Stock Code:9912

ASSOCIATED INDUSTRIES CHINA, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
for the Six Months Ended June 30, 2020 and 2019

Address: 5F-1, No. 3-1, Park Street, Nangang District, Taipei, 11503
Telephone: (02)2655-8080

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

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安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of Associated Industries China, Inc.:

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $30,398 thousand and $39,969 thousand, constituting 4.10% and 4.41% of consolidated total assets; and the total liabilities amounting to $7,812 thousand and $7,932 thousand, constituting 2.41% and 2.23% of consolidated total liabilities as of June 30, 2020 and 2019, respectively, and the total comprehensive income (loss) amounting to $(3,824) thousand, $(4,409) thousand, $(7,215) thousand and $(7,952) thousand, constituting 26.74%, 62.31%, 25.56% and 29.89% of the absolute value of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2020 and 2019, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of $26,393 thousand and $108,047 thousand as of June 30, 2020 and 2019, respectively, and its equity in net earnings on the investee companies amounting to $(366) thousand, $(3,386) thousand, $(2,109) thousand and $(7,052) thousand for the three months and six months ended June 30, 2020 and 2019, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Qualified Conclusion

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

The engagement partners on the reviews resulting in this independent auditors' review report are Yiu-Kwan Au and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
August 12, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2020 and 2019

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2020, December 31, 2019, and June 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	June 30, 2020 Amount	%	December 31, 2019 Amount	%	June 30, 2019 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 74,526	10	75,792	10	75,868	8
1170	Notes and accounts receivable, net (note 6(d))	49,364	7	61,636	8	72,222	8
1200	Other receivables	860	-	126	-	214	-
1300	Inventories, net (note 6(e))	244,958	33	265,822	35	313,973	35
1410	Prepayments	17,889	3	17,330	2	14,801	2
1470	Other current assets (note 8)	2,149	-	1,619	-	1,249	-
		389,746	53	422,325	55	478,327	53
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(c) and 7)	20,000	3	10,000	1	-	-
1550	Investments accounted for using equity method (note 6(f))	26,393	3	28,502	4	108,047	12
1600	Property, plant and equipment (notes 6(g) and 8)	119,547	16	120,609	16	121,808	13
1755	Right-of-use assets (note 6(h))	19,703	3	23,480	3	28,943	3
1760	Investment property, net (notes 6(i) and 8)	163,058	22	163,650	21	164,241	18
1780	Intangible assets (note 6(j))	2,266	-	3,040	-	4,192	1
1900	Other non-current assets	548	-	879	-	911	-
		351,515	47	350,160	45	428,142	47
	Total assets	$ 741,261	100	772,485	100	906,469	100

	Liabilities	June 30, 2020 Amount	%	December 31, 2019 Amount	%	June 30, 2019 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6(k))	$ 212,121	29	174,032	23	179,994	20
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	366	-	-	-	432	-
2130	Current contract liabilities (note 6(t))	67	-	671	-	253	-
2170	Notes and accounts payable	35,364	5	70,241	9	79,327	9
2200	Other payables	51,798	7	52,135	7	62,308	7
2250	Current provisions (note 6(l))	2,761	-	2,600	-	2,148	-
2280	Current lease liabilities (note 6(m))	7,931	1	8,709	1	8,967	1
2300	Other current liabilities	1,252	-	1,741	-	1,559	-
		311,660	42	310,129	40	334,988	37
	Non-current liabilities:						
2580	Non-current lease liabilities (note 6(m))	12,242	2	15,144	2	20,183	2
2600	Other non-current liabilities	891	-	891	-	945	-
		13,133	2	16,035	2	21,128	2
	Total liabilities	324,793	44	326,164	42	356,116	39
	Equity attributable to owners of parent: (notes 6(q) and (r))						
3110	Common stock	538,066	73	543,506	70	543,590	60
3200	Capital surplus	26,154	3	25,330	4	25,323	3
	Retained earnings:						
3310	Legal reserve	52,704	7	52,704	7	52,704	6
3320	Special reserve	79,510	11	79,510	10	79,510	8
3350	Unappropriated retained earnings (accumulated deficits)	(138,959)	(19)	(112,809)	(15)	(27,919)	(3)
		(6,745)	(1)	19,405	2	104,295	11
3400	Other equity interest	(116,176)	(16)	(117,089)	(15)	(110,040)	(12)
3500	Treasury shares	(24,831)	(3)	(24,831)	(3)	(12,815)	(1)
	Total equity	416,468	56	446,321	58	550,353	61
	Total liabilities and equity	$ 741,261	100	772,485	100	906,469	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2020 and 2019

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

		For the three months ended June 30				For the six months ended June 30			
		2020		2019		2020		2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenues, net (note 6(t)):**								
4110	Sales revenue	$ 101,873	99	148,428	99	224,012	99	289,188	99
4310	Rental income (note 6(n))	1,275	1	1,011	1	2,550	1	2,022	1
		103,148	100	149,439	100	226,562	100	291,210	100
5000	**Operating costs (notes 6(e) and 12)**	68,671	67	98,519	66	151,802	67	193,265	66
5950	**Gross profit from operations**	34,477	33	50,920	34	74,760	33	97,945	34
	Operating expenses (notes 6(o) and 12):								
6100	Selling expenses	29,287	28	34,684	23	61,855	27	70,786	24
6200	Administrative expenses	16,991	16	18,760	13	30,620	14	36,973	13
6300	Research and development expenses	3,712	4	3,703	2	7,105	3	7,411	3
		49,990	48	57,147	38	99,580	44	115,170	40
	Net operating loss	(15,513)	(15)	(6,227)	(4)	(24,820)	(11)	(17,225)	(6)
	Non-operating income and expenses:								
7100	Interest income	592	1	75	-	602	-	88	-
7190	Other income	2,304	2	102	-	2,357	1	119	-
7230	Foreign exchange gains(losses), net	(461)	(1)	1,218	-	(656)	-	560	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(614)	(1)	(177)	-	(114)	-	964	-
7510	Interest expense	(932)	(1)	(652)	-	(1,743)	-	(1,200)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (note 6(f))	(366)	-	(3,386)	(2)	(2,109)	(1)	(7,052)	(2)
		523	-	(2,820)	(2)	(1,663)	-	(6,521)	(2)
7900	**Loss before tax**	(14,990)	(15)	(9,047)	(6)	(26,483)	(11)	(23,746)	(8)
7950	**Less: Income tax expenses (note 6(p))**	(831)	(1)	2,276	2	(333)	-	4,173	1
	Loss	(14,159)	(14)	(11,323)	(8)	(26,150)	(11)	(27,919)	(9)
8300	**Other comprehensive income (loss):**								
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign financial statements	(140)	-	4,247	3	(2,078)	(1)	1,315	-
8300	**Other comprehensive income (loss), net**	(140)	-	4,247	3	(2,078)	(1)	1,315	-
8500	**Comprehensive income (loss)**	$ **(14,299)**	**(14)**	**(7,076)**	**(5)**	**(28,228)**	**(12)**	**(26,604)**	**(9)**
	Earnings (losses) per share (note 6(s))								
9750	**Basic earnings (losses) per share (NT dollars)**	$ **(0.29)**		**(0.22)**		**(0.53)**		**(0.53)**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficits)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned employee benefit	Total other equity interest	Treasury stock	Total equity
Balance at January 1, 2019	$ 524,790	27,000	51,494	45,440	35,280	(65,016)	(33,710)	(14)	(98,740)	-	585,264
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	1,210	-	(1,210)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	34,070	(34,070)	-	-	-	-	-	-
Loss for the six months ended June 30, 2019	-	-	-	-	(27,919)	-	-	-	-	-	(27,919)
Other comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	1,315	-	-	1,315	-	1,315
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	(27,919)	1,315	-	-	1,315	-	(26,604)
Other changes in capital surplus:											
Share-based payment transactions	18,800	(2,256)	-	-	-	-	-	(12,615)	(12,615)	-	3,929
Donation from shareholders	-	579	-	-	-	-	-	-	-	-	579
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(12,815)	(12,815)
Balance at June 30, 2019	**$ 543,590**	**25,323**	**52,704**	**79,510**	**(27,919)**	**(63,701)**	**(33,710)**	**(12,629)**	**(110,040)**	**(12,815)**	**550,353**
Balance at January 1,2020	$ 543,506	25,330	52,704	79,510	(112,809)	(74,693)	(33,710)	(8,686)	(117,089)	(24,831)	446,321
Loss for the six months ended June 30, 2020	-	-	-	-	(26,150)	-	-	-	-	-	(26,150)
Other comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	(2,078)	-	-	(2,078)	-	(2,078)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	(26,150)	(2,078)	-	-	(2,078)	-	(28,228)
Other changes in capital surplus:											
Share-based payment transactions	(5,440)	653	-	-	-	-	-	2,991	2,991	-	(1,796)
Donation from shareholders	-	171	-	-	-	-	-	-	-	-	171
Balance at June 30, 2020	**$ 538,066**	**26,154**	**52,704**	**79,510**	**(138,959)**	**(76,771)**	**(33,710)**	**(5,695)**	**(116,176)**	**(24,831)**	**416,468**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Cash flows from (used in) operating activities:		
Loss before tax	$ (26,483)	(23,746)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	6,317	6,766
Amortization expense	774	678
Expected credit loss (gain)	99	37
Interest expense	1,743	1,200
Interest income	(602)	(88)
Share-based payments transactions	(1,796)	3,929
Share of loss of associates and joint ventures accounted for using equity method	2,109	7,052
Total adjustments to reconcile profit (loss)	8,644	19,574
Changes in operating assets and liabilities:		
Acquisition of current financial liabilities at fair value through profit or loss	366	432
Decrease in notes and accounts receivable	12,173	26,301
Decrease (increase) in other receivables	(170)	203
Decrease (increase) in inventories	20,864	(108,891)
Increase in prepayments	(1,005)	(3,876)
Increase in other current assets	(530)	(76)
Decrease in contract liabilities	(604)	(411)
Increase (decrease) in notes and accounts payable	(34,877)	36,475
Increase (decrease) in other payables	7,038	(7,522)
Increase (decrease) in provisions	168	(272)
Decrease in other current liabilities	(489)	(784)
Total changes in operating assets and liabilities	2,934	(58,421)
Total adjustments	11,578	(38,847)
Cash outflows generated from operations	(14,905)	(62,593)
Interest received	36	88
Interest paid	(1,720)	(1,206)
Income taxes paid	(6,617)	(5,808)
Net cash flows used in operating activities	(23,206)	(69,519)
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(10,000)	-
Acquisition of property, plant and equipment	(108)	(213)
Decrease (increase) in refundable deposits	331	(229)
Acquisition of intangible assets	-	(1,400)
Net cash flows used in investing activities	(9,777)	(1,842)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	38,089	62,546
Payment of lease liabilities	(4,465)	(4,711)
Cost of increase in treasury stock	-	(12,815)
Other financing activities	171	579
Net cash flows from financing activities	33,795	45,599
Effect of exchange rate changes on cash and cash equivalents	(2,078)	1,316
Net decrease in cash and cash equivalents	(1,266)	(24,446)
Cash and cash equivalents at beginning of period	75,792	100,314
Cash and cash equivalents at end of period	$ **74,526**	**75,868**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Associated Industries China, Inc. (the "Company") was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The major business activities of the Group are the research, development and sale of LCD monitors, and related components, sale of medical equipment, and real estate rental business.

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

These consolidated financial statements were authorized for issuance by the board of directors on August 12, 2020.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023

Those which may be relevant to the Group are set out below:

Issuance / Release Date	Standards or Interpretation	Content of amendment
January 23, 2020	Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding June 30, 2020	Shareholding December 31, 2019	Shareholding June 30, 2019	Note
The Company	AG Neovo International Ltd. (AG Neovo International, formerly named as GMF)	Investment	100 %	100 %	100 %	(Note 1 and 2)
The Company	AG Neovo Technology. BV. (AG Neovo B.V)	Sale of LCD monitors	100 %	100 %	100 %	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100 %	100 %	100 %	(Note 1)
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100 %	100 %	100 %	〃
AG Neovo International (formerly named as GMF)	AG Neovo International Ltd. (AG Neovo International)	Investment	- %	100 %	100 %	(Note 1 and 2)
AG Neovo International (formerly named as GMF)	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipments	100 %	100 %	100 %	〃

Note 1: A non-significant subsidiary, wherein its financial statements have not been reviewed.
Note 2: The sub-subsidiary, AG Neovo International had, completed its liquidation procedures on April 30, 2020. Thereafter, the subsidiary, GMF, was renamed AG Neovo International Ltd. on June 30, 2020.

(c) Government grants

The Group recognizes an unconditional government grant as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated financial statements, the significant accounting assumptions, judgment and major sources of estimation uncertainty are consistent with note 5 of the annual consolidated financial statements for the year ended December 31, 2019.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

		June 30, 2020	December 31, 2019	June 30, 2019
Petty cash, checking accounts and demand deposits	$	71,626	72,421	72,477
Time deposits		2,900	3,371	3,391
	$	**74,526**	**75,792**	**75,868**

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

(b) Financial liabilities at fair value through profit or loss-current

		June 30, 2020	December 31, 2019	June 30, 2019
Mandatorily measured at fair value through profit or loss				
Derivative instruments not used for hedging:				
Forward exchange contracts	$	**366**	-	**432**

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The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss:

	June 30, 2020			
	Contract amount (in thousands)		Currency	Maturity date
Financial liabilities:				
Forward exchange sold	EUR	**873**	EUR to USD	2020.07.07~2020.08.17

	June 30, 2019			
	Contract amount (in thousands)		Currency	Maturity date
Financial liabilities:				
Forward exchange sold	EUR	**1,006**	EUR to USD	2019.07.15~2019.08.16

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

	June 30, 2020	December 31, 2019	June 30, 2019
Mandatorily designated at fair value through profit or loss			
Convertible bond Taiwan Biophotonic Corporation (tBPC)	$ **20,000**	**10,000**	**-**

The Group acquired 100 units of secured convertible bonds and unsecured convertible bonds issued by tBPC in June 2020 and October 2019, respectively, at a par value of $100 per share, with a duration of one year; and they are expected to be converted into common stock of tBPC. The host contracts of the hybrid financial instrument, which must be classified as mandatorily measured at fair value through profit or loss, are financial assets within the scope of IFRS 9.

As of June 30, 2020, December 31 and June 30, 2019, the Group did not provide any of the aforementioned financial assets as collaterals for its loans.

(d) Notes and accounts receivable

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable from operating activities	$ 4	374	131
Accounts receivable-measured as amortized cost	49,505	61,308	72,155
	49,509	61,682	72,286
Less: Loss allowance	(145)	(46)	(64)
	$ **49,364**	**61,636**	**72,222**

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

	June 30, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 36,167	0%	-
1 to 30 days past due	11,815	0.34%	40
31 to 90 days past due	1,479	6.15%	91
More than 90 days past due	48	29.17%	14
	$ 49,509		145

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 51,310	0%	-
1 to 30 days past due	9,965	0.41%	41
31 to 90 days past due	198	2.53%	5
More than 90 days past due	209	0%	-
	$ 61,682		46

	June 30, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 64,279	0%	-
1 to 30 days past due	6,375	0.55%	35
31 to 90 days past due	1,625	1.35%	22
More than 90 days past due	7	100%	7
	$ 72,286		64

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

	For the six months ended June 30,	
	2020	2019
Balance at January 1	$ 46	27
Impairment losses recognized	99	37
Balance at June 30	$ 145	64

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As of June 30, 2020, December 31 and June 30, 2019, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(e) Inventories

	June 30, 2020	December 31, 2019	June 30, 2019
Merchandise inventories	$ 244,958	265,822	313,973

The details of cost of sales for the three months and six months ended June 30, 2020 and 2019, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Cost of goods sold and expenses	$ 67,357	99,035	147,996	193,089
Inventory valuation loss and obsolescence (reversed)	920	(910)	3,015	(616)
	$ 68,277	98,125	151,011	192,473

For the three months and six months ended June 30, 2020, the write-down of inventories to net realizable value amounted to $920 and $3,015, respectively. For the three months and six months ended June 30, 2019, the Group reversed allowance for inventory valuation loss and obsolescence due to sale of obsolete stock amounted to $910 and $616, respectively.

As of June 30, 2020, December 31 and June 30, 2019, the Group did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Associate	$ 26,393	28,502	108,047

(i) Associate

The details of the material associate are as follows:

Name of Associate	Nature of the relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights June 30, 2020	December 31, 2019	June 30, 2019
Taiwan Biophotonic Corporation (tBPC)	Shareholder with significant influence	Taiwan	26.30 %	26.30 %	26.30 %

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The following aggregated financial information of the significant affiliate has been adjusted according to individually prepared IFRS financial statement to reflect the fair value adjustments made at the time of acquisition.

1) Summarized financial information of tBPC

		June 30, 2020	December 31, 2019	June 30, 2019
Current assets	$	37,645	33,412	31,250
Non-current assets		68,483	72,334	77,285
Current liabilities		(25,592)	(16,573)	(4,609)
Non-current liabilities		(12,234)	(12,234)	(15,829)
Net assets	$	**68,302**	**76,939**	**88,097**
Net assets attributable to owners of the associate	$	**68,302**	**76,939**	**88,097**

		For the six months ended June 30,	
		2020	2019
Operating revenue	$	**8,035**	**5,669**
Loss from continuing operations (equal to comprehensive loss)	$	**(8,924)**	**(16,384)**
Total comprehensive loss attributable to owners of the associate	$	**(8,924)**	**(16,384)**

		June 30, 2020	December 31, 2019	June 30, 2019
Share of net assets of the associate owned by the Group at January 1	$	19,888	27,365	27,365
Comprehensive loss attributable to the Group		(2,076)	(7,477)	(5,703)
Share of net assets of the associate to the Group at the period ended		17,812	19,888	21,662
Additional fair value adjustments of patented technology		1,028	1,061	45,645
Additional goodwill		7,553	7,553	40,740
Carrying amounts of the investment	$	**26,393**	**28,502**	**108,047**

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The Group assessed that there were indications of impairment due to tBPC's continuous loss in operations in recent years. On December 31, 2019, the Group conducted an impairment test, through the assistance of an independent appraisal institute, on the valuation of its value-in-use of net identified assets and its value-in-use of equity in accordance with IAS 36 "Impairment of Asset". Based on the result of assessment, the Group recognized the impairment losses of $43,235 and $33,187, in term of the fair value of its patented technology and goodwill, respectively; totaling $76,422, which was recorded as the carrying amount of investments accounted for using equity method.

(ii) Pledges

As of June 30, 2020, December 31 and June 30, 2019, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(g) Property, plant and equipment

		Land	Buildings and building improvement	Machinery and R&D equipment	Molding equipment and other equipment	Total
Carrying amounts:						
Balance at January 1, 2020	$	95,104	23,221	503	1,781	120,609
Balance at June 30, 2020	$	95,104	22,713	403	1,327	119,547
Balance at January 1, 2019	$	95,104	24,235	921	2,585	122,845
Balance at June 30, 2019	$	95,104	23,728	709	2,267	121,808

There were no significant additions, disposals, or recognitions and reversals of impairment losses of property, plant and equipment for the six months ended June 30, 2020 and 2019. Information about depreciation for the periods is disclosed in note 12(a). Please refer to note 6(g) of the 2019 annual consolidated financial statements for other related information.

As of June 30, 2020, December 31 and June 30, 2019, the property, plant and equipment has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(h) Right-of-use assets

The Group leases many assets including buildings and transportation. Information about leases for which the Group as a lessee is presented below:

		Buildings	Transportation	Total
Cost:				
Balance at January 1, 2020	$	22,026	10,783	32,809
Additions		-	1,017	1,017
Effect of change in foreign exchange rates		(224)	(98)	(322)
Balance at June 30, 2020	$	21,802	11,702	33,504
Balance at January 1, 2019	$	22,927	10,762	33,689
Effect of change in foreign exchange rates		159	55	214
Balance at June 30, 2019	$	23,086	10,817	33,903

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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		Buildings	Transportation	Total
Depreciation:				
Balance at January 1, 2020	$	5,803	3,526	9,329
Depreciation for the period		2,840	1,726	4,566
Effect of change in foreign exchange rates		(69)	(25)	(94)
Balance at June 30, 2020	$	8,574	5,227	13,801
Balance at January 1, 2019	$	-	-	-
Depreciation for the period		3,040	1,878	4,918
Effect of change in foreign exchange rates		22	20	42
Balance at June 30, 2019	$	3,062	1,898	4,960
Carrying amounts:				
Balance at January 1, 2020	$	16,223	7,257	23,480
Balance at June 30, 2020	$	13,228	6,475	19,703
Balance at January 1, 2019	$	22,927	10,762	33,689
Balance at June 30, 2019	$	20,024	8,919	28,943

(i) Investment property

Details of the investment property were summarized as follows:

		Land	Buildings	Total
Carrying amounts:				
Balance at January 1, 2020	$	111,400	52,250	163,650
Balance at June 30, 2020	$	111,400	51,658	163,058
Balance at January 1, 2019	$	111,400	53,433	164,833
Balance at June 30, 2019	$	111,400	52,841	164,241

There were no significant additions, disposals, or recognitions and reversals of impairment losses of investment property for the six months ended June 30, 2020 and 2019. Information on depreciation for the periods is disclosed in note 12(a). Please refer to note 6(i) of the 2019 annual consolidated financial statements for other related information.

The fair value of the investment property is not significantly different from that disclosed in note 6(i) of the 2019 annual consolidated financial statements.

As of June 30, 2020, December 31 and June 30, 2019, the investment property has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

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(j) Intangible Assets

		Computer software and others
Carrying amounts:		
Balance at January 1, 2020	$	3,040
Balance at June 30, 2020	$	2,266
Balance at January 1, 2019	$	3,470
Balance at June 30, 2019	$	4,192

There were no significant additions, disposals, or recognitions and reversals of impairment losses of intangible assets for the six months ended June 30, 2020 and 2019. Information on amortization for the periods is disclosed in note 12(a). Please refer to note 6(j) of the 2019 annual consolidated financial statements for other related information.

As of June 30, 2020, December 31 and June 30, 2019, the Group did not provide any intangible assets as collaterals for its loans.

(k) Short-term borrowings

The details of short-term borrowings were as follows:

		June 30, 2020	December 31, 2019	June 30, 2019
Unsecured bank loans	$	74,121	76,032	90,994
Secured bank loans		138,000	98,000	89,000
	$	212,121	174,032	179,994
Unused credit lines	$	229,193	270,149	267,786
Range of interest rates		1.10%~1.83%	1.10%~3.38%	1.10%~1.85%

Please refer to note 6(v) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The Group provided property, plant and equipment and investment property as collaterals for its bank loans. Please refer to note 8.

(l) Provisions

There were no significant changes in provisions for the six months ended June 30, 2020 and 2019. Please refer to note 6(l) of the 2019 annual consolidated financial statements for the related information.

Provisions related to sale of products are assessed based on historical information.

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(m) Lease liabilities

The details of lease liabilities were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Current	$ 7,931	8,709	8,967
Non-current	$ 12,242	15,144	20,183

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Interest expenses arising from lease liabilities	$ 127	131	194	224
Variable lease payments not included in the measurement of lease liabilities	$ 867	869	1,807	1,555
Expenses relating to short-term leases	$ 304	333	622	671

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

	For the six months ended June 30,	
	2020	2019
Total cash outflow from leases	$ 7,088	7,161

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

(ii) Other leases

The Group leases transportation, with lease terms of two to five years.

The Group also leases office equipments with contract terms of less than one year. These leases are short-term leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(n) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

		June 30, 2020	December 31, 2019	June 30, 2019
Less than one year	$	5,090	5,090	4,044
One to two years		2,545	5,090	4,044
Two to three years		-	-	2,848
Total undiscounted lease payments	$	7,635	10,180	10,936

(o) Employee benefits

The Company allocates no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

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

		For the three months ended June 30,		For the six months ended June 30,	
		2020	2019	2020	2019
Selling expenses	$	440	398	886	819
Administrative expenses		394	438	785	831
Research and development expenses		174	188	348	377
	$	1,008	1,024	2,019	2,027

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(p) Income taxes

(i) Income tax expenses (benefits)

The amounts of income tax (benefits) were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Current income tax expenses (benefits)	$ (831)	2,276	(333)	4,173

(ii) The Company's income tax returns for the years through 2018 have been examined by the tax authorities.

(q) Capital and other equities

Except for the following disclosures, there were no significant changes in capital and other equity for the six months ended June 30, 2020 and 2019. Please refer to note 6(q) of the 2019 annual consolidated financial statements for the related information.

(i) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Additional paid-in capital	$ 20,986	20,986	20,986
Restricted employee shares	(1,603)	(2,256)	(2,265)
Employee stock options	-		5,343
Employee stock options-expired	5,343	5,343	
Donation from shareholders	1,428	1,257	1,259
	$ 26,154	25,330	25,323

(ii) Retained Earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

Based on the resolutions made during the annual stockholders' meeting held on June 17, 2020, and June 19, 2019, respectively, there will be no distribution of dividends in 2019 and 2018, respectively, due to the losses incurred by the Company.

(r) Share-based payment

Except for the following disclosures, there were no significant changes in share-based payment for the six months ended June 30, 2020 and 2019. Please refer to note 6(r) of the 2019 annual consolidated financial statements for the related information.

During the stockholders' meeting on June 17, 2020, the Company decided to award 1,200 thousand shares restricted shares to its full-time employees who meet the certain requirements. As of August 12, 2020, the restricted shares have not yet been filed for approval by the Securities and Futures Bureau of the Financial Supervisory Commission.

During the stockholders' meeting on June 13, 2018, the Company decided to award 2,000 thousand shares of employee restricted shares to the Company's full-time employees who meet the certain requirements. The restricted shares have been approved by the Securities and Futures Bureau of the Financial Supervisory Commission. At the directors' meeting held on November 7, 2018, the Board of Directors decided to issue the first restricted shares of 1,880 thousand shares, and the effective date of the share issuance was on January 14, 2019.

The 1,880 thousand shares of the aforementioned restricted shares were issued without consideration. 20%, 20%, 30%, and 30% of the restricted shares were vested when the employees continue to provide service for at least 1 year, 2 years, 3 years, and 4 years from the registration and the effective date, and at the same time, meet the performance requirement. After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations.

If the shares remain unvested after the vesting period, the Company will purchase all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be distributed as cash or stock dividends. Employees who are given restricted shares are entitled to partake in the cash injection plan of the Company. The aforementioned new shares are also kept by a trust. If the employees of the Company fail to meet the vesting requirements, the cash or stock dividends will be withdrawn in the form of cash, and a shares cancellation procedure will be performed. However, if employees are able to meet such requirements, the cash or stock dividends will be paid to individual accounts from the trust.

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The information of the Company's restricted stock was as follows:

Unit: in thousand shares

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Outstanding units at period beginning	1,880	8
Issued units during the period	-	1,880
Forfeited units during the period	(544)	-
Outstanding units at period ended	1,336	1,888

As of June 30, 2020 and 2019, the unearned employee compensation balances were $5,695 and $12,629, respectively. A total of 544 thousand employee restricted shares was retrieved and cancelled due to failure or loss of qualifications to meet the vesting requirements for the six months ended June 30, 2020. The effective date of capital reduction was March 18, 2020, and the related registration procedures have been completed.

The expenses incurred (reversed) by the Company for employee restricted shares were $(1,796) and $3,929 for the six months ended June 30, 2020 and 2019, respectively.

(s) Earnings (losses) per share

The Company's basic earnings (losses) per share were computed as follows:

	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Basic earnings (losses) per share				
Net loss	$ (14,159)	(11,323)	(26,150)	(27,919)
Weighted-average number of outstanding shares (in thousands)	49,711	52,034	49,711	52,252
Basic earnings (losses) per share (dollars)	$ (0.29)	(0.22)	(0.53)	(0.53)

The employee stock options have an anti-dilutive effect; hence, they were not included in the computation of the weighted-average number of shares (diluted).

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(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Primary geographical markets:				
Netherlands	$ 16,252	24,397	34,214	43,310
Germany	29,586	44,481	66,140	84,423
United States	16,315	16,288	26,294	25,748
Other	40,995	64,273	99,914	137,729
	$ **103,148**	**149,439**	**226,562**	**291,210**
Major products / services lines:				
LED monitors	$ 98,838	144,532	217,953	281,207
Medical equipments	561	1,593	1,356	3,288
Other accessories	2,474	2,303	4,703	4,693
Rental revenues	1,275	1,011	2,550	2,022
	$ **103,148**	**149,439**	**226,562**	**291,210**

(ii) Contract balances

1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(d).

2) Contract liabilities

	June 30, 2020	**December 31, 2019**	**June 30, 2019**
Contract liabilities (Unearned sales revenue)	$ **67**	**671**	**253**

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied, when merchandise inventories are transferred or service is provided, and the payment to be received.

(u) Employees compensation and directors' and supervisors' remuneration

According to the Company' s articles of incorporation which, before revised, require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employee remuneration and a maximum of 2% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

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Due to loss before tax for the six months ended June 30, 2020 and 2019, no employees compensation and directors' and supervisors' remuneration was recognized.

(v) Financial Instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(v) of the 2019 annual consolidated financial statements for other related information.

(i) Credit risk of accounts receivable

For credit risk exposure information of notes and accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost including cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low credit risk, and thus, the impairment provisions recognized during the periods are limited to 12 months expected losses.

(ii) Liquidity Risk

The following table shows the contractual maturities of financial liabilities, excluding effect on estimated interest payments:

	Carrying amount	Contractual cash flows	Within a year	Over 1 years
June 30, 2020				
Non-derivative financial liabilities:				
Short-term borrowings	$ 212,121	(212,121)	(212,121)	-
Notes and accounts payable	35,364	(35,364)	(35,364)	-
Lease liabilities (including current and non-current)	20,173	(20,738)	(8,210)	(12,528)
Other payables	48,462	(48,462)	(48,462)	-
Guarantee deposits	891	(891)	-	(891)
	$ **317,011**	**(317,576)**	**(304,157)**	**(13,419)**
December 31, 2019				
Non-derivative financial liabilities:				
Short-term borrowings	$ 174,032	(174,032)	(174,032)	-
Notes and accounts payable	70,241	(70,241)	(70,241)	-
Lease liabilities (inlcuding current and non-current)	23,853	(24,588)	(9,050)	(15,538)
Other payables	46,858	(46,858)	(46,858)	-
Guarantee deposits	891	(891)	-	(891)
	$ **315,875**	**(316,610)**	**(300,181)**	**(16,429)**

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		Carrying amount	Contractual cash flows	Within a year	Over 1 years
June 30, 2019					
Non-derivative financial liabilities:					
Short-term borrowings	$	179,994	(179,994)	(179,994)	-
Notes and accounts payable		79,327	(79,327)	(79,327)	-
Lease liabilities (inlcuding current and non-current)		29,150	(30,151)	(9,398)	(20,753)
Other payables		57,743	(57,743)	(57,743)	-
Guarantee deposits		945	(945)	-	(945)
Derivative financial liabilities:					
Forward exchange contracts					
Outflow		432	(35,604)	(35,604)	-
Inflow			35,201	35,201	-
	$	347,591	(348,563)	(326,865)	(21,698)

The Group does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

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

	June 30, 2020			December 31, 2019			June 30, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 755	USD/NTD =29.630	22,357	1,364	USD/NTD =29.98	40,881	409	USD/NTD =31.060	12,705
Financial liabilities									
Monetary items									
USD	910	USD/NTD =29.63	26,951	1,862	USD/NTD =29.98	55,808	1,545	USD/NTD =31.060	47,976

2) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

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A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, profit before tax for the six months ended 2020 and 2019 would have been affected as follows:

		June 30, 2020	June 30, 2019
USD (against NTD)			
Appreciate 5%	$	(230)	(1,764)
Depreciate 5%		230	1,764

The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the three months and six months ended June 30, 2020 and 2019, the foreign exchange gains (losses), including realized and unrealized ones, amounted to $(461), $1,218, $(656) and $560, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group' s assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by $209 and $182 for the six months ended June 30, 2020 and 2019, which would mainly result from the bank savings and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

The following table provides relevant analysis of financial instruments measured at fair value upon initial recognition, and it is divided into levels 1 to 3 based on the observability of fair value.

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Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required :

	June 30, 2020				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Mandatorily designated at fair value through profit or loss	$ 20,000	-	-	20,000	20,000
Financial assets measured at amortized cost:					
Cash and cash equivalents	74,526	-	-	-	-
Notes and accounts receivable	49,364	-	-	-	-
Other receivables	860	-	-	-	-
Restricted bank deposits (recorded under other current assets)	326	-	-	-	-
	125,076				
	$ 145,076				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 366	-	366	-	366
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 212,121	-	-	-	-
Notes and accounts payable	35,364	-	-	-	-
Lease liabilities	20,173				
Other payables	48,462	-	-	-	-
Guaranteed deposits	891				
	$ 317,011				

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	December 31, 2019				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Mandatorily designated at fair value through profit or loss	$ 10,000	-	-	10,000	10,000
Financial assets measured at amortized cost:					
Cash and cash equivalents	75,792	-	-	-	-
Notes and accounts receivable	61,636	-	-	-	-
Other receivables	126	-	-	-	-
Restricted bank deposits (recorded under other current assets)	326	-	-	-	-
	137,880				
	$ 147,880				
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 174,032	-	-	-	-
Notes and accounts payable	70,241	-	-	-	-
Lease liabilities	23,853	-	-	-	-
Other payables	46,858	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ 315,875				

	June 30, 2019				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 75,868	-	-	-	-
Notes and accounts receivable	72,222	-	-	-	-
Other receivables	214	-	-	-	-
Restricted bank deposits (recorded under other current assets)	129	-	-	-	-
	$ 148,433				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 432	-	432	-	432

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	June 30, 2019				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Short-term borrowings	179,994	-	-	-	-
Notes and accounts payable	79,327	-	-	-	-
Lease liabilities	29,150	-	-	-	-
Other payables	57,743	-	-	-	-
Guaranteed deposits	945	-	-	-	-
	347,159				
	$ 347,591				

2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) There was no transfer among fair value hierarchies for the six months ended June 30, 2020 and 2019.

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5) Reconciliation of level 3 financial assets

		Non-derivative financial assets mendatorily measured at fair value through profit or loss
Balanc on January 1, 2020	$	10,000
Additions		10,000
Balance on June 30, 2020	$	**20,000**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s financial instruments that use Level 3 inputs to measure the fair value include " financial assets measured at fair value through profit or loss – convertible bonds".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – convertible bonds	Revenue method (Discounted Cash Flow Method)	Discounted rate in lack of market liquidity as of December 31, 2019 was 35%	The higher the discounted rate is, the lower the fair value will be.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) of the 2019 annual consolidated financial statements.

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to note 6(x) of the 2019 annual consolidated financial statements for other related information.

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(y) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activity which did not affect the current cash flow for the six months ended June 30, 2020 and 2019 is the acquisition of right-of-use assets by lease, please refer to note 6(h).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement	June 30, 2020
Short-term borrowings	$ 174,032	38,089	-	-	212,121
Guaranteed deposits	891	-	-	-	891
Lease liabilities	23,853	(4,465)	1,017	(232)	20,173
Total liabilities from financing activities	$ 198,776	33,624	1,017	(232)	233,185

	January 1, 2019	Cash flows	Non-cash changes: Additions	Non-cash changes: Foreign exchange movement	June 30, 2019
Short-term borrowings	$ 117,448	62,546	-	-	179,994
Lease liabilities	33,689	(4,711)	-	172	29,150
Total liabilities from financing activities	$ 151,137	57,835	-	172	209,144

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Taiwan Biophotonic Corporation (tBPC)	An associate

(b) Significant transactions with related parties

(i) Acquisitions of financial assets

The 100 units of convertible bonds issued by tBPC and acquired by the Group each amounted to $10,000 in June 2020 and October 2019, respectively, which were classified as financial assets measured at fair value through profit or loss. Please refer to note 6(c).

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(c) Key management personnel transactions

Key management personnel compensation was comprised as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Short-term employee benefits	$ 3,799	4,379	8,402	8,874
Post-employment benefits	163	244	315	298
	$ 3,962	4,623	8,717	9,172

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	June 30, 2020	December 31, 2019	June 30, 2019
Land and buildings	Guarantee for short-term loans and credit lines	$ 117,817	118,325	116,177
Investment property	〃	163,058	163,650	164,241
Restricted bank deposits	Warranty guarantee	326	326	129
		$ 281,201	282,301	280,547

(9) Significant commitments and contingencies:

As of June 30, 2020, December 31 and June 30, 2019, the unused balance of the Group's letters of credit amounted to $7,686, $4,818 and $1,220, respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the three months ended June 30,					
By function	2020			2019		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	-	24,720	24,720	-	27,155	27,155
Labor and health insurance	-	3,108	3,108	-	3,671	3,671
Pension	-	1,008	1,008	-	1,024	1,024
Others	-	1,026	1,026	-	1,171	1,171
Depreciation	296	2,813	3,109	296	3,048	3,344
Amortization	142	231	373	28	314	342

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	For the six months ended June 30,					
By function	2020			2019		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	-	46,383	46,383	-	55,224	55,224
Labor and health insurance	-	6,415	6,415	-	7,447	7,447
Pension	-	2,019	2,019	-	2,027	2,027
Others	-	1,758	1,758	-	2,315	2,315
Depreciation	592	5,725	6,317	592	6,174	6,766
Amortization	284	490	774	135	543	678

Note: The depreciation for the three months and six months ended June 30, 2020 and 2019 included the depreciation of investment property amounted to $296, $296, $592 and $592, respectively.

(b) Seasonality of operations

The Group's operations were not significantly affected by seasonality or cyclicality factors.

(13) Other disclosures items:

(a) Information on significant transactions

The followings are the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the six months ended June 30, 2020:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

		Counter-party of guarantee and endorsement											
No.	Name of guarantor	Name	Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	AG Neovo B.V	100% owned subsidiary	416,468	150,000	150,000	25,700	-	36.02 %	416,468	Yes	No	No
0	〃	AG Neovo USA	〃	416,468	30,000	30,000	-	-	7.20 %	416,468	Yes	No	No

Note : According to the Company' s Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company's net worth.

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(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units))

Company holding securities	Security type and name	Relationship with the Company	Account	June 30, 2020				Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income－non-current	6,025	-	6.79 %	-	Note
〃	Convertible bonds (tBPC)	-	Financial assets measured at fair value through profit or loss-non-current	200	20,000	- %	20,308	

Note: Stocks are comprised of 5,512 thousand preferred shares and 513 thousand common shares at the reporting date.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase /(Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	AG Neovo B.V	100% owned subsidiary	(Sale)	(113,038)	(96) %	90 days net from date of invoice	The price is not comparable with that of the general customers.	90 days net from date of invoice; actual payments would depend on the capital demand.	Note 1	-%	Note 2

Note 1：As of June 30, 2020, the amount of unearned sales revenue was $140,170.
Note 2：The left transactions have been eliminated in the preparation of consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Please refer to note 6(b).

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(x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			
				Accounts	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	AG Neovo B.V	1	Operating revenues	113,038	The price is marked up based on the cost; and the payment terms depends on the capital demand.	49.89 %
0	〃	〃	1	Unearned sales revenue	140,170	〃	18.91 %
0	〃	AG Neovo USA	1	Accounts receivable	9,989	〃	1.35 %

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of June 30, 2020			Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
				June 30, 2020 (Note 1)	December 31, 2019 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)			
The Company	AG Neovo International (formerly named as GMF)	British Virgin Islands	Investment	313,522	313,522	0.7	100 %	6,510	(5,260)	(5,260)	Note 3, 4
〃	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100 %	182,195	(4,046)	(4,046)	Note 3
〃	AG Neovo Investment	British Virgin Islands	Investment	14,796	14,796	0.5	100 %	7,674	(837)	(837)	〃
〃	Taiwan Biophotonic Corporation	Taiwan	Manufacturing and sale of medical equipments	81,527	81,527	8,153	26 %	26,393	(8,924)	(2,109)	
AG Neovo International (formerly named as GMF)	AG Neovo International	British Virgin Islands	Investment	- (US $-)	14,222 (US$ 480)	-	-	- (US$ -)	(7) (US$ -)	Recognized by shareholding percentage by AG Neovo International (formerly named as GMF)	Note 3, 4
〃	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipments	59,260 (US$ 2,000)	59,260 (US$ 2,000)	701	100 %	4,577 (US$ 154)	(5,897) (US$ (197))	〃	〃

Note1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD29.63 at reporting date.
Note2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD29.9979 based on the average exchange rate at reporting date.
Note3: The left transactions have been eliminated in the preparation of the consolidated financial statements.
Note4: The sub-subsidiary, AG Neovo International, had completed its liquidation procedures on April 30, 2020. Thereafter, the subsidiary, GMF, was renamed AG Neovo International on June 30, 2020.

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(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of June 30, 2020 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Note 3)	Carrying value as of June 30, 2020 (Note 2)	Accumulated remittance of earnings as of June 30, 2020
					Outflow	Inflow						
AG Neovo (Shanghai)	Sales of LCD monitors	14,815 (US$500)	Note 1	14,815 (US$500)	-	-	14,815 (US$500)	(1,057) (US$(35))	100%	(1,057) (US$(35))	8,020 (US$271)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated Investment in Mainland China as of June 30, 2020 (Notes 2 and 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper Limit on Investment
119,587 (US$4,036)	119,587 (US$4,036)	249,881

Note 1 : Indirect investment in Mainland China through companies registered in the third region.
Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD29.63 at reporting date.
Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD29.9979 based on the average exchange rate at reporting date.
Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Top Group Holdings, Ltd.	8,213,294	15.26 %
David Pi	3,335,541	6.19 %
Associated Industries China, Inc. (Treasury shares, etc.)	2,760,000	5.12 %

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended June 30, 2020					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	$ 84,099	12,151	2,577	4,321	-	103,148
Revenue from segments	4,625	-	43,341	(1)	(47,965)	-
	$ 88,724	12,151	45,918	4,320	(47,965)	103,148
Reportable segment profit (loss)	$ (2,478)	(3,175)	(14,159)	98	4,724	(14,990)

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	For the three months ended June 30, 2019					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	$ 133,138	11,533	3,550	1,218	-	149,439
Revenue from segments	5,941	1	73,734	-	(79,676)	-
	$ 139,079	11,534	77,284	1,218	(79,676)	149,439
Reportable segment profit (loss)	$ (174)	(2,910)	(11,323)	(1,518)	6,878	(9,047)

	For the six months ended June 30, 2020					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	$ 192,479	20,502	8,441	5,140	-	226,562
Revenue from segments	6,903	-	109,662	7	(116,572)	-
	$ 199,382	20,502	118,103	5,147	(116,572)	226,562
Reportable segment profit (loss)	$ (4,403)	(5,236)	(26,150)	(837)	10,143	(26,483)

	For the six months ended June 30, 2019					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	$ 259,164	21,596	8,310	2,140	-	291,210
Revenue from segments	6,247	173	164,841	-	(171,261)	-
	$ 265,411	21,769	173,151	2,140	(171,261)	291,210
Reportable segment profit (loss)	$ (2,905)	(5,612)	(27,919)	(2,515)	15,205	(23,746)