of the latter. Refer to Note 10 for the details.

b. Consideration transferred

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Cash	$ 42,075	$ 61,861

c. Assets acquired and liabilities assumed at the date of acquisition

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Current assets		
Cash and cash equivalents	$ 18,945	$ 118,726
Inventories	-	8,089
Other current assets	1,353	5,603
Non-current assets		
Property, plant and equipment	85	1,740
Intangible assets	-	329
Refundable deposits	50	2
Current liabilities		
Contract liabilities	-	(45,570)
Notes payable and accounts payable	-	(6,361)
Other payables	-	(510)
Non-current liabilities	(525)	(471)
	$ 19,908	$ 81,577

The initial accounting for the acquisition of FACTORY AUTOMATION INTERNATIONAL CO., LTD. was only provisionally determined at the end of the year. The tax bases of FACTORY AUTOMATION INTERNATIONAL CO., LTD. assets were required to be reset based on the market values of the assets. At the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate of the likely tax values.

d. Goodwill recognized on acquisitions

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Consideration transferred	$ 42,075	$ 61,861
Plus: Non-controlling interests	9,755	16,642
Plus: The fair value of the previously held equity of the acquiree at the acquisition date	-	16,003
Less: Fair value of identifiable net assets acquired	(19,908)	(81,577)
Goodwill recognized on acquisitions	$ 31,922	$ 12,929

The goodwill recognized in the acquisitions of FACTORY AUTOMATION INTERNATIONAL CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces of FACTORY AUTOMATION INTERNATIONAL CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash (outflow) inflow on the acquisition of subsidiaries

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Consideration paid in cash	$ (42,075)	$ (61,861)
Less: Cash and cash equivalent balances acquired	18,945	118,726
	$ (23,130)	$ 56,865

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, are as follows:

	FACTORY AUTO-MATION INTER-NATIONAL CO., LTD.	MIRLE AUTO-MATION INTER CO., LTD.
Revenue	$ -	$ 459
Net loss for the year	$ -	$ (1,188)

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been $8,913,777 thousand and $12,507,708 thousand, and the profit would have been $508,431 and $676,688 thousand for the years ended December 31, 2020 and 2019, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had FACTORY AUTOMATION INTERNATIONAL CO., LTD. and MIRLE AUTOMATION INTER CO., LTD. been acquired at the beginning of the financial year, the management considered the following:

1) The fair values of property, plant and equipment, rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination, were used as the basis for the depreciation of property, plant and equipment.

2) Borrowing costs were estimated based on the financial status, credit rating and debt/equity position of the Group after the business combination.

28. FINANCIAL INSTRUMENTS

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

The management believes that except for the financial assets at amortized cost whose fair values cannot be reliably measured, the carrying amounts of the other financial assets and financial liabilities approximate their fair values.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	$ -	$ -	$ 39,098	$ 39,098

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	$ -	$ -	$ 39,316	$ 39,316

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

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

	Financial Assets at FVTOCI	
	Equity Instruments	
Financial Assets	2020	2019
Balance at January 1	$ 39,316	$ 42,220
Recognized in other comprehensive income	754	(2,904)
Refund of retired shares	(972)	-
Balance at December 31	$ 39,098	$ 39,316

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted shares is estimated based on the financial statements of the issuer of such shares or based on the observable price of stock of comparable companies at the end of the period. The estimated fair value is further evaluated by comparing the financial position and financial performance of the issuer with the comparable companies and by applying the implied value multiplier to the estimated price at the balance sheet date.

c. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 2,841,783	$ 2,211,104
Notes receivable - net (including related parties)	234,554	98,057
Accounts receivable - net (including related parties)	627,414	1,103,315
Other receivables	59,001	77,192
Refundable deposits	127,937	147,789
Financial assets at FVTOCI		
Equity instruments	39,098	39,316
Financial liabilities		
Amortized cost		
Short-term bank loans	300,000	900,000
Notes payable	63,447	75,491
Accounts payable (including related parties)	2,646,476	3,334,227
Accrued expenses and other current liabilities	595,338	797,868
Long-term bank loans (including current portion)	1,063,967	10,000
Lease liabilities	281,493	292,622
Guarantee deposits received	318	3,530

d. Financial risk management objectives and policies

The Group's financial risk management objectives are to manage market risk, credit risk and liquidity risk relating to the operations of the Group. To reduce the related financial risks, the Group is committed to identify, evaluate and avoid the uncertainty of the market to reduce the potentially negative effects of market volatility on the Group's financial performance.

The Group's important financial activities were reviewed by the management in accordance with relevant regulations and the internal control system. During the execution of the financial plans, the Group strictly complied with the relevant financial operating procedures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The Group's main operating activities are foreign currency denominated sales and purchases, which expose the Group to the risk of exchange rate changes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuations of the USD, RMB and the JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, accounts payable, and short-term bank loans. A positive (negative) number below indicates the increase (decrease) in pre-tax profit associated with the functional currency weakening (strengthening) 5% against the relevant foreign currency.

	USD Impact		RMB Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019	2020	2019
Profit or loss	$(109,430)	$(114,638)	$ (8,686)	$ (2,609)	$ (412)	$ 552

The Group's sensitivity to foreign currency decreased during the current year mainly due to the decrease in USD denominated net assets.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 997,703	$ 624,370
Financial liabilities	-	600,000
Cash flow interest rate risk		
Financial assets	1,844,080	1,586,734
Financial liabilities	1,363,967	310,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk for derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased by $13,640 thousand and $3,100 thousand, respectively, which was mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate borrowings.

The Group's sensitivity to interest rates changed during the current year mainly due to the increase in variable-rate debt instruments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantee provided by the Group arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group's concentration of credit risk was 45.77% and 58.86% of total accounts receivable as of December 31, 2020 and 2019, respectively, which was attributable to the Group's ten largest customers in the property construction business segment. The concentration of credit risk of the remaining accounts receivable was not significant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing liabilities (Note)	$ 296,636	$ 1,021,433	$ 205,625	$ 43,485
Lease liabilities	2,383	4,693	21,117	287,104
Variable interest rate liabilities	-	-	305,000	1,058,967
	$ 299,019	$ 1,026,126	$ 531,742	$ 1,389,556

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 28,193	$ 112,625	$ 112,935	$ 61,544	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing liabilities (Note)	$ 559,469	$ 876,320	$ 146,667	$ 12,914
Lease liabilities	2,589	5,178	22,498	303,676
Variable interest rate liabilities	250,000	50,000	-	10,000
Fixed interest rate liabilities	250,000	350,000	-	-
	$ 1,062,058	$ 1,281,498	$ 169,165	$ 326,590

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 30,265	$ 109,933	$ 122,331	$ 71,412	$ -	$ -

Note: Non-interest bearing liabilities do not include estimated accounts payable.

b) Financing facilities

	December 31	
	2020	2019
Long-term bank loan facilities:		
Amount used	$ 1,063,967	$ 10,000
Amount unused	1,649,313	2,019,780
	$ 2,713,280	$ 2,029,780
Short-term bank loan facilities:		
Amount used	$ 988,825	$ 1,654,596
Amount unused	4,520,666	3,894,184
	$ 5,509,491	$ 5,548,780

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

Related Party Name	Relationship with the Group
MAIN DRIVE CORPORATION	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Subsidiary of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Subsidiary of key management personnel
JIANXUE RESTAURANT CO., LTD.	Subsidiary of key management personnel
I-MEI STORE COMPANY LTD.	Substantive related party
I-MEI INFORMATION TECHNOLOGY CO., LTD.	Substantive related party

(Continued)

Related Party Name	Relationship with the Group
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related party
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related party
SOUTH POLE FOODS CO., LTD.	Substantive related party
GOLDEN SADDLE MACHINERY CO., LTD.	Substantive related party

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
	2020	2019
Sales		
Key management personnel	$ 7,547	$ 9,031
Substantive related parties	6,689	7,055
Associates	2,453	-
Subsidiaries of key management personnel	463	96
	$ 17,152	$ 16,182
Purchases		
Associates	$ 5,181	$ 182
Manufacturing expenses		
Substantive related parties	$ -	$ 50
Operating expenses		
Substantive related parties	$ 871	$ 685
Associates	79	-
Key management personnel	-	3
Subsidiaries of key management personnel	-	1
	$ 950	$ 689
Other losses		
Associates	$ 16	$ -

There are no other appropriate counterparties of the Corporation's sale and purchase transactions with related parties for comparison, hence, the payment terms of the transactions are the same as those of general customers. The Group's manufacturing expenses and other expenses with related parties are outsourcing expenses and management and support expenses, which are based on mutually negotiated prices and payment terms.

c. Balances on the balance sheet date

	December 31	
	2020	**2019**
Contract assets - current		
Substantive related party	$ 1,000	$ -
Accounts receivable from related parties		
Substantive related parties		
I-MEI STORE COMPANY LTD.	$ 784	$ 1,310
Others	909	-
Key management personnel		
I-MEI FOODS CO., LTD.	172	2,655
Subsidiaries of key management personnel	43	-
	$ 1,908	$ 3,965
Notes receivable from related parties		
Key management personnel		
I-MEI FOODS CO., LTD.	$ 85	$ 3
Associates		
I-MEI INFORMATION TECHNOLOGY CO., LTD.	-	32
	$ 85	$ 35
Accounts payable to related parties		
Associates		
MAIN DRIVE CORPORATION	$ 5,278	$ 191
Contract liabilities		
Substantive related parties	$ -	$ 19
Accrued expenses and other current liabilities		
Associates	$ 83	$ -
Substantive related parties	25	-
	$ 108	$ -

No collateral is provided for the outstanding payables to related parties, which will be paid off by cash. The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for the accounts receivable from related parties.

d. Remuneration of key management personnel

The remuneration of directors and the key management personnel for years ended December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 54,992	$ 82,599
Post-employment benefits	1,983	3,150
	$ 56,975	$ 85,749

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for bank borrowings:

	December 31	
	2020	2019
Property, plant and equipment	$ -	$ 106,293
Other intangible assets	5,634	6,103
	$ 5,634	$ 112,396

31. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group's significant commitments and contingencies as of December 31, 2020 were as follows:

The balance of endorsements/guarantees provided by the Corporation for Mirle Automation Technology (Shanghai) Co., Ltd. was $512,640 thousand.

32. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Group experienced a significant decline in operating revenue for the years ended December 31, 2020 compared to the previous year. Although the domestic epidemic situation has eased and government policies has begun to loosen, many countries are still implementing lockdown measures and the global economy continues to tighten with changing consumer patterns. However, the Group expects that its operations will gradually return to normal as the epidemic eases and policies are relaxed.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(Foreign currencies in thousands)

	December 31, 2020	
	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 78,427	28.48 (USD:NTD)
USD	84	6.5249 (USD:RMB)
JPY	199,920	0.2763 (JPY:NTD)
RMB	43,954	4.377 (RMB:NTD)
EUR	582	35.02 (EUR:NTD)
Financial liabilities		
Monetary items		
USD	1,580	28.48 (USD:NTD)
USD	959	6.5249 (USD:RMB)
JPY	170,073	0.2763 (JPY:NTD)
RMB	4,264	4.377 (RMB:NTD)
EUR	81	35.02 (EUR:NTD)
CAD	9	22.35 (CAD:NTD)

	December 31, 2019	
	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 80,545	29.98 (USD:NTD)
USD	59	6.9762 (USD:RMB)
JPY	194,387	0.2760 (JPY:NTD)
RMB	15,105	4.305 (RMB:NTD)
EUR	347	33.59 (EUR:NTD)
Financial liabilities		
Monetary items		
USD	3,167	29.98 (USD:NTD)
USD	961	6.9762 (USD:RMB)
JPY	234,396	0.2760 (JPY:NTD)
RMB	2,984	4.305 (RMB:NTD)
EUR	170	33.59 (EUR:NTD)
CAD	1	22.99 (CAD:NTD)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were $130,769 thousand and $61,714 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Group.

34. SEPARATELY DISCLOSED ITEMS

Except for the following, the Group has no other significant transactions. In the preparation of the consolidated financial statements, major transactions between the parent company and its subsidiaries and their balances have been completely eliminated upon consolidation.

a. Information about significant transactions and investees:

   1) Financing provided to others (Table 1)

   2) Endorsements/guarantees provided (Table 2)

   3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities) (Table 3)

   4) Others: intercompany relationships and significant intercompany transactions (Table 4)

b. Information on investees (excluding investees in mainland China) (Table 5)

c. Information on investments in mainland China:

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7)

d. Information about main shareholders whose ownership percentages are more than 5%, showing the name of the shareholder, the number of shares held, and percentage of ownership of each shareholder (Table 8)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods sold, which is measured on the same basis as the Group’s consolidated financial statements. The reported segments of the consolidated financial statements are the automatic production line and equipment segment and the information and controller segment.

a. Segment revenue and operating results

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Automatic production line and equipment segment	$ 5,051,648	$ 8,869,524	$ 1,513,681	$ 1,908,787
Information and controller segment	3,857,017	3,637,809	369,625	416,827
Total amount from continuing operations	$ 8,908,665	$12,507,333	1,883,306	2,325,614
Unallocated amount:				
Operating expenses			(1,216,004)	(1,445,868)
Other gains and losses			1,592	(389)
Non-operating income and expenses			(91,121)	(31,667)
Income before income tax			$ 577,773	$ 847,690

The revenue reported above is generated from transactions with external customers. There were no sales between segments for the years ended December 31, 2020 and 2019.

Segment profit refers to the profit earned by various segments, which exclude allocated operating expenses, other gains and losses and non-operating income and expenses. These measured amounts will be reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The measured amounts of the Group's assets were not reported to the chief operating decision maker, so the measured amount of segment assets was zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2020	2019
LCD devices	$ 3,037,621	$ 6,756,639
Information product systems	3,013,867	2,769,295
Robot operating systems	813,960	884,730
Automatic storage systems	812,941	936,404
Industrial controllers	843,150	1,083,315
Semiconductor equipment	387,126	76,950
	$ 8,908,665	$ 12,507,333

d. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers			
	For the Year Ended December 31		Non-current Assets December 31	
	2020	2019	2020	2019
China	$ 3,920,932	$ 7,283,785	$ 790,539	$ 813,321
Taiwan	4,719,807	4,686,165	2,018,741	1,839,719
Others	267,926	537,383	1,006	1,612
	$ 8,908,665	$ 12,507,333	$ 2,810,286	$ 2,654,652

Non-current assets exclude financial assets at fair value through other comprehensive income -non-current, investments accounted for using the equity method, intangible assets, deferred income tax assets, prepayments for equipment, refundable deposits and prepayments for investments.

e. Information about major customers

Customers that individually contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2020		2019	
Customer Name	Amount	%	Amount	%
Customer P	$ 2,103,561	23.61	$ 1,022,968	8.18
Customer FJ	1,367,222	15.35	5,047,647	40.36

TABLE 1

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	MIRLE AUTOMATION CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULITING SERVICES CO., LTD.	Other receivables from related parties	Yes	$ 8,544	$ 8,544	$ -	3	2	$ -	Working capital	$ -	-	$ -	$ 1,639,684	$ 1,639,684	-
		MIRTEK (BVI) CORP. LTD.	Other receivables from related parties	Yes	285	285	-	-	2	-	Working capital	-	-	-	1,639,684	1,639,684	-
		Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	288,882	288,882	-	3	2	-	Working capital	-	-	-	1,639,684	1,639,684	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	350,160	350,160	65,655	-	2	-	Working capital	-	-	-	472,869	472,869	-

Note 1: The total amount of financing provided to others shall not exceed 40% of the net value of the Group's net value based on its most recent audited or reviewed financial statements. However, foreign companies in which the Group directly and indirectly held 100% of the voting shares are not subject to the preceding restrictions in the preceding requirement, but their total amount of financing provided to others shall not exceed 40% of the Group's net value.

Note 2: Nature of financing:

1. For business
2. For short-term financing

Note 3: The total amount of financing provided to others shall not exceed 40% of the Group's net value in its most recent audited or reviewed financial statements. The total amount of financing provided by Mirle Automation Technology (Shanghai) Co., Ltd. to others shall not exceed 40% of its net value in its most recent audited or reviewed financial statements.

Note 4: Financing limit approved by the board of directors.

TABLE 2

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	Note 1	$1,229,763	$ 512,640	$ 512,640	$ -	$ -	13	$2,049,605	Yes	No	Yes

Note 1: The Corporation's indirect wholly-owned subsidiaries.

Note 2: The amount of guarantees provided by the Group to any individual entity shall not exceed 10% of the Group's net worth. The aggregate amount of guarantees available shall not exceed 50% of the Group's net worth. The aggregate amount of guarantees given by the parent company on behalf of subsidiaries or subsidiaries on behalf of the parent company shall not exceed 30% of the Group's net worth.

TABLE 3

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Mirle Automation Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500	$ 39,098	7	$ 39,098	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143	-	5	-	Note 1
MIRTEK (BVI) CORP. LTD.	AMERICAN MERCHANTS HEAT CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	1,654	-	6	-	Note 1

Note 1: The market value was based on the fair value as of December 31, 2020.

Note 2: As of December 31, 2020, the above marketable securities had not been pledged or mortgaged.

Note 3: See Tables 5 and 6 for detailed information on subsidiaries and associates.

TABLE 4

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 2)	% of Total Sales or Assets
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	1	Sales	$ 66,576	-	1
			1	Purchase	688	-	-
			1	Manufacturing expenses	3	-	-
			1	Other expenses	2	-	-
			1	Contract assets	12,664	-	-
			1	Accounts receivable from related parties	49,231	-	1
			1	Other receivables from related parties	53	-	-
		IOT SERVICES INFORMATION SYSTEM CORPORATION	1	Sales	10,969	-	-
			1	Purchase	684	-	-
			1	Manufacturing expenses	18,777	-	-
			1	Other expenses	28,571	-	-
			1	Accounts receivable from related parties	335	-	-
			1	Accounts payable to related parties	1,589	-	-
			1	Accrued expenses and other current liabilities	43,771	-	-
			1	Contract liabilities	51	-	-
		Mirle Automation (Kunshan) Co., Ltd.	1	Sales	36,249	-	
			1	Purchase	4,537	-	-
			1	Contract assets	4,541	-	-
			1	Accounts receivable from related parties	128	-	-
			1	Other receivables from related parties	31	-	-
			1	Property transaction	655	-	-
		VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	1	Sales	6,857	-	-
			1	Interest income	117	-	-
			1	Accounts receivable from related parties	4,401	-	-
		MIRLE AUTOMATION INTER CO., LTD.	1	Sales	14	-	-
			1	Accounts receivable from related parties	1,205	-	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	3	Sales	10,523	-	-
			3	Purchase	97,236	-	1
			3	Other receivable from related parties	65,472	-	1

Note 1: 1 represents transactions between the parent company and its subsidiaries, 3 represents transactions between subsidiaries.

Note 2: Sales and purchases between the parent company and its subsidiaries are handled in accordance with general sales and payment terms.

TABLE 5

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
MIRLE AUTOMATION CORPORATION	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	$ 951,348	$ 950,457	29,641	100	$ 1,703,233	$ 84,166	$ 84,166	Subsidiary
	DAVID INVESTMENT CO., LTD	Taipei City	Investment	76,000	76,000	-	99	78,198	6,380	6,372	Subsidiary
	MIRLE AUTOMATION INTER CO., LTD.	Thailand	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	101,221	101,221	10,000	100	90,594	4,109	4,109	Subsidiary
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Taipei City	Computer application package software design, computer and peripheral equipment sales	42,075	-	1,275	51	42,075	(4,953)	-	Subsidiary
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,523	21	-	-	-	Note 2
	MAIN DRIVE CORPORATION	Hsinchu County	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	72,280	33,000	7,228	27.61	37,374	(84,344)	(20,915)	Associate
MIRTEK (BVI) CORP. LTD.	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000	100	520,292	(32,602)	(32,602)	Second-tier subsidiary
DAVID INVESTMENT CO., LTD	IOT SERVICES INFORMATION SYSTEM CORPORATION	Taipei City	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	76,000	76,000	7,600	99	78,192	6,388	6,379	Second-tier subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Vietnam	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	15,520	15,520	-	100	22,296	3,390	3,390	Third-tier subsidiary

Note 1: Refer to Table 6 for information on investments in mainland China.

Note 2: FORMOSA MEDICAL DEVICES INC. was dissolved on May 27, 2020, but the liquidation procedures have not yet been completed.

TABLE 6

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Mirle Automation Technology (Shanghai) Co., Ltd.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	US$ 13.23 million (Note 2)	Note 1	US$ 11.61 million (Note 3)	$ -	$ -	US$ 11.61 million	$ 116,853	100	$ 116,853 (Note 5)	$ 1,182,172	$ -
Mirle Automation (Kunshan) Co., Ltd.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	US$ 17 million (Note 4)	Note 1	US$ 17 million	-	-	US$ 17 million	(32,602)	100	(32,602) (Note 5)	520,292	-

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$28.61 million	US$31.56 million	$ 2,459,526

Note 1: Reinvestment in mainland China through the establishment and investment in MIRTEK (BVI) CORP. LTD. in a third region.

Note 2: Accumulated outward remittance for investment from Taiwan is US$7.9 million, the amount of retained earnings transferred to common shares is US$2.95 million and the investment amount of Xinji Photoelectric Co., Ltd. is US$2.38 million. After that, the Corporation acquired full ownership of Mirle Automation Technology (Shanghai) Co., Ltd. through MIRTEK (BVI) CORP. LTD.

Note 3: Accumulated outward remittance for investment from Taiwan is US$7.9 million. The Corporation obtained the shares of Mirle Automation Technology (Shanghai) Co., Ltd. by paying US$3.71 million to Xinji Photoelectric Co., Ltd.

Note 4: Accumulated outward remittance for investment from Taiwan is US$17 million. The Corporation established and invested in MIRLE HOLDING CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation acquired full ownership of Mirle Automation (Kunshan) Co., Ltd. through MIRLE HOLDING CO., LTD.

Note 5: Calculated based on the audited financial statements of the investees for the same reporting periods as those of the Group.

(Concluded)

TABLE 7

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Mirle Automation Technology (Shanghai) Co., Ltd.	Sales	$ 66,576	0.75	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	$ 49,231	5.71	$ -	None
	Purchase	688	0.01	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
Mirle Automation (Kunshan) Co., Ltd.	Sales	36,249	0.41	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	128	0.01	-	None
	Purchase	4,537	0.06	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
	Property transaction	2,677	0.03	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	31	-	655	None

TABLE 8

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ABOUT MAIN SHAREHOLDERS
DECEMBER 31, 2020

No.	Name	Shares	
		Number of Shares Held	Ownership Percentage
1	I-MEI FOODS CO., LTD.	11,496,066	5.87%

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

Appendix 2. Individuals financial statements from the most recent year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Opinion

We have audited the accompanying parent company only financial statements of Mirle Automation Corporation (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2020 and 2019, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's parent company only financial statements for the year ended December 31, 2020 is described as follows:

The Corporation is mainly engaged in the design, development, production and sale of medical equipment and its components, and provides after-sales services for these products. The Corporation also develops and sells software and databases used in automation equipment, and provides construction planning, installation, consulting and maintenance services for the above products.

Construction contract revenue is the Corporation's major source of revenue (accounting for about 59% of total revenue). According to the International Financial Reporting Standards, construction contract revenue should be recognized based on the percentage of completion method. If the contract is expected to incur losses, the total loss should be recognized all at once.

Due to the fact that the contract or order may be started before the contract or order is confirmed, and the revenue recognized in advance according to the percentage of completion of the job, there is a risk that the amount of revenue recognized is incorrect; therefore, we considered the authenticity of the contract or order as a significant risk and deemed it as a key audit matter. Please refer to Notes 4 and 20 of the parent company only

financial statements for the relevant accounting policies on revenue.

The audit procedures performed in response to the aforementioned key audit matter are as follows:

1. We understood the internal controls of the contracts and orders, and tested the operating effectiveness of the controls.

2. We confirmed that the recognized construction contract revenue is based on actual contracts or orders.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisor, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei-Chen Tsai and Ming Hui Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 25)	$ 1,867,376	18	$ 1,431,540	14
Contract assets - current (Notes 4, 5, 20 and 26)	2,495,667	24	2,637,698	26
Notes receivable (Notes 4, 8, 20 and 25)	10,982	-	39,158	-
Accounts receivable (Notes 4, 8, 20 and 25)	180,723	2	220,231	2
Receivables from related parties (Notes 4, 20, 25 and 26)	57,292	1	53,086	1
Other receivables (Notes 4, 8 and 25)	47,800	-	54,476	1
Other receivables from related parties (Notes 4, 25 and 26)	84	-	6,058	-
Inventories (Notes 4, 5 and 9)	1,276,743	13	1,684,032	17
Other current assets (Note 14)	98,726	1	109,829	1
Total current assets	6,035,393	59	6,236,108	62
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 25)	39,098	1	39,316	1
Investments accounted for using the equity method (Notes 4 and 10)	1,951,474	19	1,780,256	18
Property, plant and equipment (Notes 4, 11 and 26)	1,742,367	17	1,548,691	15
Right-of-use assets (Notes 4 and 12)	275,610	3	290,309	3
Intangible assets (Notes 4, 13 and 27)	35,564	-	39,054	-
Deferred income tax assets (Notes 4 and 22)	7,779	-	7,779	-
Prepayments for equipment	2,999	-	480	-
Refundable deposits (Note 25)	114,772	1	136,415	1
Prepayments for investments (Note 14)	10,000	-	-	-
Total non-current assets	4,179,663	41	3,842,300	38
TOTAL	$ 10,215,056	100	$ 10,078,408	100

	2020		2019	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Notes 15 and 25)	$ 300,000	3	$ 900,000	9
Contract liabilities - current (Notes 4, 5, 20 and 26)	1,643,586	16	1,462,212	15
Notes payable (Note 25)	20,476	-	43,365	1
Accounts payable (Note 25)	1,720,190	17	2,122,581	21
Accounts payable to related parties (Notes 25 and 26)	6,867	-	9,067	-
Current income tax liabilities (Notes 4 and 22)	158,310	2	136,709	1
Provisions - current (Notes 4 and 17)	3,131	-	7,087	-
Lease liabilities - current (Notes 4, 12 and 25)	24,241	-	24,625	-
Current portion of long-term debt (Notes 15 and 25)	5,000	-	-	-
Accrued expenses and other current liabilities (Notes 16, 21, 25 and 26)	611,138	6	716,069	7
Total current liabilities	4,492,939	44	5,421,715	54
NON-CURRENT LIABILITIES				
Long-term debt (Notes 15 and 25)	1,058,967	10	10,000	-
Lease liabilities - non-current (Notes 4, 12 and 25)	257,252	3	267,997	3
Net defined benefit liabilities - non-current (Notes 4 and 18)	306,390	3	308,447	3
Guarantee deposits received (Note 25)	298	-	298	-
Total non-current liabilities	1,622,907	16	586,742	6
Total liabilities	6,115,846	60	6,008,457	60
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 19)				
Common shares	1,955,312	19	1,955,312	19
Capital surplus	253,729	2	258,245	3
Retained earnings				
Legal reserve	852,644	8	785,624	8
Special reserve	173,348	2	108,311	1
Unappropriated earnings	1,016,226	10	1,135,806	11
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(144,404)	(1)	(164,948)	(2)
Unrealized loss on investments in financial assets at fair value through other comprehensive income	(7,645)	-	(8,399)	-
Total equity attributable to shareholders of the Corporation	4,099,210	40	4,069,951	40
Total shareholders' equity	4,099,210	40	4,069,951	40
TOTAL	$ 10,215,056	100	$ 10,078,408	100

The accompanying notes are an integral part of the parent company only financial statements.

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REALIZED GROSS PROFIT				
NET OPERATING REVENUE (Notes 20 and 26)	$ 7,484,989	100	$ 10,033,116	100
OPERATING COSTS (Notes 9, 21 and 26)	5,800,638	77	7,979,470	80
GROSS PROFIT	1,684,351	23	2,053,646	20
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	760	-	195	-
REALIZED GROSS PROFIT	1,685,111	23	2,053,841	20
OPERATING EXPENSES (Notes 12, 21 and 26)				
Selling and marketing expenses	311,748	4	437,007	4
General and administrative expenses	353,533	5	355,168	4
Research and development expenses	391,330	5	423,393	4
Expected credit loss (gain) (Note 8)	3,465	-	(12,320)	-
Total operating expenses	1,060,076	14	1,203,248	12
OTHER OPERATING INCOME AND EXPENSES (Note 21)	49	-	(227)	-
OPERATING INCOME	625,084	9	850,366	8
NONOPERATING INCOME AND EXPENSES				
Interest income (Notes 21 and 26)	4,052	-	8,456	-
Other income (Notes 13, 21 and 24)	21,738	-	7,614	-
Other gains and losses (Notes 21 and 26)	(5,499)	-	(3,193)	-
Finance costs (Note 21)	(13,656)	-	(10,647)	-
Share of gain of subsidiaries and associates (Note 10)	73,077	1	47,783	1
Foreign exchange loss, net	(133,141)	(2)	(61,662)	(1)
Total non-operating income and expenses	(53,429)	(1)	(11,649)	-
PROFIT BEFORE INCOME TAX	571,655	8	838,717	8
INCOME TAX EXPENSE (Notes 4 and 22)	58,288	1	157,047	1
NET PROFIT FOR THE YEAR	513,367	7	681,670	7

(Continued)

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (11,169)	-	$ (11,469)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	754	-	(2,904)	-
	(10,415)	-	(14,373)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on the translation of the financial statements of foreign operations	20,544	-	(62,133)	(1)
Total other comprehensive income (loss)	10,129	-	(76,506)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 523,496	7	$ 605,164	6
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.63		$ 3.49	
Diluted	$ 2.63		$ 3.49	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding		Capital Surplus				Retained Earnings				Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Investments Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
	Number of Shares (In Thousands)	Amount	Equity Component of Convertible Bonds Issued by the Corporation	Investments in Associates Accounted for Using the Equity Method	Treasury Shares	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total			
BALANCE, JANUARY 1, 2019	195,531	$ 1,955,312	$ 234,579	$ 8,776	$ 19,150	$ 262,505	$ 690,243	$ 74,865	$ 1,239,685	$ 2,004,793	$ (102,815)	$ (5,495)	$ 4,114,300
Appropriation of 2018 earnings													
Legal reserve	-	-	-	-	-	-	95,381	-	(95,381)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	33,446	(33,446)	-	-	-	-
Cash dividends distributed by the Corporation - 33%	-	-	-	-	-	-	-	-	(645,253)	(645,253)	-	-	(645,253)
Other changes in capital surplus													
	-	-	-	(4,395)	-	(4,395)	-	-	-	-	-	-	(4,395)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	135	-	135	-	-	-	-	-	-	135
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	-	681,670	681,670	-	-	681,670
Other comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	-	-	-	(11,469)	(11,469)	(62,133)	(2,904)	(76,506)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	-	670,201	670,201	(62,133)	(2,904)	605,164
BALANCE, DECEMBER 31, 2019	195,531	1,955,312	234,579	4,516	19,150	258,245	785,624	108,311	1,135,806	2,029,741	(164,948)	(8,399)	4,069,951
Appropriation of 2019 earnings													
Legal reserve	-	-	-	-	-	-	67,020	-	(67,020)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	65,037	(65,037)	-	-	-	-
Cash dividends distributed by the Corporation - 25%	-	-	-	-	-	-	-	-	(488,828)	(488,828)	-	-	(488,828)
Other changes in capital surplus													
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	(4,516)	-	(4,516)	-	-	(893)	(893)	-	-	(5,409)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	-	513,367	513,367	-	-	513,367
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(11,169)	(11,169)	20,544	754	10,129
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	-	-	502,198	502,198	20,544	754	523,496
BALANCE, DECEMBER 31, 2020	195,531	$ 1,955,312	$ 234,579	$ -	$ 19,150	$ 253,729	$ 852,644	$ 173,348	$ 1,016,226	$ 2,042,218	$ (144,404)	$ (7,645)	$ 4,099,210

The accompanying notes are an integral part of the parent company only financial statements.

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 571,655	$ 838,717
Adjustments for:		
Depreciation expenses	111,669	112,305
Amortization expenses	20,869	19,963
Expected credit loss (gain)	3,465	(3,176)
Finance costs	13,656	10,647
Interest income	(4,052)	(8,456)
Share of loss of subsidiaries and associates	(73,077)	(47,783)
(Gain) loss on disposal of property, plant and equipment	(49)	227
Write-downs (reversal of write-downs) of inventories	(17,297)	4,050
Realized gain on transactions with subsidiaries and associates	(760)	(195)
Net loss on foreign currency exchange	65,944	53,831
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(204)	(1,602)
Lease modification benefits	(10)	(1)
Changes in operating assets and liabilities		
Contract assets	132,887	551,492
Notes receivable	28,610	70,629
Accounts receivable	(44,776)	122,826
Accounts receivable from related parties	23,305	(630)
Other receivables	6,700	66,397
Inventories	424,586	(41,450)
Other current assets	11,103	77,980
Contract liabilities	181,374	355,489
Notes payable	(22,889)	(5,156)
Accounts payable	(404,595)	(1,675,350)
Accounts payables to related parties	(2,200)	3,351
Provisions	(3,956)	4
Accrued expenses and other current liabilities	(63,731)	(131,491)
Net defined benefit liabilities	(13,226)	(33,004)
Cash generated from operations	945,001	339,614
Income tax paid	(36,687)	(231,802)
Net cash generated from operating activities	908,314	107,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	972	-
Acquisition of financial assets at fair value through profit or loss	(530,000)	(300,000)
Disposal of financial assets at fair value through profit or loss	530,204	752,304
Acquisition of long-term investments accounted for using the equity method	(39,280)	-
Increase in prepayments for long-term investments	(10,000)	-
Net cash outflow on acquisition of subsidiaries	(42,966)	(82,769)

(Continued)

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Acquisition of property, plant and equipment	$ (320,277)	$ (60,430)
Disposal of property, plant and equipment	2,324	-
Decrease in refundable deposits	21,643	4,459
Decrease in other receivables from related parties	6,172	16,250
Acquisition of intangible assets	(17,379)	(26,753)
Increase in prepayments for equipment	(2,519)	(97)
Interest received	4,028	8,530
Dividends received	-	2,680
Net cash (used in) generated from investing activities	(397,078)	314,174
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	2,780,000	3,050,000
Decrease in short-term bank loans	(3,380,000)	(2,500,000)
Proceeds from long-term bank loans	1,058,967	-
Repayments of long-term bank loans	(5,000)	(377,857)
Repayment of the principal portion of lease liabilities	(25,011)	(22,832)
Dividends paid	(488,828)	(645,253)
Interest paid	(13,608)	(10,718)
Net cash used in financing activities	(73,480)	(506,660)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,920)	(18,663)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	435,836	(103,337)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	1,431,540	1,534,877
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 1,867,376	$ 1,431,540

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

MIRLE AUTOMATION CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Mirle Automation Corporation (the "Corporation") was incorporated in Hsinchu Science Industrial Park, Republic of China (ROC) on February 2, 1989 and commenced business on March 16, 1989. The Corporation is mainly engaged in the business of automation equipment systems and its components, various parking facilities, medical equipment and the design, development, production and sale of the automation equipment used in these products, and also provides after-sales services for the products. The Corporation is also engaged in the leasing business, and develops and sells software and databases that are used in automation equipment. Moreover, the Corporation also provides construction planning, installation, consulting and maintenance services for the above products.

The Corporation's shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since September 2001.

The parent company only financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 18, 2021.

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

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

The initial application of the amendments to the IFRS's endorsed and issued into effect by the FSC did not have a material impact on the Corporation's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

c. New IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the parent company only financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing its parent company only financial statements, the Corporation used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income (loss) of subsidiaries and associates, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Corporation is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, investments in subsidiaries are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit or loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effect of any changes in the estimates accounted for on a prospective basis.

When the Corporation has the right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it is recognized as an intangible asset. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial

recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), lease receivables, as well as contract accounts.

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Corporation's recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, and the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and remseasurement gains or losses (including any dividends or interests paid on the financial assets) arising from the remseasurement are recognized in profit or loss.

Fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Corporation's obligations.

m. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Corporation transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of information products. The Corporation recognizes income and accounts receivable in accordance with the terms as stated in the contract.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

As the Corporation provides hardware and software installation services and extended warranty services, customers simultaneously receive and consume the benefits provided by the Corporation's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

3) Construction contract revenue

For construction contracts that are under the control of the customer during the progress of construction, the Corporation recognizes revenue over time. The Corporation measures the progress of completion on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfaction of the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, the Corporation recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Corporation adequately completes all of its contractual obligations. Such retention

receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in the satisfaction of the performance obligation for which recovery is expected.

n. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in future lease payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs or in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants are intended to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Incentives and penalties stipulated in the contract are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 20 for the details.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 8,700	$ 8,700
Demand deposits	1,716,875	1,406,685
Checking accounts	737	556
Cash equivalent		
Time deposits with original maturities within 3 months	118,179	-
Time deposits with original maturities of more than 3 months but less than 1 year	22,885	15,599
	$ 1,867,376	$ 1,431,540

Cash equivalents include time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The Corporation's cash is held for the purpose of meeting short-term cash commitments.

The market rates of cash in bank at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Bank deposits	0.001%-2.55%	0.001%-2.50%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Non-current		
Investments in equity instruments FVTOCI	$ 39,098	$ 39,316
Foreign investments		
Unlisted shares	$ 39,098	$ 39,316

The Corporation invested in TIEF FUND, L.P. for medium to long-term strategic purposes, and expects to make a profit through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
Operating	$ 11,104	$ 39,714
Less: Allowance for impairment loss	(122)	(556)
	$ 10,982	$ 39,158
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 202,404	$ 238,013
Less: Allowance for impairment loss	(21,681)	(17,782)
	$ 180,723	$ 220,231
Other receivables		
Business tax	$ 43,404	$ 43,997
Others	7,335	13,418
	50,739	57,415
Less: Allowance for impairment loss	(2,939)	(2,939)
	$ 47,800	$ 54,476

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 30 to 180 days.

In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made

for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

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

The Corporation writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and accounts receivable based on the Corporation's provision matrix.

December 31, 2020

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 70,926	$ 110,961	$ 11,023	$ 20,598	$ 213,508
Loss allowance (Lifetime ECLs)	(1,057)	(1,544)	(151)	(19,051)	(21,803)
Amortized cost	$ 69,869	$ 109,417	$ 10,872	$ 1,547	$ 191,705

December 31, 2019

	Up tp 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 86,676	$ 148,836	$ 34,464	$ 7,751	$ 277,727
Loss allowance (Lifetime ECLs)	(1,281)	(1,997)	(7,309)	(7,751)	(18,338)
Amortized cost	$ 85,395	$ 146,839	$ 27,155	$ -	$ 259,389

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 18,338	$ 24,942
Add: Net remeasurement of loss allowance	3,465	-
Less: Net remeasurement of loss allowance	-	(3,176)
Less: Amounts written off	-	(3,428)
Balance at December 31	$ 21,803	$ 18,338

As of December 31, 2020 and 2019, the amounts of loss allowance which included individually impaired notes receivable and accounts receivable of debtors in significant financial difficulty were $19,041 thousand and $18,285 thousand, respectively. The expected credit losses recognized are the carrying amounts of notes receivable and accounts receivable. The Corporation does not hold any collateral over the balance of these notes receivable and accounts receivable.

9. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 27,920	$ 55,657
Work in progress	1,044,963	1,293,022
Raw materials	199,815	284,680
Inventory in transit	4,045	50,673
	$ 1,276,743	$ 1,684,032

The components of operating costs related to inventories are as follows:

	For the Year Ended December 31	
	2020	2019
Cost of goods sold	$ 5,800,638	$ 7,979,470
(Reversal of) write downs of inventories	$ (17,297)	$ 4,050
Sale of scraps	$ (643)	$ (488)

The Corporation did not pledge inventories as collateral for bank borrowings.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 1,914,100	$ 1,755,838
Investments in associates	37,374	24,418
	$ 1,951,474	$ 1,780,256

a. Investments in subsidiaries

	December 31	
	2020	2019
Unlisted shares		
MIRTEK (BVI) CORP. LTD.	$ 1,703,233	$ 1,591,507
MIRLE AUTOMATION INTER CO., LTD.	90,594	91,362
David Investment Co., Ltd.	78,198	72,969
Factory Automation International Co., Ltd.	42,075	-
	$ 1,914,100	$ 1,755,838

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
MIRTEK (BVI) CORP. LTD.	100%	100%
MIRLE AUTOMATION INTER CO., LTD.	100%	100%
David Investment Co., Ltd.	99%	99%
Factory Automation International Co., Ltd.	51%	-

The Corporation originally held a 49% interest in MIRLE AUTOMATION INTER CO., LTD. In order to dominate the Southeast Asian market, the Corporation acquired the remaining 51% interest held by the other shareholders for an amount not exceeding THB80,000 thousand, which was approved by the board of directors on March 25, 2019. On November 4, 2019, the Corporation remitted THB61,861 thousand and obtained control of MIRLE AUTOMATION INTER CO., LTD, and remitted THB20,908 thousand on December 31, 2019 to acquire the remaining equity.

For the disclosure of the Corporation's acquisition of MIRLE AUTOMATION INTER CO., LTD., please refer to Note 27 of the Corporation's consolidated financial statements for the year ended December 31, 2020.

On August 10, 2020, the Corporation's board of directors approved the capital increase of US$30 thousand in MIRTEK (BVI) CORP. LTD., remitted NT$891 thousand on August 20, 2020.

On November 9, 2020, the Corporation's board of directors approved the reinvestment in Factory Automation International Co., Ltd. for an amount not more than NT$50,000 thousand. On December 25, 2020, the Corporation remitted NT$42,075 thousand to acquire 51% interest and obtained control of the aforementioned company. For the details, please refer to Note 27 to the consolidated financial statements for the year ended December 31, 2020.

The share of profit or loss and other comprehensive income (loss) of the investments in subsidiaries accounted for using the equity method for the years ended December 31, 2020 and 2019 were based on the subsidiaries' audited financial statements for the same years.

b. Investments in associates

	December 31	
	2020	2019
Material associate		
MAIN DRIVE CORPORATION	$ 37,374	$ 24,418

Refer to Note 31(b) for the nature of activities, principal place of business and country of incorporation of the aforementioned associate.

The above - mentioned associate was accounted for using the equity method.

1) Material associates

Name of Associate	Proportion of Ownership and Voting Rights December 31 2020	2019
MAIN DRIVE CORPORATION	27.61%	20.4%

On April 30, 2019, the Corporation subscribed for the shares of MAIN DRIVE CORPORATION at a percentage different from its existing shareholding percentage, which caused the proportion of ownership to decrease from 22% to 20.4%.

The Corporation subscribed for 3,928 thousand common shares of MAIN DRIVE CORPORATION for NT$39,280 thousand in cash after approval was obtained from the board of directors on May 11, 2020, which increased the proportion of ownership from 20.4% to 27.61%.

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

MAIN DRIVE CORPORATION

	December 31 2020	2019
Current assets	$ 85,563	$ 88,264
Non-current assets	133,939	91,566
Current liabilities	(43,255)	(39,975)
Non-current liabilities	(40,880)	(20,160)
Equity	$ 135,367	$ 119,695
Proportion of the Corporation's ownership	27.61%	20.40%
Equity attributable to the Corporation	$ 37,374	$ 24,418
Goodwill	-	-
Carrying amount	$ 37,374	$ 24,418

	For the Year Ended December 31 2020	2019
Operating revenue	$ 7,759	$ 243
Net loss for the year	$ (84,344)	$ (40,502)

2) The share of profit or loss and other comprehensive income (loss) of the investments in the associate accounted for using the equity method for the years ended December 31, 2020 and 2019 were based on the associate's audited financial statements for the same years.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Work in Progress	Total
Cost							
Balance at January 1, 2020	$ 179,901	$ 1,548,344	$ 238,089	$ 24,411	$ 44,791	$ 56,530	$ 2,092,066
Additions	-	4,375	21,410	3,075	4,137	246,032	279,029
Disposals	-	(6,970)	(28,685)	(2,363)	(1,760)	-	(39,778)
Reclassified	-	-	3,423	-	-	(3,423)	-
Balance at December 31, 2020	$ 179,901	$ 1,545,749	$ 234,237	$ 25,123	$ 47,168	$ 299,139	$ 2,331,317
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 381,652	$ 121,501	$ 12,455	$ 23,109	$ -	$ 538,717
Depreciation expenses	-	40,734	32,345	3,234	6,765	-	83,078
Disposals	-	(6,970)	(27,221)	(1,894)	(1,418)	-	(37,503)
Balance at December 31, 2020	$ -	$ 415,416	$ 126,625	$ 13,795	$ 28,456	$ -	$ 584,292
Accumulated impairment							
Balance at January 1, 2020 and December 31, 2020	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ 4,658
Carrying amount at December 31, 2020	$ 179,901	$ 1,130,333	$ 102,954	$ 11,328	$ 18,712	$ 299,139	$ 1,742,367
Cost							
Balance at January 1, 2019	$ 179,901	$ 1,545,958	$ 224,549	$ 24,837	$ 44,471	$ 4,149	$ 2,023,865
Additions	-	4,332	31,071	2,543	4,173	57,877	99,996
Disposals	-	(7,442)	(17,531)	(2,969)	(3,853)	-	(31,795)
Reclassified	-	5,496	-	-	-	(5,496)	-
Balance at December 31, 2019	$ 179,901	$ 1,548,344	$ 238,089	$ 24,411	$ 44,791	$ 56,530	$ 2,092,066
Accumulated depreciation							
Balance at January 1, 2019	$ -	$ 344,089	$ 106,489	$ 12,092	$ 20,456	$ -	$ 483,126
Depreciation expenses	-	45,005	32,316	3,332	6,506	-	87,159
Disposals	-	(7,442)	(17,304)	(2,969)	(3,853)	-	(31,568)
Balance at December 31, 2019	$ -	$ 381,652	$ 121,501	$ 12,455	$ 23,109	$ -	$ 538,717
Accumulated impairment							
Balance at January 1, 2019 and December 31, 2019	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ 4,658
Carrying amount at December 31, 2019	$ 179,901	$ 1,166,692	$ 111,930	$ 11,956	$ 21,682	$ 56,530	$ 1,548,691

There was no indication of impairment on the Corporation's property, plant and equipment for the years ended December 31, 2020 and 2019.

The Corporation's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and ancillary equipment	3-50 years
Machinery equipment	2-20 years
Transportation equipment	4-9 years
Office equipment	2-10 years

The major component of the Corporation's buildings comprise the main building of the plant and electromechanical power equipment, and are depreciated on a straight-line basis over their estimated useful lives of 40-50 years and 3-15 years, respectively.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 271,620	$ 288,176
Buildings	-	453
Transportation equipment	3,990	1,680
	$ 275,610	$ 290,309

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 14,825	$ 108,124
Depreciation charge for right-of-use assets		
Land	$ 27,006	$ 22,835
Buildings	453	922
Transportation equipment	1,132	1,389
	$ 28,591	$ 25,146

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 24,241	$ 24,625
Non-current	$ 257,252	$ 267,997

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.90%-2.10%	1.40%-2.10%
Buildings	-	1.40%
Transportation equipment	1.40%	1.40%

c. Material leasing activities and terms

The Corporation leases land, buildings and transportation equipment for office space and operational uses with lease terms of 2-50 years, 2 years and 2-3 years, respectively. The Corporation does not have bargain purchase options to acquire the land, buildings and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 8,764	$ 20,735
Expenses relating to low-value asset leases	$ 2,408	$ 4,491
Total cash outflow for leases	$ (42,047)	$ (48,058)

The Corporation's leases of certain buildings and office equipment qualify as short-term leases and certain office equipment qualify as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER INTANGIBLE ASSETS

	Franchises	Computer Software	Others	Total
Cost				
Balance at January 1, 2020	$ 9,389	$ 47,599	$ 24,104	$ 81,092
Additions	-	10,034	7,345	17,379
Decrease	-	(14,871)	-	(14,871)
Balance at December 31, 2020	9,389	42,762	31,449	83,600
Accumulated amortization				
Balance at January 1, 2020	3,286	20,622	18,130	42,038
Amortization expense	469	14,462	5,938	20,869
Decrease	-	(14,871)	-	(14,871)
Balance at December 31, 2020	3,755	20,213	24,068	48,036
Carrying amount at December 31, 2020	$ 5,634	$ 22,549	$ 7,381	$ 35,564
Cost				
Balance at January 1, 2019	$ 9,389	$ 40,058	$ 20,540	$ 69,987
Additions	-	23,189	3,564	26,753
Decrease	-	(15,648)	-	(15,648)
Balance at December 31, 2019	9,389	47,599	24,104	81,092
Accumulated amortization				
Balance at January 1, 2019	2,816	22,438	12,469	37,723
Amortization expense	470	13,832	5,661	19,963
Decrease	-	(15,648)	-	(15,648)
Balance at December 31, 2019	3,286	20,622	18,130	42,038
Carrying amount at December 31, 2019	$ 6,103	$ 26,977	$ 5,974	$ 39,054

The Corporation signed several power purchase agreements with Taiwan Power Company that would expire in 20 years starting from the date of interconnection of the electric generators. The gains for the years ended December 31, 2020 and 2019, which were recognized as other income amounted to $2,501 thousand and $2,359 thousand, respectively.

Other intangible assets pledged as collateral for bank borrowings are set out in Note 27.

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

Franchises	20 years
Computer software	3 years
Others	10 years

14. OTHER CURRENT ASSETS

	December 31	
	2020	**2019**
Current		
Prepayments for construction	$ 37,386	$ 63,717
Temporary payments	22,074	22,080
Prepayments for rent	5,522	3,916
Prepayments for software maintenance	5,111	5,222
Others	28,633	14,894
	$ 98,726	$ 109,829
Non-current		
Prepayment for investments	$ 10,000	$ -

The Corporation plans to invest in Phoenix II innovation Venture Capital Co., Ltd. and has injected capital of NT$10,000 thousand in 2020. As of December 31, 2020, the investee company has not completed registration.

15. BORROWINGS

a. Short-term bank loans

	December 31	
	2020	**2019**
Unsecured borrowings		
Working capital loan	$ 300,000	$ 900,000

The interest rates of the working capital loan were 0.51% and 0.78%-0.86% as of December 31, 2020 and 2019, respectively.

b. Long-term bank loans

	December 31	
	2020	2019
Unsecured borrowings		
Bank loans - expiring before April 15, 2025	$ 1,063,967	$ 10,000
Less: Current portion	(5,000)	-
	$ 1,058,967	$ 10,000

The effective interest rates of the long-term bank loans were 0.41%-0.85% and 1.10% as of December 31, 2020 and 2019, respectively.

16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2020	2019
Bonuses	$ 241,837	$ 350,995
Salaries	97,611	99,366
Outsourcing costs	43,771	33,022
Payables for equipment	15,539	56,787
Employees' compensation and remuneration of directors and supervisors	14,658	21,506
Others	197,722	154,393
	$ 611,138	$ 716,069

17. PROVISIONS - CURRENT

	December 31	
	2020	2019
Warranties	$ 3,131	$ 7,087

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 7,087	$ 7,083
Additional provisions recognized	24,269	16,327
Amount used	(28,225)	(16,323)
Balance at December 31	$ 3,131	$ 7,087

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties under contracts for the sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 11% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Corporation's defined benefit plans are as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 637,231	$ 683,329
Fair value of plan assets	(330,841)	(374,882)
Net defined benefit liabilities	$ 306,390	$ 308,447

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 696,473	$ (366,491)	$ 329,982
Service cost			
Current service cost	5,568	-	5,568
Net interest expense (income)	6,965	(3,730)	3,235
Recognized in profit or loss	12,533	(3,730)	8,803
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,180)	(13,180)
Actuarial loss			
Changes in demographic assumptions	8,029	-	8,029
Changes in financial assumptions	15,342	-	15,342
Experience adjustments	1,278	-	1,278
Recognized in other comprehensive loss (income)	24,649	(13,180)	11,469

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	$ -	$ (41,807)	$ (41,807)
Benefits paid	(50,326)	50,326	-
Balance at December 31, 2019	683,329	(374,882)	308,447
Service cost			
Current service cost	3,830	-	3,830
Net interest expense (income)	5,125	(2,857)	2,268
Recognized in profit or loss	8,955	(2,857)	6,098
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,623)	(12,623)
Actuarial loss			
Changes in demographic assumptions	627	-	627
Changes in financial assumptions	14,141	-	14,141
Experience adjustments	9,024	-	9,024
Recognized in other comprehensive loss (income)	23,792	(12,623)	11,169
Contributions from the employer	-	(19,324)	(19,324)
Benefits paid	(78,845)	78,845	-
Balance at December 31, 2020	$ 637,231	$ (330,841)	$ 306,390

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate	0.50%	0.75%
Expected rate of salary increase	4.00%	4.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (14,143)	$ (15,464)
0.25% decrease	$ 14,670	$ 16,039
Expected rate of salary increase		
0.25% increase	$ 13,952	$ 15,291
0.25% decrease	$ (13,533)	$(14,831)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
Expected contributions to the plan for the next year	$ 10,152	$ 12,192
Average duration of the defined benefit obligation	9.3 years	9.2 years

19. EQUITY

a. Share capital

1) Common shares

	December 31	
	2020	**2019**
Shares authorized (in thousands of shares)	226,000	226,000
Shares authorized	$ 2,260,000	$ 2,260,000
Shares issued and fully paid (in thousands of shares)	195,531	195,531
Shares issued	$ 1,955,312	$ 1,955,312

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

A total of 20,000 thousand common shares are reserved for the exercise of employee share options, preferred shares with share options or bonds with attached share options.

b. Capital surplus

	December 31	
	2020	**2019**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Conversion of bonds	$ 234,579	$ 234,579
Treasury share transactions	19,150	19,150
	253,729	253,729
May be used to offset a deficit only		
Share of changes in capital surplus of joint ventures (2)	-	135
May not be used for any purpose		
Changes in ownership interests in subsidiaries	-	4,381
	$ 253,729	$ 258,245

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation's articles of incorporation (the "Articles"), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 21(h).

In accordance with the Corporation's Articles, the dividends policy is to enable the shareholders to have a share in the Corporation's profit, for continuous expansion of its business and stabilization of profitability. The total cash dividends paid in any given year should be at least 40% of total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings on June 12, 2020 and June 14, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 67,020	$ 95,381
Special reserve	$ 65,037	$ 33,446
Cash dividends	$ 488,828	$ 645,253
Cash dividends per share (NT$)	$ 2.5	$ 3.3

The appropriation of earnings for 2020 had been proposed by the Corporation's board of directors on March 18, 2021. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 50,131
Special reserve	$ (21,298)
Cash dividends	$ 391,062
Cash dividends per share (NT$)	$ 2.0

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in their meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 108,311	$ 74,865
Appropriations in respect of		
Debits to other equity items	65,037	33,446
Balance at December 31	$ 173,348	$ 108,311

e. Other equity items

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

The relevant exchange differences arising from the conversion of the net assets of foreign operations from their respective functional currencies to the Corporation's presentation currency (i.e., new Taiwan dollars) are recognized directly as exchange differences on the translation of financial statements of foreign operations under other comprehensive income.

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (8,399)	$ (5,495)
Recognized for the year		
Unrealized gain (loss) - equity instruments	754	(2,904)
Other comprehensive income (loss) recognized for the year	754	(2,904)
Balance at December 31	$ (7,645)	$ (8,399)

20. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Construction contract revenue	$ 4,387,475	$ 8,035,308
Revenue from the sale of goods	2,719,496	1,603,157
Revenue from the rendering of services	378,018	394,651
	$ 7,484,989	$ 10,033,116

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 8)	$ 10,982	$ 39,158	$ 98,725
Accounts receivable (Note 8)	$ 180,723	$ 220,231	$ 388,652
Receivables from related parties	$ 57,292	$ 53,086	$ 52,491
Contract assets - current			
Construction of properties	$ 2,495,667	$ 2,637,698	$ 3,189,190
Contract liabilities - current			
Construction of properties	$ 1,643,586	$ 1,462,212	$ 1,106,723

c. Disaggregation of customer contract revenue

For the year ended December 31, 2020	Reportable Segments		
	Automatic Production Line and Equipment Segment	Information and Controller Segment	Total
Type of goods or services			
Construction contract revenue	$ 3,699,544	$ 687,931	$ 4,387,475
Revenue from the sale of goods	84,715	2,634,781	2,719,496
Revenue from the rendering of services	65,582	312,436	378,018
	$ 3,849,841	$ 3,635,148	$ 7,484,989

For the year ended December 31, 2019	Reportable Segments		
	Automatic Production Line and Equipment Segment	Information and Controller Segment	Total
Type of goods or services			
Construction contract revenue	$ 6,224,362	$ 1,810,946	$ 8,035,308
Revenue from the sale of goods	113,848	1,489,309	1,603,157
Revenue from the rendering of services	62,420	332,231	394,651
	$ 6,400,630	$ 3,632,486	$ 10,033,116

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	$ 49	$ (227)

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 4,052	$ 8,456

c. Other income

	For the Year Ended December 31	
	2020	2019
Government grant income (Note 24)	$ 12,533	$ 3,798
Franchise income (Note 13)	2,501	2,359
Other income	6,704	1,457
	$ 21,738	$ 7,614

d. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net gain on fair value changes of financial instruments at fair value through profit or loss	$ 204	$ 1,602
Other net loss	(5,703)	(4,795)
	$ (5,499)	$ (3,193)

e. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 7,792	$ 5,907
Interest on lease liabilities	5,864	4,740
	$ 13,656	$ 10,647

f. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 32,978	$ 43,426
Operating expense	78,691	68,879
	$ 111,669	$ 112,305
An analysis of amortization by function		
Operating costs	$ 5,233	$ 6,476
Selling and marketing expense	1,521	1,223
General and administrative expense	8,615	7,026
Research and development expense	5,031	4,768
Other expense	469	470
	$ 20,869	$ 19,963

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits (Note 18)		
Defined contribution plan	$ 43,486	$ 41,623
Defined benefit plan	6,098	8,803
	49,584	50,426
Termination benefits	4,347	1,164
Other employee benefits	1,206,550	1,328,708
Total employee benefits expense	$ 1,260,481	$ 1,380,298
An analysis of employee benefits expense by function		
Operating costs	$ 611,127	$ 717,549
Operating expenses	649,354	662,749
	$ 1,260,481	$ 1,380,298

h. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's board of directors on March 18, 2021 and March 19, 2020, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	1%	1%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2020	2019
Employees' compensation	$ 5,863	$ 8,602
Remuneration of directors and supervisors	8,795	12,903

If there is a change in the amounts after the parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2019 and 2018.

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

22. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 78,304	$ 178,876
Adjustments for prior year	(20,016)	(21,829)
Deferred tax		
In respect of the current year	-	-
Income tax expense recognized in profit or loss	$ 58,288	$ 157,047

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 571,655	$ 838,717
Income tax expense calculated at the statutory rate	$ 114,331	$ 167,743
Non-deductible expense in determining taxable income	(22,325)	(2,854)
Unrecognized deductible temporary differences and investment credits	(13,702)	13,987
Adjustments for prior years' tax	(20,016)	(21,829)
	$ 58,288	$ 157,047

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the undistributed surplus tax, the corporation only deducts the amount of capital expenditure that has actually been reinvested.

b. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 158,310	$ 136,709

c. Deferred tax assets

The movements of deferred tax assets were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

d. Items not recognized as deferred income tax assets

	December 31	
	2020	2019
Deductible temporary differences		
Deferred revenue	$ 364	$ 516
Allowance for impairment loss	-	8,922
	$ 364	$ 9,438

e. Associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $139,017 thousand and $124,401 thousand, respectively.

f. Income tax assessments

Income tax returns of the Corporation through 2018 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	$ 2.63	$ 3.49
Diluted earnings per share	$ 2.62	$ 3.48

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	**2019**
Net profit attributable to the owners of the Corporation	$ 513,367	$ 681,670
Earnings used in the computation of basic earnings per share	513,367	681,670
Effect of dilutive potential common shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 513,367	$ 681,670

Weighted average number of common shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of common shares used in the computation of basic earnings per share	195,531	195,531
Effect of dilutive potential common share:		
Employees' compensation	199	277
Weighted average number of common shares used in the computation of diluted earnings per share	195,730	195,808

The Corporation offered to settle the compensation paid to employees in cash or shares, therefore, the Corporation assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. GOVERNMENT GRANTS

The Corporation participated in a project proposed by the Ministry of Economic Affairs called the "Hangzhou Aerospace Composite Materials Smart Manufacturing Production Pioneering Project", with the Institute for Information Industry in October 2017. The subsidy provided by the Ministry of Economic Affairs was NT$31,740 thousand. As of September 30, 2019, the project had been closed, and the accumulated government grant income recognized was NT$31,652 thousand.

The Corporation applied for subsidies from the Ministry of Economic Affairs under "Salary and Working Capital of Businesses with Financial Difficulties in the Manufacturing and Technical Service Industries Affected by Severe Pneumonia with Novel Pathogens" in 2020, which was available for application from April 2020 to June 2020. The amount of subsidies allocated to the Corporation, recognized as government grant income, was NT$67,635 thousand, and as of September 30, 2020, the decrease in the accumulated salary expenses recognized was NT$57,285 thousand and other income recognized was NT$10,350 thousand.

The Corporation participated in a project proposed by the Ministry of Economic Affairs called the "Smart Measuring Technology Applied to 3D Curved Glass Manufacturing Process", with the Institute for Information Industry in June 2020. The subsidy provided by the Ministry of Economic Affairs was NT$12,893 thousand. As of December 31, 2020, the accumulated government grant income recognized was NT$2,183 thousand.

25. FINANCIAL INSTRUMENTS

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

The management believes that except for the financial assets at amortized cost whose fair values cannot be reliably measured, the carrying amounts of the other financial assets and financial liabilities approximate their fair values.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	$ -	$ -	$ 39,098	$ 39,098

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Foreign unlisted shares	$ -	$ -	$ 39,316	$ 39,316

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

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

	Financial Assets at FVTOCI	
	Equity Instruments	
Financial Assets	2020	2019
Balance at January 1	39,316	42,220
Recognized in other comprehensive income (loss)	754	(2,904)
Refund of retired shares	(972)	-
Balance at December 31	39,098	39,316

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted shares is estimated based on the financial statements of the issuer of such shares or based on the observable price of stock of comparable companies at the end of the period. The estimated fair value is further evaluated by comparing the financial position and financial performance of the issuer with the comparable companies and by applying the implied value multiplier to the estimated price at the balance sheet date.

c. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Amortized cost		
Cash and cash equivalents	$ 1,867,376	$ 1,431,540
Notes receivable - net (including related parties)	11,067	39,193
Accounts receivable - net (including related parties)	237,930	273,282
Other receivables (including related parties)	47,884	60,534
Refundable deposits	114,772	136,415
Financial assets at FVTOCI		
Investments in equity instruments	39,098	39,316
Financial liabilities		
Amortized cost		
Short-term bank loans	300,000	900,000
Notes payable	20,476	43,365
Accounts payable (including related parties)	1,727,057	2,131,648
Accrued expenses and other current liabilities	611,138	716,069
Long-term bank loans (including current portion)	1,063,967	10,000
Lease liabilities	281,493	292,622
Guarantee deposits received	298	298

d. Financial risk management objectives and policies

The Corporation's financial risk management objectives are to manage market risk, credit risk and liquidity risk relating to the operations of the Corporation. To reduce the related financial risks, the Corporation is committed to identify, evaluate and avoid the uncertainty of the market to reduce the potentially negative effects of market volatility on the Corporation's financial performance.

The Corporation's important financial activities were reviewed by the management in accordance with relevant regulations and the internal control system. During the execution of the financial plans, the Corporation strictly complied with the relevant financial operating procedures.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Corporation have foreign currency denominated sales and purchases, which expose the Corporation to foreign currency risk.

The Corporation's main operating activities are foreign currency denominated sales and purchases, which expose the Corporation to the risk of exchange rate changes.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 30.

Sensitivity analysis

The Corporation is mainly exposed to the exchange rate fluctuations of the USD, CNY and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, accounts payable, and short-term bank loans. A positive (negative) number below indicates the increase (decrease) in pre-tax profit associated with the functional currency weakening (strengthening) 5% against the relevant foreign currency.

	USD Impact		CNY Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019	2020	2019
Profit or loss	$ (109,335)	$ (115,889)	$ (8,686)	$ (2,609)	$ (412)	$ 552

The Corporation's sensitivity to foreign currency decreased during the current year mainly due to the decrease in USD denominated net assets.

b) Interest rate risk

The Corporation is exposed to interest rate risk because the Corporation borrow funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 150,501	$ 24,855
Financial liabilities	-	600,000
Cash flow interest rate risk		
Financial assets	1,716,875	1,406,685
Financial liabilities	1,363,967	310,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased by $13,640 thousand and $3,100 thousand, respectively, which was mainly attributable to the Corporation's exposure to cash flow interest rate risk on its variable-rate borrowings.

The Corporation's sensitivity to interest rate changed during the current year mainly due to the increase in variable-rate debt instruments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation, arises from the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Corporation's concentration of credit risk was 53.43% and 39.59% of total accounts receivable as of December 31, 2020 and 2019, respectively, which was attributable to the Corporation's ten largest customers in the property construction business segment. The concentration of credit risk of the remaining accounts receivable was not significant.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables

The following tables detail the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing liabilities (Note)	$ 264,096	$ 547,847	$ 205,625	$ 43,485
Lease liabilities	2,383	4,693	21,117	287,104
Variable interest rate liabilities	-	-	305,000	1,058,967
	$ 266,479	$ 552,540	$ 531,742	$ 1,389,556

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 28,193	$ 1126,625	$ 112,935	$ 61,544	$	$

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing liabilities (Note)	$ 546,176	$ 521,042	$ 146,667	$ 12,914
Lease liabilities	2,589	5,178	22,498	303,676
Variable interest rate liabilities	250,000	50,000	-	10,000
Fixed interest rate liabilities	250,000	350,000	-	-
	$ 1,048,765	$ 926,220	$ 169,165	$ 326,590

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 30,265	$ 109,933	$ 122,331	$ 71,412	$ -	$ -

Note: Non-interest bearing liabilities do not include estimated accounts payable.

b) Financing facilities

	December 31	
	2020	2019
Long-term bank loan facilities:		
Amount used	$ 1,063,967	$ 10,000
Amount unused	1,649,313	2,019,780
	$ 2,713,280	$ 2,029,780
Short-term bank loan facilities:		
Amount used	$ 988,825	$ 1,654,596
Amount unused	4,520,666	3,894,184
	$ 5,509,491	$ 5,548,780

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below:

a. Related party name and relationship

Related Party Name	Relationship with the Group
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	Subsidiary
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Subsidiary
MIRLE AUTOMATION INTER CO., LTD.	Associate before November 2019

(Continued)

Related Party Name	Relationship with the Group
MAIN DRIVE CORPORATION	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Subsidiary of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Subsidiary of key management personnel
JIANXUE RESTAURANT CO., LTD.	Subsidiary of key management personnel
I-MEI STORE COMPANY LTD.	Substantive related party
I-MEI-I INFORMATION TECHNOLOGY CO., LTD.	Substantive related party
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related party
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related party
SOUTH POLE FOODS CO., LTD.	Substantive related party
GOLDEN SADDLE MACHINERY CO., LTD.	Substantive related party

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
	2020	2019
Sales		
Subsidiaries	$ 120,665	$ 99,782
Key management personnel	7,547	9,031
Substantive related parties	6,689	7,055
Associates	2,453	-
Subsidiaries of key management personnel	463	96
	$ 137,817	$ 115,964
Purchases		
Subsidiaries	$ 5,909	$ 11,082
Associates	5,181	182
	$ 11,090	$ 11,264
Manufacturing expenses		
Subsidiaries	$ 18,780	$ 21,450
Substantive related parties	-	50
	$ 18,780	$ 21,500

(Continued)

	For the Year Ended December 31	
	2020	2019
Operating expenses		
Subsidiaries	$ 28,573	$ 32,590
Substantive related parties	871	685
Associates	79	-
Key management personnel	-	3
Subsidiaries of key management personnel	-	1
	$ 29,523	$ 33,279
Interest income		
Subsidiaries		
Mirle Automation (Kunshan) Co., Ltd.	$ -	$ 1,291
Other	117	62
	$ 117	$ 1,353
Other losses		
Associates	$ 16	$ -

(Concluded)

Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
Related Party Category/Name	2020	2019
Subsidiaries	$ 90	$ -

Disposal of property, plant and equipment

	Proceeds Gain (Loss) on Disposal	
	For the Year Ended December 31	
Related Party Category/Name	2020	2019
Subsidiaries	$ 2,677	$ 898

There are no other appropriate counterparties of the Corporation's sale and purchase transactions with related parties for comparison, hence, the payment terms of the transactions are the same as those of general customers. The Corporation's manufacturing and operating expenses with related parties are outsourcing expenses and management support expenses, which are based on mutually negotiated prices and payment terms.

The transaction price and payment terms of the equipment acquired and disposed of by the Corporation and its related parties are determined based on negotiation between the parties of the transaction. The related gain on disposal is recognized as unrealized gain.

c. Balances on the balance sheet date

	December 31	
	2020	**2019**
Contract assets		
Subsidiaries	$ 17,206	$ 27,511
Substantive related parties	1,000	-
	$ 18,206	$ 27,511
Accounts receivables from related parties		
Subsidiaries		
Mirle Automation Technology (Shanghai) Co., Ltd.	$ 49,231	$ 46,524
IOT Services Information System Corporation	335	1,083
Other	5,733	1,479
Key management personnel	172	2,655
Substantive related parties	1,693	1,310
Subsidiaries of key management personnel	43	-
	$ 57,207	$ 53,051
Notes receivable from related parties		
Substantive related parties	$ -	$ 32
Key management personnel	85	3
	$ 85	$ 35
Other receivables		
Subsidiaries	$ 84	$ 6,058
Accounts payables to related parties		
Subsidiaries		
IOT Services Information System Corporation	$ 1,589	$ 8,845
Other	-	31
Associates		
MAIN DRIVE CORPORATION	5,278	191
	$ 6,867	$ 9,067
Contract liabilities		
Subsidiaries	$ 51	$ 728
Substantive related parties	-	19
	$ 51	$ 747

(Continued)

	December 31	
	2020	2019
Accrued expenses and other current liabilities		
Subsidiaries		
IOT Services Information System Corporation	$ 43,771	$ 33,022
Associates	83	-
Substantive related parties	25	-
	$ 43,879	$ 33,022

(Concluded)

No collateral is provided for the outstanding payables to related parties, which will be paid off by cash. The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for the trade receivables from related parties.

d. Remuneration of key management personnel

The remuneration of directors and the key management personnel for years ended December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 54,992	$ 82,599
Post-employment benefits	1,983	3,150
	$ 56,975	$ 85,749

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged as collateral mainly for bank borrowings:

	December 31	
	2020	2019
Other intangible assets	$ 5,634	$ 6,103

28. SIGNIFICANT COMMITMENTS LIABILITIES AND UNRECOGNIZED CONTINGENCIES

The Corporation’s significant commitments and contingencies as of December 31, 2020 were as follows:

The balance of endorsements/guarantees provided by the Corporation for Mirle Automation Technology (Shanghai) Co., Ltd. was $512,640 thousand.

29. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Corporation experienced a significant decline in operating revenue for the year ended December 31, 2020 compared to the previous year. Although the domestic epidemic situation has eased and government policies has begun to loosen up, many countries are still implementing lockdown measures and the global economy continues to tighten with changing consumer patterns. However, the Corporation expects that its operations will gradually return to normal as the epidemic eases and policies are relaxed.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(Foreign currencies in thousands)

	December 31, 2020	
	Foreign Currency	**Exchange Rate**
Financial assets		
Monetary items		
USD	$ 78,360	28.480 (USD:NTD)
JPY	199,920	0.2763 (JPY:NTD)
RMB	43,954	4.377 (RMB:NTD)
EUR	582	35.02 (EUR:NTD)
Investments accounted for using the equity method		
USD	59,891	28.480 (USD:NTD)
THB	94,803	0.9556 (THB:NTD)
Financial liabilities		
Monetary items		
USD	1,580	28.480 (USD:NTD)
JPY	170,073	0.2763 (JPY:NTD)
RMB	4,264	4.377 (RMB:NTD)
EUR	81	35.02 (EUR:NTD)
CAD	9	22.35 (CAD:NTD)

	December 31, 2019	
	Foreign Currency	**Exchange Rate**
Financial assets		
Monetary items		
USD	$ 80,478	29.98 (USD:NTD)
JPY	194,387	0.2760 (JPY:NTD)
RMB	15,105	4.305 (RMB:NTD)
EUR	347	33.59 (EUR:NTD)
Investments accounted for using the equity method		
USD	53,172	29.98 (USD:NTD)
THB	90,476	1.0098 (THB:NTD)

(Continued)

	December 31, 2019	
	Foreign Currency	Exchange Rate
Financial liabilities		
Monetary items		
USD	$ 3,167	29.98 (USD:NTD)
JPY	234,396	0.2760 (JPY:NTD)
RMB	2,984	4.305 (RMB:NTD)
EUR	170	33.59 (EUR:NTD)
CAD	1	22.99 (CAD:NTD)
		(Concluded)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were $133,141 thousand and $61,662 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the Corporation.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6)

d. Information about main shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares held, and percentage of ownership of each shareholder (Table 7)

TABLE 1

MIRLE AUTOMATION CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	MIRLE AUTOMATION CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULITING SERVICES CO., LTD.	Other receivables from related parties	Yes	$ 8,544	$ 8,544	$ -	3	2	$ -	Working capital	$ -	-	$ -	$ 1,639,684	$ 1,639,684	-
		MIRTEK (BVI) CORP. LTD.	Other receivables from related parties	Yes	285	285	-	-	2	-	Working capital	-	-	-	1,639,684	1,639,684	-
		Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	288,882	288,882	-	3	2	-	Working capital	-	-	-	1,639,684	1,639,684	-
1	Mirle Automation Technology (Shanghai) Co., Ltd.	Mirle Automation (Kunshan) Co., Ltd.	Other receivables from related parties	Yes	350,160	350,160	65,655	-	2	-	Working capital	-	-	-	472,869	472,869	-

Note 1: The total amount of financing provided to others shall not exceed 40% of the net value of the Corporation's based on its most recent audited or reviewed financial statements. However, foreign companies in which the Corporation directly and indirectly held 100% of the voting shares are not subject to the preceding restrictions, but their total amount of financing provided to others shall not exceed 40% of the Corporation's net value.

Note 2: Nature of financing:
1. For business
2. For short-term financing

Note 3: The total amount of financing provided to others shall not exceed 40% of the Corporation's net value in its most recent audited or reviewed financial statements. The total amount of financing provided by Mirle Automation Technology (Shanghai) Co., Ltd. to others shall not exceed 40% of its net value in its most recent audited or reviewed financial statements.

Note 4: Financing limit approved by the board of directors.

TABLE 2

MIRLE AUTOMATION CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	MIRLE AUTOMATION CORPORATION	Mirle Automation Technology (Shanghai) Co., Ltd.	Note 1	$ 1,229,763	$ 512,640	$ 512,640	$ -	$ -	13	$ 2,049,605	Yes	No	Yes

Note 1: The Corporation's indirect wholly-owned subsidiaries.

Note 2: The amount of guarantees provided by the Corporation to any individual entity shall not exceed 10% of the Corporation's net worth. The aggregate amount of guarantees available shall not exceed 50% of the Corporation's net worth. The aggregate amount of guarantees given by parent on behalf of subsidiaries or subsidiaries on behalf of parent shall not exceed 30% of the Corporation's net worth.

TABLE 3

MIRLE AUTOMATION CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Mirle Automation Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500	$ 39,098	7	$ 39,098	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143	-	5	-	Note 1
MIRTEK (BVI) CORP. LTD.	AMERICAN MERCHANTS HEAT CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	1,654	-	6	-	Note 1

Note 1: The market value was based on the fair value as of December 31, 2020.

Note 2: As of December 31, 2020, the above marketable securities had not been pledged or mortgaged.

Note 3: See Tables 4 and 5 for detailed information on subsidiaries and associates.

TABLE 4

MIRLE AUTOMATION CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Shareholding Percentage (%)	Carrying Amount			
MIRLE AUTOMATION CORPORATION	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	$ 951,348	$ 950,457	29,641	100	$ 1,703,233	$ 84,166	$ 83,511	Subsidiary
	DAVID INVESTMENT CO., LTD.	Taipei City	Investment	76,000	76,000	-	99	78,198	6,380	6,372	Subsidiary
	MIRLE AUTOMATION INTER CO., LTD.	Thailand	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	101,221	101,221	10,000	100	90,594	4,109	4,109	Subsidiary
	Factory Automation International Co., Ltd.	Taipei City	Computer application package software design, computer and peripheral equipment sales	42,075	-	1,275	51	42,075	(4,953)	-	Subsidiary
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,523	21	-	-	-	Note 2
	MAIN DRIVE CORPORATION	Hsinchu County	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	72,280	33,000	7,228	27.61	37,374	(84,344)	(20,915)	Associate
MIRTEK (BVI) CORP. LTD.	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000	100	520,293	(32,602)	(32,602)	Second-tier subsidiary
DAVID INVESTMENT CO., LTD.	IOT SERVICES INFORMATION SYSTEM CORPORATION	Taipei City	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	76,000	76,000	7,600	99	78,192	6,388	6,379	Second-tier subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Vietnam	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	15,520	15,520	-	100	22,296	3,390	33,90	Third-tier subsidiary

Note 1: Refer to Table 5 for information on investments in mainland China.

Note 2: FORMOSA MEDICAL DEVICES INC. was dissolved on May 27, 2020, but the liquidation procedures have not yet been completed.

TABLE 5

MIRLE AUTOMATION CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Mirle Automation Technology (Shanghai) Co., Ltd.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	US$ 13.23 million (Note 2)	Note 1	US$ 11.61 million (Note 3)	$ -	$ -	US$ 11.61 million	$ 116,853	100	$ 116,853 (Note 5)	$ 1,182,172	$ -
Mirle Automation (Kunshan) Co., Ltd.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	US$ 17 million (Note 4)	Note 1	US$ 17 million	-	-	US$ 17 million	(32,602)	100	(32,602) (Note 6)	520,293	-

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$28.61 million	US$31.56 million	$ 2,459,526

Note 1: Reinvestment in main-land China through the establishment and investment in MIRTEK (BVI) CORP. LTD. in a third region.

Note 2: Accumulated outward remittance for investment from Taiwan is US$7.9 million, the amount of retained earnings transferred to common shares is US$2.95 million and the investment amount of Xinji Photoelectric Co., Ltd. is US$2.38 million. After that, the Corporation acquired full ownership of Mirle Automation Technology (Shanghai) Co., Ltd. through MIRTEK (BVI) CORP. LTD.

Note 3: Accumulated outward remittance for investment from Taiwan is US$7.9 million. The Corporation obtained the shares of Mirle Automation Technology (Shanghai) Co., Ltd. by paying US$3.71 million to Xinji Photoelectric Co., Ltd.

Note 4: Accumulated outward remittance for investment from Taiwan is US$17 million. The Corporation established and invested in MIRLE HOLDING CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation acquired full ownership of Mirle Automation (Kunshan) Co., Ltd. through MIRLE HOLDING CO., LTD.

Note 5: Calculated based on the audited financial statements of the investees for the same reporting periods as those of the Corporation.

(Concluded)

TABLE 6

MIRLE AUTOMATION CORPORATION

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

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Mirle Automation Technology (Shanghai) Co., Ltd.	Sales	$ 66,576	0.89	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	$ 49,231	19.77	$ -	None
Mirle Automation Technology (Shanghai) Co., Ltd.	Purchase	688	0.01	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
Mirle Automation (Kunshan) Co., Ltd.	Sales	36,249	0.48	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	128	0.05	-	None
Mirle Automation (Kunshan) Co., Ltd.	Purchase	4,537	0.08	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
Mirle Automation (Kunshan) Co., Ltd.	Property transaction	2,677	0.04	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	31	0.01	655	None

TABLE 7

MIRLE AUTOMATION CORPORATION

INFORMATION ABOUT MAIN SHAREHOLDERS
DECEMBER 31, 2020

No.	Name	Shares	
		Number of Shares Held	Ownership Percentage
1	I-MEI FOODS CO., LTD.	11,496,066	5.87%

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF CONTRACT ASSETS - CURRENT	Note 20
STATEMENT OF NOTES RECEIVABLE	2
STATEMENT OF ACCOUNTS RECEIVABLE	3
STATEMENT OF INVENTORIES	4
STATEMENT OF OTHER CURRENT ASSETS	Note 14
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT	Note 7
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	5
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN ACCUMULATED IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	6
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	6
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 13
STATEMENT OF SHORT-TERM BANK LOANS	Note 15
STATEMENT OF CONTRACT LIABILITIES - CURRENT	Note 20
STATEMENT OF NOTES PAYABLE	7
STATEMENT OF ACCOUNTS PAYABLE	8
STATEMENT OF PROVISIONS - CURRENT	Note 17
STATEMENT OF ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	Note 16
STATEMENT OF LEASE LIABILITIES	9
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF NET OPERATING REVENUE	10
STATEMENT OF OPERATING COSTS	11
STATEMENT OF MANUFACTURING OVERHEAD	12
STATEMENT OF OPERATING EXPENSES	13
STATEMENT OF OTHER GAINS AND LOSSES	Note 21
SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION	14

STATEMENT 1

MIRLE AUTOMATION CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash in banks	
Current accounts	$ 1,108,190
Foreign currency accounts (Note 1)	608,685
Time deposits (Note 2)	141,064
Checking accounts	737
	1,858,676
Cash on hand	8,700
	$ 1,867,376

Note 1: Including US$18,739 thousand @28.48, ￥$102,326 thousand @0.2763, CNY$6,938 thousand @4.377, €467 @35.02 and others.

Note 2: Expired by the end of July 2021, annual interest rate of 0.755%-2.55%.

STATEMENT 2

MIRLE AUTOMATION CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 2,848
Client B	2,625
Client C	1,607
Client D	1,270
Client E	718
Others (Note)	2,036
	11,104
Less: Allowance for impairment loss	(122)
	$ 10,982

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 3

MIRLE AUTOMATION CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client F	$ 67,107
Client G	13,326
Client H	12,020
Client I	9,237
Others (Note)	100,714
	202,404
Less: Allowance for impairment loss	(21,681)
	$ 180,723

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 4

MIRLE AUTOMATION CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Value (Note 1)
Finished goods	$ 27,920	$ 69,123
Work in process	1,044,963	1,456,737
Raw materials	199,815	242,098
Inventory in transit	4,045	4,045
	$ 1,276,743	$ 1,722,003

Note 1: Based on the net realizable value.

Note 2: The amount of inventory insured is NT$522,500 thousand.

MIRLE AUTOMATION CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2020		Additions		Share of Profit or Loss of Subsidiaries and Associates	Exchange Differences on Translation to the Presentation Currency	Equity Adjustment	Deferred Credits Adjustment	Balance, December 31, 2020			Net Asset Value	Remarks
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount					Number of Shares (In Thousands)	%	Amount		
MIRTEK (BVI) CORP. LTD.	29,611	$ 1,591,507	30	$ 891	$ 83,511	$ 26,564	$ -	$ 760	29,641	100	$ 1,703,233	$ 1,703,233	Note 1
DAVID INVESTMENT CO., LTD.	-	72,969	-	-	6,372	(1,143)	-	-	-	99	78,198	78,198	Note 1
MIRLE AUTOMATION INTER CO., LTD.	10,000	91,362	-	-	4,109	(4,877)	-	-	10,000	100	90,594	90,594	Note 1
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	-	-	1,275	42,075	-	-	-	-	1,275	51	42,075	42,075	Note 2
MAIN DRIVE CORPORATION	3,300	24,418	3,928	39,280	(20,915)	-	(5,409)	-	7,228	27.61	37,374	37,374	Note 1
FORMOSA MEDICAL DEVICES INC.	2,523	-	-	-	-	-	-	-	2,523	21	-	-	Note 1
		$ 1,780,256		$ 82,246	$ 73,077	$ 20,544	$ (5,409)	$ 760			$ 1,951,474	$ 1,951,474	

Note 1: The net value was based on audited financial statements for the same period.

Note 2: Recognition is based on unaudited financial statements. However, the management of the Corporation believes that the unaudited financial statements of these investee companies will not have a significant impact.

Note 3: The above investments accounted for using the equity method were not pledged as security.

MIRLE AUTOMATION CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPRECIATION OF RIGHT-OF-USE-ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	January 1, 2020	Additions	Disposals	December 31, 2020
Cost				
Land	$ 311,011	$ 10,478	$ (2,579)	$ 318,910
Buildings	1,216	-	(1,216)	-
Transportation equipment	3,069	4,347	(2,158)	5,258
Total	315,296	14,825	(5,953)	324,168
Accumulated depreciation				
Land	22,835	27,006	(2,551)	47,290
Buildings	763	453	(1,216)	-
Transportation equipment	1,389	1,132	(1,253)	1,268
Total	24,987	28,591	(5,020)	48,558
Total	$ 290,309	$ (13,766)	$ (933)	$ 275,610

STATEMENT 7

MIRLE AUTOMATION CORPORATION

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 8,353
Client B	6,978
Client C	4,500
Others (Note)	645
	$ 20,476

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 8

MIRLE AUTOMATION CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Others (Note)	$ 1,720,190

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 9

MIRLE AUTOMATION CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Rental Period	Discount Rate	Amount
Land	From January 2019 to December 2038	1.90%-2.10%	$ 277,497
Transportation equipment	From January 2019 to November 2023	-	3,996
Total			281,493
Less: Lease liabilities - current			(24,241)
Lease liabilities -noncurrent			$ 257,252

STATEMENT 10

MIRLE AUTOMATION CORPORATION

STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Sale Quantity	Amount
Information product systems	Note	$ 2,923,256
LCD devices	Note	2,405,894
Industrial controllers	4,563 sets	713,174
Semiconductor equipment	Note	509,594
Automatic storage systems	Note	501,655
Robot operating systems	Note	401,385
Others	Note	31,470
		7,486,428
Less: Sales returns and discounts		(1,439)
		$ 7,484,989

Note: Designed in response to customer needs. Each system requires different accessories and equipment, so the quantity cannot be calculated based on it.

STATEMENT 11

MIRLE AUTOMATION CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Balance, beginning of year	$ 284,680
Raw material purchased	4,479,540
Raw materials, end of year	(199,815)
Transferred to property, plant and equipment	(4,061)
Others	(71,618)
Raw materials used this year	4,488,726
Direct labor	508,558
Manufacturing expenses	528,207
Manufacturing cost	5,525,491
Work in process, beginning of year	1,293,022
Work in process, end of year	(1,044,963)
Cost of finished goods	5,773,550
Finished goods, beginning of year	55,657
Finished goods, end of year	(27,920)
Cost of goods sold	5,801,287
Other operating costs	(649)
Total	$ 5,800,638

STATEMENT 12

MIRLE AUTOMATION CORPORATION

STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Salary	$ 95,698
Outsourcing project	141,765
Travel expenses	94,913
Material requisition	40,039
Depreciation	32,978
Others (Note)	122,814
	$ 528,207

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 13

MIRLE AUTOMATION CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expense	General and Administrative Expense	Research and Development Expense
Personnel expenses	$ 177,899	$ 149,015	$ 228,137
After sales service fee	21,455	-	-
Professional service fee	18,775	3,527	405
Export declaration fee	18,024	-	-
Travel expenses	16,300	3,618	5,485
Depreciation	2,706	69,101	6,884
Repair and maintenance costs	417	21,317	3,424
Electricity bill	58	18,198	-
Material requisition	-	-	51,394
Outsourcing project	-	-	28,936
Others (Note)	56,114	88,757	66,665
	$ 311,748	$ 353,533	$ 391,330

Note: The amount of each item in others does not exceed 5% of the account balance.

MIRLE AUTOMATION CORPORATION

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expenses						
Salary expense	$ 514,758	$ 555,051	$ 1,069,809	$ 608,937	$ 572,132	$ 1,181,069
Employee insurance premium	45,058	47,419	92,477	49,460	44,214	93,674
Pension	24,162	25,422	49,584	26,927	23,499	50,426
Meal expenses	16,609	14,706	31,315	18,088	13,160	31,248
Welfare	10,540	-	10,540	14,137	-	14,137
Remuneration of directors	-	6,756	6,756	-	9,744	9,744
	$ 611,127	$ 649,354	$ 1,260,481	$ 717,549	$ 662,749	$ 1,380,298
Depreciation	$ 32,978	$ 78,691	$ 111,669	$ 43,426	$ 68,879	$ 112,305
Amortization	$ 5,233	$ 15,167	$ 20,400	$ 6,476	$ 13,017	$ 19,493

Note 1: As of December 31, 2020 and 2019, the number of employees was 1,085 and 1,082, respectively, including 4 directors who did not serve concurrently as employees for both years.

Note 2: Companies whose stocks are listed on the Taiwan Stock Exchange or on the Taipei Exchange should disclose the following information:

1) The average employee benefits expense for the current year is $1,160 thousand ("Total employee benefits expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who have not served concurrently as employees").

   The average employee benefits expense for the previous year is $1,271 thousand ("Total employee benefits expenses for the previous year-Total directors' remuneration"/"Number of employees for the previous year-Number of directors who have not served concurrently as employees").

2) The average employee payroll and related expense for the current year is $990 thousand (Total payroll and related expense for the current year/"Number of employees for the current year-Number of directors who have not served concurrently as employees").

   The average employee payroll and related expense for the previous year is $1,096 thousand (Total payroll and related expense of the previous year/"Number of employees for the previous year-Number of directors who have not served concurrently as employees").

3) Changes in the average employee payroll and related expense adjustment (9.59)% ("Average employee payroll and related expense for the current year-Average employee payroll and related expense for the previous year"/Average employee payroll and related expense for the previous year).

4) The remuneration of supervisors for the current year is $2,578 thousand, and that for the previous year is $3,699 thousand.

5) The Corporation's compensation policy (include directors, managers and employees).

   Article 43 of the Corporation's charter stipulates that if the corporation makes a profit each year, at least 1% shall be allocated for employee compensation, and no more than 2% shall be paid for directors and supervisors. The procedures for determining the remuneration, in addition to considering the corporation's operational results, and taking into account its contribution to the corporation's performance, as well as the corporation's "Board of Directors Performance Evaluation Method" as the evaluation method, provide reasonable remuneration. The relevant performance appraisal and salary reasonableness have been reviewed by the Salary and Compensation Committee and the Board of Directors.

MIRLE AUTOMATION CORPORATION

Chairman Houng Sun

MIRLE AUTOMATION CORPORATION

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