



Building Automation System Integration
to Enhance Energy Efficiency

DELTA ELECTRONICS, INC. 2019 ANNUAL REPORT

Company Website : www.deltaww.com

Taiwan Stock Exchange Market Observation Post System :

<http://mops.twse.com.tw>

Printed on April 29, 2020

1. Spokesperson

Name: Jesse Chou
Title: Chief Sustainability Officer
Tel: (02) 8797-2088
E-mail: 2308@deltaww.com

Deputy Spokesperson
Name: Thomas Chang
Title: Senior Manager, Corporate Communications
Tel: (02) 8797-2088
E-mail: THOMAS.CHANG@deltaww.com

Deputy Spokesperson
Name: Johnny Shih
Title: Project Manager, Corporate Communications
Tel: (02) 8797-2088
E-mail: JOHNNY.SHIH@deltaww.com

2. Headquarters, Branches and Plant

Headquarter : 31-1, Xingbang Rd., Guishan Industrial Zone,
Taoyuan City 333613, Taiwan
Tel : (03) 362-6301

Taipei Office : 186 Ruey Kuang Rd., Neihu, Taipei 114501,
Taiwan
Tel : (02) 8797-2088

Taoyuan Plant 1 : 31-1, Xingbang Rd., Guishan Industrial Zone,
Taoyuan City 333613, Taiwan
Tel : (03) 362-6301

Taoyuan Plant 2 : 252, Shangying Rd., Guishan Industrial Zone,
Taoyuan City 333425, Taiwan
Tel : (03) 359-1968

Taoyuan Plant 3 : No.18, Xinglong Rd., Taoyuan District,
Taoyuan City 330477, Taiwan
Tel : (03) 362-6301

Taoyuan Plant 5 : 268 Shangying Road, Guishan Industrial Zone,
Taoyuan City, 333017, Taiwan
Tel : (03) 319-1098

Chungli Plant 1 : 3 Tungyuan Rd., Chungli Industrial Zone,
Taoyuan City 320023, Taiwan
Tel : (03) 452-6107

Chungli Plant 2 : 4 Nanyuan Rd., Chungli Industrial Zone,
Taoyuan City 32023, Taiwan
Tel : (03) 452-6107

Chungli Plant 3 : 5 Tungyuan Rd., Chungli Industrial Zone,
Taoyuan City 320023, Taiwan
Tel : (03) 452-6107

Pingjhen Plant : 458 Pingjhen Section, jhongsing Road, Pingjhen District,
Taoyuan City 324020, Taiwan
Tel : (03) 469-4861

Taichung Branch Office : 5F, 46 Keya Road, Daya District,
Taichung 428015, Taiwan
Tel : (04)2567-7670

Tainan Branch Office : 39, Section 2, Huandong Rd. Shanhua
Dist., Tainan City 741014, Taiwan
Tel : (06) 505-6565

3. Stock Transfer Agent

Name: CTBC Bank Co., Ltd.
Address: 5/F, No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist.,
Taipei City 10004, Taiwan
Website: www.ctbcbank.com
Tel: (02) 6636-5566

4. Auditors

Auditors: Lin, Yu-Kuan, Chou, Chien-Hung
Accounting Firm: PricewaterhouseCoopers
Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist.,
Taipei City 110208, Taiwan
Website: www.pwc.tw
Tel: (02) 2729-6666

5. Overseas Securities Exchange

Name of the stock exchange where the company's securities
are traded offshore : Luxemburg Stock Exchange
Disclosed information can be found at : www.bourse.lu/home

6. Corporate Website

www.deltaww.com

Awards and Honors



Honored the ENERGY STAR Sustained Excellence Award in the United States for the second consecutive year and awarded the ENERGY STAR Partner of the Year for four consecutive years



Received the *Global Views Monthly Annual Corporate Social Responsibility Awards—Annual Honorary Award*



Delta received nine major awards in the 2019 Taiwan Corporate Sustainability Awards held by the Taiwan Institute for Sustainable Energy

MEMBER OF

Dow Jones Sustainability Indices



In collaboration with

a RobecoSAM brand

Listed on the Dow Jones Sustainability World Index for nine consecutive years

Received the Industry Leaders award for the Electronic Equipment, Instruments and Components Industry in the Dow Jones Sustainability Indices (DJSI) four times

Listed in the Dow Jones Sustainability Emerging Markets Index for seven consecutive years

Awarded the gold class rating in the Sustainability Yearbook published by RobecoSAM for the sixth time



CDP Climate Change Leadership Level, Supply Chain Leadership Level, and Water Security Management Level



Selected consecutively for the Morgan Stanley Capital International Indexes

MSCI ACWI ESG Leaders Index

MSCI EM (EMERGING MARKETS) ESG Leaders Index

MSCI Taiwan ESG Leaders Index



FTSE4Good
TIP Taiwan ESG Index



Selected consecutively for the FTSE4Good Indexes

FTSE4Good Emerging Index

FTSE4Good TIP Taiwan ESG Index

Table of Content

1. Letter to the Shareholders	003
2. Company Profile	005
3. Corporate Governance Report	011
3.1 Organization	011
3.2 Directors and Management Team	014
3.3 Remuneration paid during the most recent fiscal year to directors, the general managers, and vice general managers	018
3.4 Implementation of Corporate Governance	023
3.5 Information on CPA professional fees	057
3.6 Information on replacement of certified public accountant	058
3.7 Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed	058
3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	059
3.9 Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another	060
3.10 The total number of shares and total equity stake held in any single enterprise by the company, its directors and managers, and any companies controlled either directly or indirectly by the company	061
4. Corporate Social Responsibility	062
4.1 Balanced interests for all stakeholders	063
4.2 Devoted to the environment protection and energy savings	067
4.3 Expanding social participation	069
4.4 Others	070
5. Capital and Shares	073
5.1 Capital and shares	073
5.2 Issuance of corporate bonds	080
5.3 Preferred shares	080
5.4 Issuance of global depository shares	081
5.5 Status of employee stock option plan	081
5.6 Status of employee restricted stock	081
5.7 Status of new share issuance in connection with mergers and acquisitions	081
5.8 Financing plans and implementation	081

6. Overview of Business Operations 082

6.1	A description of the business	082
6.2	An analysis of the market as well as the production and marketing situation	085
6.3	Information of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report	090
6.4	Disbursements for environmental protection	090
6.5	Labor relations	092
6.6	Important Contracts	098

7. Financial Highlights and Analysis 099

7.1	Financial statement for the most recent fiscal year	099
7.2	A parent company only financial statement for the most recent fiscal year	247
7.3	Audit committee's report for the most recent year's financial statement.	369
7.4	Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years	370
7.5	Financial analyses for the past 5 fiscal years	374
7.6	The financial situation of the Company and its affiliates	376

8. Review and Analysis of Financial Position and Financial Performance, and Risks Assessment 377

8.1	Financial position	377
8.2	Financial performance	378
8.3	Cash flow	378
8.4	The effect upon financial operations of any major capital expenditures during the most recent fiscal year	379
8.5	The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/ losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year	380
8.6	The section on risks during the most recent fiscal year and as they stood on the date of publication of the annual report	380
8.7	Other important matters	387

9. Affiliates Information and Other Special Items 388

9.1	Affiliates Information	388
9.2	Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	414
9.3	Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	414
9.4	Other matters that require additional description	414
9.5	If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one	415

1. Letter to the Shareholders



Dear Shareholders:

In 2019, the world economy remained affected by the US-China trade war and overall market demand declined, which caused economic uncertainties and weakened overall investor confidence. Despite difficulties and challenges in the business environment, Delta achieved growth in terms of annual revenue and gross profit, thanks to all of Delta's team members' collective efforts. Delta's consolidated revenue in 2019 was NT\$268.1 billion, a 13% increase from the previous year; gross profit was NT\$74.5 billion; and gross profit margin was 27.8%, 17% higher than the previous year. The net operating profit was NT\$19.4 billion, with a net operating profit margin of 7.2% that increased by 7% compared to the previous year. Net income after tax was NT\$23.1 billion, with a net after-tax profit margin of 8.6%, which showed an increase of 27% compared to the previous year. In 2019, Delta's earnings per share (EPS) was NT\$8.90, and return on equity (ROE) ratio was 17.10%.

In order to strengthen global production and sales deployment, as well as increase sales locations, improve manufacturing and shipping flexibility, and reduce operational risks due to the international trade war, Delta has obtained a majority shareholdings in Delta Electronics (Thailand) Public Company Limited (DET), a listed company in Thailand, since April 2019 and has adjusted its production lines. In line with its business growth, Delta plans to increase investments in Thailand and India in the future to supply local markets and implement dispersion manufacturing. These initiatives would help Delta become more flexible in coping with changes in the international market, get a head start on a competitive business environment, and further expand its global business footprint.

Here is a summary of Delta's performance in various business fields in 2019 and future prospects:

Power Electronics

Delta has prospered greatly from the results of its business development in power electronics over the years. Not only is it the world's leader in power supplies, brushless DC fans, and miniaturized key components, but it has also been recognized as the "ENERGY STAR Partner of the Year" by the U.S. Environmental Protection Agency for four consecutive years. In addition, Delta has received the "Sustained Excellence Award" for two consecutive years. To be nominated by the U.S. Environmental Protection Agency is quite a feat since

companies must achieve ENERGY STAR Partner of the Year long-term. This award recognizes the excellent energy-saving features of the Delta's Breez ventilation fans. Moreover, it recognizes Delta's long-term commitment to improving energy efficiency..

Delta has been involved in automobile electronics for over a decade. Delta collaborated with the U.S. Department of Energy to explore wide-band gap-based bi-directional on-board charger modules in 2017, which enable vehicle-to-load capabilities. Delta's performance in the electronic vehicle industry is also recognized by the world's leading car manufacturer, Fiat Chrysler Automobiles (FCA). Delta was presented the "2019 Powertrain Supplier of the Year" award in Detroit, USA, which highlights its close collaboration with FCA."

The power electronics business has contributed to Delta's revenue and profits for many years. In the future, Delta plans to continuously innovate based on its solid foundation in power electronics and control technology, as well as provide more energy-saving and intelligent products, while fulfilling its corporate mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow.

Automation

Delta has developed its industrial automation business for more than 20 years. From providing high quality and high-efficiency automation equipment in the early stages to developing and manufacturing highly intelligent products such as industrial robots, robotic visual systems, PLCs, CNC motion control, and others, Delta has been helping customers in the automotive industry with a variety of visualized control platforms and factory management systems, including Manufacturing Execution Systems (MES). In 2019, Delta provided an integrated solution for wireless communication applications, control, and drives for CNC machine tool manufacturers by connecting their warehouse systems and production line equipment. Delta also provided machine industry customers a visualized system platform and machine solutions by connecting all machining equipment for immediate collection, monitoring, and analysis of data.

To ensure a high degree of competitiveness in intelligent manufacturing and to improve Delta's manufacturing quality while satisfying customers' various needs, Delta began a series of in-house intelligent transformation projects starting with product research and development design (first stage), followed by assessment and trial production (second stage), and production planning (final stage). Delta introduced around 1300 intelligent automation devices to China's production base in 2019, which reduced direct labor by 16% compared to that of 2018. In terms of its overall intelligent transformation, Delta has included 80% of its China production lines in the Company's intelligent manufacturing plans as of 2019.

Building automation is one of Delta's long-term strategies for business development. In addition to Delta Controls, Loytec, and Vivotek Inc., in 2019 Delta acquired Amerlux, a high-end commercial lighting solutions provider in North America. With the

said acquisition, Delta is set to accelerate the process of developing smart buildings and providing solutions for sustainable cities, further expanding its global business footprint in building automation.

With the impact of the US-China trade war, the Chinese automation market remained stagnant in 2019. However, given the rigid market demand due to improving industrial structure and intelligent manufacturing, we believe that Delta's automation business will continue to be a main source of growth for the Company in the long-term.

Infrastructure

With the rapid development of global internet services and cloud computing, there has been an increasing need for big data applications, which drives dynamic infrastructure related to data center construction. In 2019, Delta collaborated with Alibaba to launch a "Panama Power Solution" with a high voltage DC power supply. Compared with the traditional data center, panama power subverts the traditional IDC power supply structure. Delta creatively infuses the circuit and magnetic circuit, changing medium voltage 10KV AC directly to 240V DC without the traditional multiple repeaters that introduce medium voltage to direct current, thus completing the power supply in one step with higher efficiency and reliability. Delta saves on the amount of equipment and construction required by up to 40%, improves power supply efficiency of the data center by 3%, and reduces the total investment cost of power supplies by 20%.

Global telecommunication operators are actively preparing networks for the coming of 5G mobile communication. Delta's communication power systems yield 98% energy conversion efficiency and reduce the cost of energy consumption by 12%. Delta's lithium batteries that are charged at night and discharged during the day can be used to save electricity or cut peak power. Delta's power supply and lithium battery products with IP65 protection level can reduce construction time by 70%, support fast miniaturization for 5G, and meet flexible expansion requirements in the future.

In terms of infrastructure, there is a consistent growing demand for distributed energy equipment. Delta provides a variety of infrastructure solutions using innovative technology that helps cities and transportation systems achieve their low-carbon energy transformations. In 2019, Delta provided a complete energy storage system solution for Mitsubishi Heavy Industries Engine & Turbocharger, Ltd. (MHIET), a company under Mitsubishi Heavy Industries, Ltd. The system is currently used in the triple-power demonstration power station of MHIET's factory in Sagamihara City, Kanagawa Prefecture, Japan. Delta has achieved a lower cost for its distribution system through a combination of three types of power: renewable energy, reciprocating generators, and storage batteries for stabilizing the volatile output of renewable energy.

At Delta, we care not only about developing new business and new technologies, but also about managing our company in accordance with Environmental, Social, and Governance (ESG) standards, and we appointed a Chief Sustainability Officer in

2019. Delta has been listed in the "Dow Jones Sustainability™ World Index" for nine consecutive years. We were also recognized as an industry leader for the fourth time in 2019 and acknowledged by CDP in 2016, 2017, and 2019 for the Climate Change Program. In addition, Delta was included in Forbes Magazine's Global 2000, FTSE4Good TIP Taiwan ESG Index, and MSCI Taiwan ESG Leaders Index in 2019. Delta also received the top "CSR Corporate Citizen Award" from Commonwealth Magazine, earned eight major recognitions in 2019 Taiwan Corporate Sustainability Awards, and the world-class 2019 Global Corporate Sustainability award. Delta has been listed as one of Taiwan's top 20 international brands for nine consecutive years. Delta's brand value increased by 12% compared to that of 2018, which indicates its growing strength as a major industrial brand among other nominees.

Over the years, Delta has moved forward with a clear and stable long-term strategic vision, backed by the hardworking team amid a changing and challenging global environment.

We thank all of our loyal clients, shareholders and partners for their continued support. Our management team continues to work alongside our colleagues towards achieving our goals. While pursuing its operational performance objectives and profit goals, Delta is also invested in corporate social responsibility, making it an internationally-respected company that employees can truly be proud of.

Sincerely,

Chairman



2. Company Profile

► 2.1 Date of Incorporation: August 20, 1975 (Refomed as Company Limited by Shares)

► 2.2 Delta Electronics' Timeline

1971	Apr.	Founded at Min-An Road, Sinjhuang, Taipei County, Taiwan, Delta Electronics produces TV coils and Intermediate Frequency Transformers (IFT).
1975	Aug.	Registered as Delta Electronics, Inc.
1980	Apr.	Starts producing components for switching power supplies.
1981	Jul.	Starts mass production of EMI Filters.
1983	Mar.	Starts mass production of switching power supplies.
1984	Jan.	Wins a vendor award from Zenith.
	Jan.	5005A is the first model of Power Supply to apply for UL listing.
	Apr.	Wins a vendor award from Digital.
1986	Feb.	Wins vendor awards from Rockwell International.
	Apr.	Starts using surface-mounting technology in producing power supplies.
1988	Jan.	Invests in Dastek, and enters the world's most advanced thin film technology field
	Jun.	Starts mass production of DC fans.
	Dec.	Listed on the Taiwan Stock Exchange.
1989	Mar.	Invests in Thailand, Delta Electronics (Thailand) Public Company Limited, manufacturing and selling components related to computers and electronic equipment.
	Aug.	Establishes an R&D Lab with Virginia Polytechnic Institute & State University to develop power supplies with high efficiency and high power density.
1990	Apr.	Wins vendor awards from IBM.
	May	Named No. 2 in power supplies sales in the U.S. market by Trish Associates.
1991	Nov.	Wins a vendor award from HP.
1992	Jan.	Starts mass production of power supplies for Notebooks.
1993	Apr.	Wins vendor award from IBM.
	Dec.	According to a report from US Micro-tech Consultant, Delta's switching power supplies ranked 1 st in the US market, and ranked 5 th in the global market.
1994	Feb.	Wins vendor award from NEC.
	Jul.	Awarded TCP (Total Certificated Program) safety certification by UL.
	Sep.	Launches communication power systems.
1995	May	Launches variable-frequency drives.
	Aug.	Wins vendor award from GE LIGHTING.
1996	Mar.	Wins vendor award from Intel.
	Apr.	Named No. 1 supplier of power supplies in both the global and the U.S. markets by Micro-Tech Consultant.
	Jul.	Launches uninterruptible power systems.
1997	Jun.	Wins a vendor award from Fujitsu.
	Oct.	Wins vendor awards from companies such as Panasonic, and Mitsubishi.
1998	Nov.	Jhongli Plant is awarded ISO 14001 Certification. Wins vendor award from HP.
	Dec.	UPS system wins the Excellence Award of Taiwan
1999	Jan.	Establishes Delta Networks, Inc.(Taiwan)
	Mar.	Wins a Dell Platinum Supplier Award.

2000	May	Joins the Massachusetts Institute of Technology (MIT) Oxygen Project Alliance
	Oct.	Dongguan Plant is awarded ISO 14001 Certification.
2001	Mar.	Awarded by Intel for outstanding technology and quality.
	May	Cyntec Co., Ltd., Delta's invested company, listed on the Taiwan Stock Exchange.
	Jun.	Wins vendor award from Fujitsu.
	Dec.	Wujiang Plant opens in mainland China and is awarded ISO 9000 Certification.
2002	Jan.	Wujiang Plant passes TL-9000 certification.
	Mar.	Awarded by Intel for outstanding technology and quality for the second year running.
	Sep.	Receives a PS2 Quality Supplier Award from Sony.
	Dec.	Wins an Intel Preferred Quality Supplier Award.
2003	Mar.	Wins vendor awards from Samsung and Black & Decker.
	Dec.	Awarded Best in Corporate Governance in Asia by Asset magazine.
	Dec.	Named No. 1 in global power supplies sales by Micro-Tech Consultant.
2004	Jun.	Delta's 56" 16:9 DLP internal projection TV awarded the Gold Award of the 12 th National Awards for Excellence by the President of Taiwan.
	Aug.	Wins vendor awards from companies such as NEC and Black & Decker.
	Nov.	Founds DelSolar, a company dedicated to the R&D and manufacturing of solar cells.
	Dec.	Wins the Cisco Systems Supplier of the Year Award.
2005	Jan.	Receives a best-partner award from Sony.
	Jun.	Named the best among technology companies in the First Annual Corporate Social Responsibility Awards presented by Global Views Magazine.
	Nov.	Opens a green plant in Tainan.
	Dec.	Wins the Siemens Communications Supplier of the Year Award.
	Dec.	Wins the vendor award from Black & Decker.
2006	Feb.	Wins the Microsoft Vendor of the Year Award for the third year running.
	Apr.	Receives the Sony Most Valuable Supplier Award.
	Apr.	Recognized with the highest rating grade A for Corporate Governance by the Taiwan Stock Exchange.
	Jul.	Rated by Standard & Poor's as one of Taiwan's top 50 companies in terms of credit quality.
	Aug.	The new plant in Tainan becomes the first in Taiwan to be awarded a Gold-Rated Green Building Certificate from the Ministry of Interior.
	Nov.	Wins vendor awards from companies like Fujitsu & Siemens.
	Dec.	Annual revenue exceeds 100 billion with a consolidated revenue of NT\$105.26 billion in 2006.
2007	May	Named the best among technology companies in the Annual CSR Awards presented by Global Views Magazine for the third year running.
	May	Rated as an A+ company in terms of Information Transparency and Disclosure by the Securities & Futures Institute.
	Nov.	Rated as an A+ company in the e-Business Assessment Scheme for Enterprise of the Ministry of Economic Affairs.
2008	Feb.	Becomes the only Chinese company to be named in the Global Top 100 Low Carbon Pioneers of CNBC European Business magazine.
	Mar.	Received the Green Procurement Excellence Award of 2007 by the Environmental Protection Administration Executive Yuan.
	Apr.	Receives a CSR Honor Award from Global Views Magazine.
	May	Named in BusinessWeek's Info Tech 100.
	Oct.	Wins the Excellent Innovation Achievement Award, which is the highest award of the 16 th Industrial Technology Advancement Awards sponsored by the Ministry of Economic Affairs.
	Dec.	Included in Forbes Asia's Fabulous 50 for the second year running.

2009	May	Builds the 1MW rooftop solar power system for the Main Stadium of the World Games 2009 in Kaohsiung, Taiwan.
	Jun.	Ranked A+ in the Information Disclosure and Transparency Ranking Results.
	Jul.	Tainan Plant, formerly Gold-Rated, is awarded a Diamond-Rated Green Building Certificate.
	Oct.	Receives an award at the first Asia Pacific Frost & Sullivan Green Excellence Awards.
	Oct.	Delta's board of directors acquires 100% stake in Cyntec through share conversion.
2010	Feb.	Wins the 2009 Global Chinese Business 1000: Top 20 Enterprise Honor Award (Taiwan) from Yazhou Zhoukan.
	May	Ranked first among thousands of electronic industry enterprises for after-tax net profit in 2009 by CommonWealth Magazine.
	Aug.	Obtains the Taiwan's Excellent Brand Award organized by the Bureau of Foreign Trade, MOEA.
	Aug.	Rated as an A+ Company for Information Transparency and Disclosure by the Securities & Futures Institute in Taiwan.
	Dec.	Honored with Global Chinese Business 1000 - Best Performance Award by Yazhou Zhoukan.
2011	Jan.	Taiwan's first zero carbon building, Y. S. Sun Green Building Research Center in NCKU, is completed, which was donated by the founder of Delta, Bruce Cheng.
	May	Rudrapur Plants in India win LEED Gold-rated Green Building Certificate.
	Jun.	Awarded Top 100 Asia and Taiwan Technology Company by Business Next.
	Jul.	Recognized by Institutional Investor Magazine as Best CEO, Best Investor Relations, and Best IR Professionals in its 2011 All-Asia Executive Team Rankings.
	Jul.	Awarded Electric Vehicle Charging Station project from ARTC (Automotive Research & Testing Center) for building the first EV Charging station for EV testing and verification in Taiwan.
	Jul.	Dongguan Plant in China becomes the world's first power and components electronic enterprise to officially pass the conformity evaluation for the Energy Management System of the International Organization for Standardization ISO50001.
	Aug.	Rated as an A+ Company for Information Transparency and Disclosure by the Securities & Futures Institute.
	Sep.	Selected for the Dow Jones Sustainability™ World Index (DJSI World).
	Sep.	Named as a Taiwan Top 20 Global Brand.
	Sep.	Delta Thailand, a Delta associate company, receives ISO 50001:2011 certification from SGS (Thailand) Limited for energy management systems. The first company in Thailand with this ISO certificate.
	Nov.	Opens Shanghai R&D and Operations Center Building.
	Dec.	Opens Taoyuan Plant 3 and R&D Center.
2012	Feb.	Delta Electronics Foundation completes reconstruction of eco-friendly Namasia Elementary School.
	May	Delta EMEA wins the Gold Award from the British Green Organization.
	May	Gurgaon Plant in India is recognized with a LEED-India Platinum Certification.
	Jun.	Ranks A++ in the Information Disclosure and Transparency Ranking Results.
	Jun.	Delta announces new management team with Yancey Hai appointed as Chairman and Ping Cheng as CEO. Delta's founder and chairman Bruce Cheng continues to serve on the board as honorary chairman.
	Aug.	Taoyuan Technology Center recognized with the U.S.A. LEED Gold Certification and Taiwan EEWG Gold Certification.
	Sep.	Selected for 2012 Dow Jones Sustainability Indexes and named as a global Industry leader in the ITC Electronic Equipment sector.
	Oct.	Receives the National Industrial Innovation Award again.
	Nov.	Neo Solar Power joins hands with Delta Group to create the largest solar cell company in Taiwan.
	Nov.	Ranked as one of The 20 Most Innovative Companies in Taiwan from the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA).
	Nov.	Tainan plant wins the first general industry cleaner production certification of Green Factory Label from the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA).
	Dec.	Ranks No. 3 for Best IR Practices for IR Magazine's Greater China 2012 Awards and Taiwan's Best CEO and Best IR Officer.
	Dec.	Delta Thailand, a Delta associate company, receives the Prime Minister BEST Industry Award.

2013	Jul.	Ranks No. 4 for Taiwan's Best Companies from Institutional Investor Magazine and receives The Most Promising Company from Corporate Governance Asia Magazine.
	Aug.	Delta Thailand, a Delta associate company, wins the 2013 ASEAN Business Award in the innovation category for large company.
	Oct.	Delta Thailand, a Delta associate company, receives the CSR-DIW Continuous Awards and CSR-DIW Awards 2013.
	Nov.	Delta Thailand, a Delta associate company, received the Thailand Energy Award 2013 in the energy management team category.
	Dec.	Recognized for its Investor Relations and Sustainability Practices at the IR Magazine's Greater China 2013 Awards.
	Dec.	Delta Shanghai operations center receives LEED Gold Certification as Delta's 10th certified green building.
	Dec.	Delta's Taoyuan R&D Center and Tainan Plant Phase II both awarded Excellent Green Building 2013 recognition.
2014	Jan.	Taipei headquarters receives a Taiwan Green Building Certificate for building renovation (EEWH-RN Diamond).
	Apr.	Deltas' Ultra-Short Throw Projector Wins the Taiwan Excellence Silver Award. A total of 11 Delta Products win the 2014 Taiwan Excellence Award.
	Oct.	Only Greater China company named to the CDP Climate Performance Leadership Index (CPLI).
	Oct.	Delta Thailand, a Delta associate company, received the Prime Minister's Business Enterprise Award 2014 in the best exporter category.
	Oct.	Awarded Commonwealth Magazine's Most Admired Company award for the 13 th consecutive year.
2015	Jan.	Launches SCARA industrial robots.
	Jan.	Delta-IBN Life Science and Diagnostics Lab opens at Biopolis.
	Feb.	Taoyuan II Factory receives the Energy Conservation and Carbon Reduction Action Mark & North District Energy Conservation and Carbon Reduction Special Enterprise Award.
	Mar.	Recognized with Channel NewsAsia's 2015 Green Luminary Award.
	Apr.	Ranks A++ in the Information Disclosure and Transparency Ranking Results for the 4 th consecutive year.
	Apr.	Acquires Eltek ASA, a leading provider in telecom power, industrial and datacenter power solutions.
	Jun.	Ranks top 5% of all listed companies with "The First Corporate Governance Evaluation Award" from the Taiwan Stock Exchange.
	Aug.	Wins the 2015 Red Dot Award for Product Design with Golden Eagle.
	Sep.	First Delta China CSR Report officially goes online.
	Sep.	Invests in Swissray Global Healthcare Holding, Ltd. with 19.55% shareholdings.
	Sep.	Delta's Wuhan building officially opens with both R&D and Sales functions.
	Oct.	Opens Delta Sunshine Junior High School in Longmen, Yaan (China).
	Oct.	Delta Americas opens new headquarters designed as LEED Platinum and net zero.
	Nov.	Vivitek Qumi Q6 LED Mobile Projector wins 2015 Japan G-Mark Design Award.
	Nov.	Optovue announces USD30 Million private equity investment agreement with Delta to fuel continued innovation.
	Dec.	Wins the MAPECT TAIWAN M&A Awards with the Eltek acquisition.

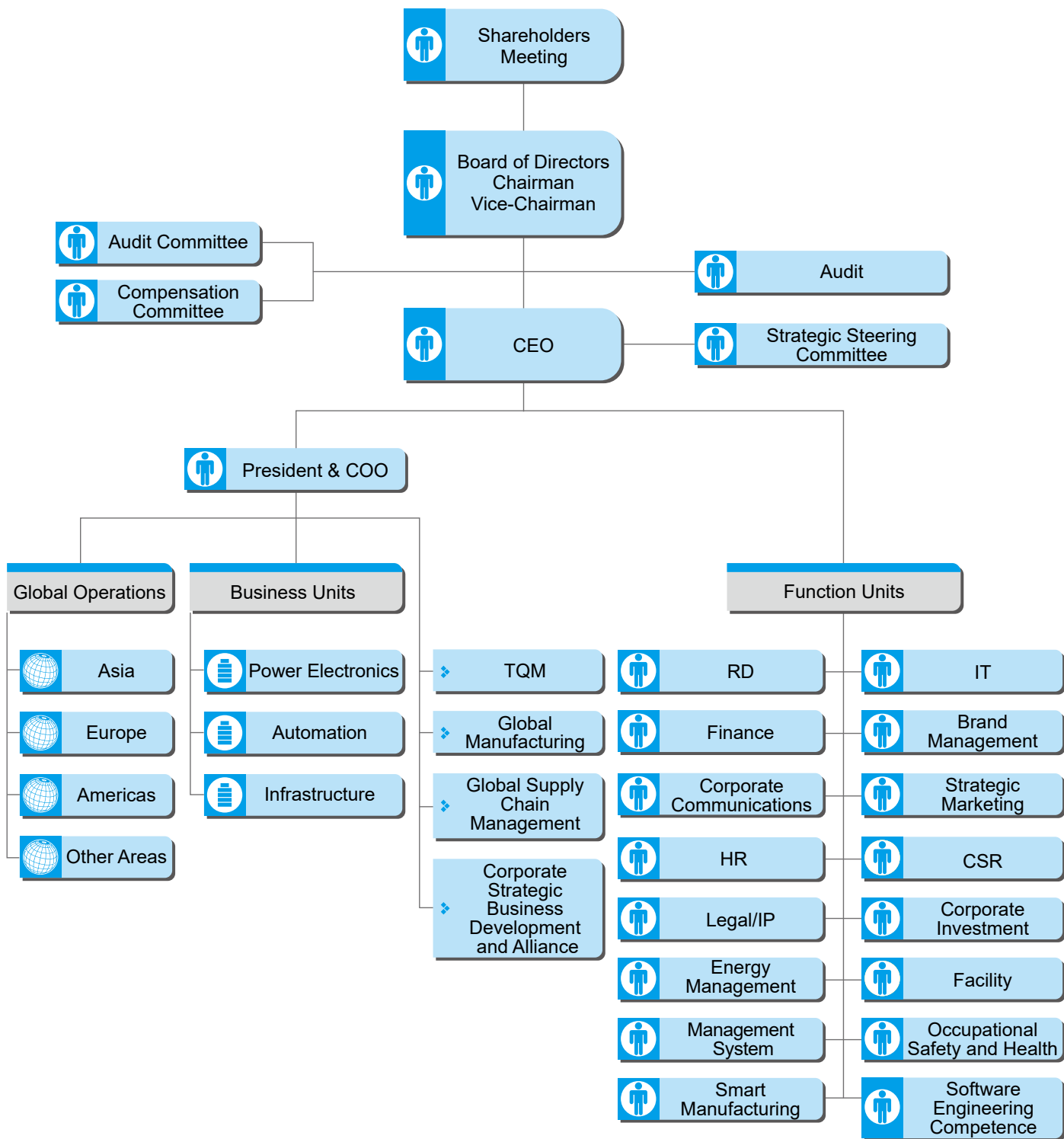
2016	Jan.	Inaugurates first proprietary solar PV plant in Ako City, Japan.
	Mar.	Delta's Beijing office building recognized with LEED-NC Silver certification.
	Mar.	Wins iF Design Award 2016 for the Golden Eagle and NovoPRO & Launcher.
	Mar.	President Ma Ying-Jeou confers Delta founder Mr. Bruce Cheng with the Order of the Brilliant Star for his outstanding contributions to the country and society.
	Apr.	Delta's subsidiary, Delta Electronics International (Singapore) Pte. Ltd., acquires shareholdings in LOYTEC, an Austrian building automation company.
	Apr.	Delta's subsidiary Delta Electronics (Netherlands) B.V. and Delta Controls enter into a definitive agreement.
	Jun.	Delta's Founder and Honorary Chairman Bruce Cheng awarded with an Honorary Doctorate Degree from Taipei Medical University.
	Jun.	Establishes the Delta - NTU Corporate Laboratory for Cyber-Physical Systems in Singapore.
	Jun.	Honored with the National Excellence Award from the Indian Ministry of New and Renewable Energy (MNRE).
	Aug.	Delta's headquarters green building in Taipei receives LEED Platinum certification for operation and maintenance of existing buildings.
	Oct.	Delta's subsidiary Eltek wins the NHO Innovation Award 2016 in Norway for its ingenious Rectifier power conversion system.
	Nov.	Delta's Founder and Honorary Chairman Mr. Bruce Cheng receives the first Outstanding Entrepreneur award at the Global Views Magazine leaders' forum.
	Nov.	Acquires 100% shareholdings in Unicom System Eng. Corp.
2017	Feb.	Delta Thailand, a Delta associate company, wins the Outstanding CEO Awards and the Best Company Performance Award from the Stock Exchange of Thailand (SET).
	Feb.	Delta Articulated Robot wins Silver Award at the 25 th Taiwan Excellence Awards.
	Apr.	Announces organizational adjustment to accelerate growth through focus on "Power Electronics", "Automation" and "Infrastructure" as main business categories.
	Apr.	Delta's Founder and Honorary Chairman Bruce Cheng awarded with Honorary Doctorate Degree from National Yang-Ming University.
	Apr.	Delta's EMEA Headquarters achieves annual energy savings up to 45% and is awarded BREEAM.
	Apr.	Earns ENERGY STAR [®] Partner of the Year Award for the second consecutive year.
	May	Wins three major awards at the 2017 Global Views Monthly's CSR Awards.
	Jun.	Delta Thailand, a Delta associate company, receives ESG100 Universe for the 3 rd consecutive year.
	Sep.	Delta Americas Headquarters recognized with Livable Buildings Award Honorable Mention.
	Oct.	Acquires 49.2% stake in VIVOTEK to strengthen its building automation solutions portfolio.
	Nov.	Delta recognized with Carbon Disclosure Project (CDP) Climate Change Leadership A- level, & Supply Chain Climate Change Disclosure A- grade.
	Dec.	Delta's subsidiary DELBio wins the Taiwan Excellence Gold Award for the DELPet- μ CT.
	Dec.	Takes the lead in setting Science Based Targets as the first company in Taiwan to pass SBTi.
Dec.	Selected for the FTSE4Good TIP Taiwan ESG Index.	

2018	Mar.	Articulated robot DRV series wins the iF Design Award.
	Mar.	Delta's Detroit Office inaugurates expanded facilities.
	Apr.	Receives the R.O.C. (Taiwan) Presidential Innovation Award.
	May	Wins the Corporate Governance Evaluation Award from the Taiwan Stock Exchange for the 4 th consecutive year.
	May	Becomes the only company twice listed in the CSR Annual List of Honors of Global Views Magazine.
	Aug.	Wins the CSR Award from CommonWealth Magazine for the twelfth consecutive year, and wins first prize for the sixth time.
	Sep.	Becomes a member of the EV100 Initiative to promote low-carbon transportation worldwide.
	Oct.	Recognized at the Greenbuild China 2018 conference with the Industry Leadership Award and the Green Leadership Award.
	Nov.	Delta Ako Energy Park's green building is LEED-Gold Certified with energy savings up to 33.8%.
	Nov.	Wins National Talent Development Awards.
	Nov.	Innergie PowerGear™ 60C wins the Taiwan Excellence Silver Award.
	Dec.	Recognized with the IR Magazine ESG Communications Award.
	Dec.	Delta's Automatic Nucleic Acid Test System wins the 15 th National Innovation Award.
	Dec.	Passes ISO 27001 information security certification, and also obtains NPI new product development process and IT category.
2019	Jan.	Receives the NEC Partner of the Year 2018 Award in the environmental category.
	Mar.	Subsidiary Delta Electronics (Netherlands) B.V. acquires a 100% stake in the lighting solution brand Amerlux.
	Apr.	Subsidiary DEISG acquires a 42.85% shareholdings in Delta Electronics (Thailand) Public Company Limited (DET). After the acquisition, Delta and its subsidiaries aggregately hold a shareholding of 63.78% of the total issued shares of DET.
	May	Delta headquarters' data center is recognized as the world's first LEED v4 ID+C Platinum-certified.
	Jul.	Awarded 2019 Powertrain Supplier of the Year by FCA for superior EV/PHEV automotive product capabilities.
	Sep.	Listed on the DJSI World Index of Dow Jones Sustainability™ Indices for nine consecutive years, and again leads in the Electronic Equipment, Instruments and Components Industry category for 2019.
	Oct.	Honored as a Taiwan Top 20 Global Brand for the ninth consecutive year.
	Nov.	Recognized with nine major awards at the 2019 Taiwan Corporate Sustainability Awards & Global Corporate Sustainability Awards.
	Nov.	Zhongli Plant wins the Silver Award of the 1st National Enterprise Environmental Protection Award.
2020	Jan.	Receives Leadership-level scoring from CDP highlighting Delta's efforts on climate change.
	Apr.	Honored with the ENERGY STAR® Sustained Excellence Award for the third consecutive year and also awarded partner of the year for the fifth year in a row.
	Apr.	Wins first prize in the Happy Enterprise Group for Outstanding Projects at the 2020 Global Views Monthly's CSR Awards.
	Apr.	Obtains highest platinum rating for zero waste to landfill (UL 2799) "100% Diversion, with 8% Thermal Processing with Energy Recovery"

3. Corporate Governance Report

▶ 3.1 Organization

3.1.1 Organization chart as of 2020.04.29



3.1.2 Tasks of principal divisions.

April 29, 2020

Main Departments	Business activities
Power Electronics	“Power Electronics” includes components, power supplies, fan & thermal management, automotive electronics. Delta is a global provider of power and thermal management solutions. It produces high-efficient products such as switching power supplies, brushless DC fans, and passive components for world-class customers in various segments including ICT, consumer electronics, as well as industrial equipment. By integrating Delta’s core competencies in power electronics and systems, Delta is able to supply power train systems and products for electric/hybrid vehicles.
Automation	“Automation” includes industrial automation and building automation. As an industrial automation manufacturer, Delta offers efficient and reliable products and solutions to serve global customers in various applications such as food & beverage manufacturing, textiles, cranes and elevators, plastics and rubber, printing and packaging, machine tools, as well as electronics. Delta provides diverse Building Automation Solutions that integrate various IoT-enabled building systems, such as HVAC, lighting, energy generation, water supply and drainage, elevators, management systems, surveillance cameras, and access control to create a flexible, scalable and highly compatible building automation solution plan.
Infrastructure	“Infrastructure” includes ICT infrastructure and energy infrastructure & industrial solutions. Delta is a major provider of telecom power systems, UPS & data center infrastructure and networking systems for global customers to enable energy-efficient and reliable ICT infrastructure. Together with its partners, Delta facilitates the development of smart cities by providing various energy infrastructure including renewable energy, EV charging, energy storage systems, high power motor drive and more. With its innovative display technologies, Delta also produces projectors and video wall solutions for home theaters, control rooms, large event venues, outdoor projection, exhibition halls and more. Infrastructure also includes industrial power, medical power, medical devices, etc.
RD	The RD department does technology trend analysis and research and development of new products. It draws up research and development strategies, level of technology development, new product development and its relative environmental requirements and structural design.
Finance	The finance department establishes a highly efficient and quality financial platform to provide transparent and reliable financial information, operational analysis and improvement plan. Through strict control and audit, better corporate management can be achieved. This department provides assessments on long-term investment, loan options and tax plans based on relative regulations. The finance department designs modules to control credit risks and projects financial risks to reduce the possibility of corporate crisis. It is also responsible for the planning and establishment of shares relevant affairs, arrangement of board of directors and shareholders meetings, assisting in providing relevant information and compliances needed for directors to perform duties and ex-rights processing.
Corporate Communications	Provide Delta’s stakeholders with critical, concise, transparent, consistent and real-time information; promote our corporate social responsibility achievements; and enhance our corporate prestige. Our responsibilities include news themes management and planning, corporate external/internal website management, showroom planning, multimedia and graphic design planning/execution.
HR	The HR department designs and develops a human resource management plan to construct all-around candidate selection, learning and professional development, performance management, salary and benefit systems in order to motivate outstanding employees, improve organizational efficiency, and secure healthy labor relations.
Legal/IP	This department reviews all contracts, provides legal counseling, manages patents, trademarks and other intellectual property rights and deals with the handling of legal affairs such as law suits and regulation compliance.
IT	The IT department works on planning and establishing the company’s information management system. It is also responsible for computerizing operational procedures and system for business development activities and safeguarding the company’s information communication system to ensure system security and efficiently provide managers relative information for decision-making.
Brand Management	This department carries out long-term planning and execution of branding strategies, establishes the corporate brand management platform and constructs standard brand application samples to create and uphold a consistent image of Delta. The strategic improvement of Delta’s brand value leads to direct assistance in business growth and development of the company.
Strategic Marketing	The department assists the company’s marketing capacity and strategies for business development. The department integrates market information provided through think tanks and marketing platforms to create actual results from marketing activities. It is also responsible for the provision of strategic recommendations and cross-sectional resource integration through systematic management mechanisms and procedures to speed up the business development pace.
CSR	Corporate Sustainability Development: To fulfill Delta’s company mission “To provide innovative, clean, and energy-efficient solutions for a better tomorrow” and to enhance our competitiveness, we analyze international trends and benchmark practices in sustainable development, strengthen linkage with global sustainability issues, deploy sustainability strategies and planning via the Delta Group CSR committee, and facilitate cross-functional operations and overall project executions.
Occupational Safety and Health	The department develops, plans, monitors and promotes workplace safety and health management standards, as well as provides training on protocol execution to relative departments.
Corporate Investment	The department is responsible for relation establishment and maintenance between the company and the investors and institutions. It works on integrating internal resources to seek potential targets for the corporation and the execution of mergers in accordance with the future development of the company.
Audit	The audit department supervises all internal control and establishes audit processes to complete the annual audit.
TQM	The quality control department establishes quality standards, designs quality assurance strategies for raw materials and final products and manages quality improvement activities.

Main Departments	Business activities
Global Supply Chain Management	The department is in charge of planning and operations management of all business units, key electronics and supplier strategies, purchase process and system building, as well as global logistic planning and operations.
Global Manufacturing	The department ensures production and resource effectiveness of global manufacturing supply chains, manages the development of global smart manufacturing and technology, global RBA organizations, and operations as well as related projects that promote global manufacturing regions.
Corporate Strategy, Business Development and Alliance	The department manages corporate strategies, customers and global customers, and establishes operational policies for global sales and resource planning.
Energy Management	The department provides energy efficiency improvement services to increase the energy efficiency in public facilities, information centers, buildings and factories.
Knowledge Management	The department works on the collection and integration of personal experience and knowledge to construct a knowledge management platform in order to enable knowledge sharing and dissemination of information.
Smart Manufacturing	The department is responsible for the design of Delta's future blueprint of intelligent factory and the development of the world's leading intelligent manufacturing technology.
Software Engineering Competence	The department establishes a software development process automation platform and common software element library to improve the quality of software development and increase the reuse ratio of software elements in order to avoid repetitive works in development.
Facility	The department manages and maintains the building and the public facilities in the factory to ensure a safe working environment and to execute energy saving measures in order to seek continuous recognition through green building certification.

► 3.2 Directors and Management Team

3.2.1 Directors

April 12, 2020

Title	Nationality/ Place of Incorporation	Name	Gen- der	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions in Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	TW	Yancey Hai	M	June 11 2018	3	May 6, 2003	984,067	0.0379%	984,067	0.0379%	0	0.0000%	0	0.0000%	MS Global Management, University of Dallas, U.S.A./ Country Manager, G.E. Capital, Vice-Chairman and CEO, Delta Electronics, Inc.	Chairman of Strategic Steering Committee, Delta Electronics, Inc.; Director, CTCI Corpora- tion; Independent Director, USI Corporation, Compensation Committee Member, Taiwan Semiconductor Manufacturing Company Limited, etc.	-	-	-	-
Vice- Chairman	TW	Mark Ko	M	June 11 2018	3	May 16 2001	837,630	0.0322%	837,630	0.0322%	0	0.0000%	0	0.0000%	Department of Electrical and Control Engineering, National Chiao Tung University/ President and COO, Delta Electronics, Inc.	Vice-Chairman in Strategic Steering Committee, Delta Electronics, Inc.; Director, Delta Electronics (Thailand) Public Company Limited, etc.	-	-	-	-
Director	TW	Bruce CH Cheng	M	June 11 2018	3	August 20 1975	81,878,099	3.1521%	81,878,039	3.1521%	24,097,633	0.9277%	0	0.0000%	Department of Electrical Engi- neering, National Cheng Kung University/ Chairman, Delta Electronics, Inc.	Honor Chairman, Delta Elec- tronics, Inc., etc.	Director	Ping Cheng An Cheng	Father and Sons	-
Director	TW	Ping Cheng	M	June 11 2018	3	May 16 2001	55,090,093	2.1209%	55,640,093	2.1420%	0	0.0000%	0	0.0000%	Department of Business Ad- ministration, California State University, Hayward / Senior Vice-President of Delta Electron- ics, Inc. and President in Greater China Area of Delta Electronics, Inc.	CEO, Delta Electronics, Inc.; Director, Delta Electronics (Thai- land) Public Company Limited, etc.	Director	Bruce CH Cheng/ An Cheng	Father and Son/ Brothers	-
Director	TW	Simon Chang	M	June 11 2018	3	May 18 2006	903,811	0.0348%	903,811	0.0348%	517	0.0000%	0	0.0000%	EMBA, Chung Yuan Christian University/ Senior Vice President and General Manager, Delta Electronics, Inc.	President and COO, Delta Elec- tronics, Inc.; Director, Betacera Inc., etc.	-	-	-	-
Director	TW	Albert Chang	M	June 11 2018	3	June 10 2009	1,104,917	0.0425%	1,101,917	0.0424%	109,315	0.0042%	0	0.0000%	EMBA, National Central Uni- versity/ Senior Vice President and General Manager of Power System Business Group, Delta Electronics, Inc.	-	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gen- der	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions in Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	TW	Victor Cheng	M	June 11 2018	3	June 11 2018	49,094,764	1.8900%	50,344,764	1.9382%	1,023,482	0.0394%	0	0.0000%	MS Electrical Engineering, Santa Clara University/ Chairman, Delta Networks, Inc.	Senior Vice President and General Manager of Information Communication Technology Infrastructure Business Group, Delta Electronics, Inc., Director, Lanmer Electronics Inc., etc.	Director	Bruce CH Cheng/ Ping Cheng	Father and Son/ Brothers	-
Independent Director	TW	Yung-Chin Chen	M	June 11 2018	3	June 19 2012	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	MA Accounting, Soochow University/ CPA and Partner, PwC Taiwan	Director, Prime Oil Chemical Service Corporation; Independent Director, China Television Company, etc.	-	-	-	-
Independent Director	TW	George Chao	M	June 11 2018	3	June 19 2012	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	Department of Banking and Insurance, Tamkang University/ Chairman, 3M Taiwan Limited	-	-	-	-	
Independent Director	TW	Tsong- Pyng Peng	M	June 11 2018	3	June 19 2012	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	Ph.D. Materials Science and Engineering, University of Illinois/ Chairman, Department of Materials Science and Engineering, National Tsing Hua University; Dean of Academic Affairs, National Tsing Hua University; President, Materials Research Society Taiwan; President, Yuan Ze University	-	-	-	-	
Independent Director	TW	Ji-Ren Lee	M	June 11 2018	3	June 8 2016	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%	Ph.D. Strategic Management, University of Illinois at Urbana-Champaign/ Associate Dean of College of Management and Executive Director of EMBA Program, National Taiwan University	Independent Director, E. Sun Financial Holding Company, Ltd.; Independent Director, ACER Incorporated, Independent Director, Vivotek, Inc.	-	-	-	-

Major shareholders of the institutional shareholders: None

Professional qualifications and independence analysis of directors

April 29, 2020

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Yancey Hai			V			V		V	V	V	V	V	V	V	V	1
Mark Ko			V			V		V	V		V	V	V	V	V	0
Bruce CH Cheng			V	V					V	V	V	V		V	V	0
Ping Cheng			V					V	V		V	V		V	V	0
Simon Chang			V			V		V	V		V	V	V	V	V	0
Albert Chang			V	V		V	V	V	V	V	V	V	V	V	V	0
Victor Cheng			V					V	V	V	V	V		V	V	0
Yung-Chin Chen	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1
George Chao			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Tsong-Pyng Perng	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	0
Ji-Ren Lee	V		V	V	V	V	V	V	V	V	V	V	V	V	V	3

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- Not an employee of the Company or any of its affiliates.
- Not a director, supervisor of the Company or any of its affiliates (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations.)
- Not a natural-person who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
- Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- Not the same person who controls a majority of the Company's director seats or voting shares and those of any other company: a director, supervisor, or employee of that other company (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- Not the same person or its spouse as the chairperson, general manager, or person holding an equivalent position in the Company and a person in any of those positions at another company or institution: a director (or governor), supervisor, or employee of that other company or institution (does not apply when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (does not apply when a specified company or institution that holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, and when an independent director of the Company has served as an independent director of the parent company, a subsidiary, or any of its affiliates in accordance with the Act or local regulations).
- Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation under NT\$500,000, nor a spouse thereof; provided, this restriction does not apply to a member of the compensation committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act.
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person under any of the conditions defined in Article 30 of the Company Act.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.2 Management team

April 29, 2019

Title	Nationality	Name	Gender	Date Effective (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman in Strategic Steering Committee of Delta Electronics, Inc.	TW	Yancey Hai	M	August 16, 2012	984,067	0.0379	0	0	0	0	MS Global Management, University of Dallas, U.S.A./ Country Manager, G.E. Capital, Vice-Chairman and CEO, Delta Electronics, Inc.	Director, CTCI Corporation; Independent Director, USI Corporation, compensation committee member, Taiwan Semiconductor Manufacturing Company Limited, etc.	-	-	-	-
Vice-Chairman in Strategic Steering Committee of Delta Electronics, Inc.,	TW	Mark Ko	M	August 16, 2012	837,630	0.0322	0	0	0	0	Department of Electrical and Control Engineering, National Chiao Tung University/ President and COO, Delta Electronics, Inc.	Director, Delta Electronics (Thailand) Public Company Limited, etc.	-	-	-	-
CEO	TW	Ping Cheng	M	June 28, 2012	55,640,093	2.1420	0	0	0	0	Department of Business Administration, California State University, Hayward / Senior Vice-President, Delta Electronics, Inc. and President in Greater China Area, Delta Electronics, Inc.	Director, Delta Electronics (Thailand) Public Company Limited, etc.	-	-	-	-
President and COO	TW	Simon Chang	M	July 3, 2017	903,811	0.0348	517	0	0	0	EMBA of Chung Yuan Christian University/ Senior Vice-President and President, Delta Electronics, Inc.	Director, Betacera Inc., etc.	-	-	-	-
Vice-President Manager	TW	Steven Liu	M	June 28, 2012	250,027	0.0096	69,172	0.0027	0	0	Department of Mechanical Engineering, National Kaohsiung University of Science and Technology/ Chairman and CEO, Cyntec Co., Ltd.	Chairman Cyntec Co., Ltd., etc.	-	-	-	-
Corporate CFO	TW	Judy Wang	F	August 1, 2013	38,572	0.0015	0	0	0	0	MS Finance, National Taiwan University, Bachelor of Accounting, Soochow University/ Vice-president and CFO, Delta Electronics, Inc.	Director, Delta Electronics Int'l (Singapore) Pte. Ltd., etc.	-	-	-	-
Branch Manager	TW	Charles Tsai	M	October 28, 2005	0	0	0	0	0	0	Ph. D., Department of Electrical Engineering, National Cheng Kung University	-	-	-	-	-
Company Secretary	TW	Shalin Chen	F	April 29, 2019	3,105	0	0	0	0	0	Department of Accounting, Chung Yuan Christian University/ Director, PricewaterhouseCoopers, Taiwan	Supervisor, Cyntec Co., Ltd., etc.	-	-	-	-

Note 1: Members in management team have taken office from date of effective to now.

▶ 3.3 Remuneration paid during the most recent fiscal year to directors, the general managers, and vice general managers

3.3.1 Remuneration paid to directors and independent directors

Unit: NT\$1,000

Title	Name	Directors Remuneration						Remuneration Received as Employee				Ratio of total A, B, C, D, E, F and G to Net Income (Note 10)		Remuneration from Invested Companies Other Than Subsidiaries or Parent Company (Note 11)										
		Remuneration(A) (Note 2)		Pension (B)		Remuneration to Directors(C) (Note 3)		Allowances (D) (Note 4)		Salary, Bonus and Special Allowance (E)(Note 5)		Pension (F)			Employee Bonus (G) (Note 6)									
		The Company	All Companies in The Consolidated Financial Statements (Note7)	The Company	All Companies in The Consolidated Financial Statements (Note7)	The Company	All Companies in The Consolidated Financial Statements (Note7)	The Company	All Companies in The Consolidated Financial Statements (Note7)	The Company	All Companies in The Consolidated Financial Statements (Note7)	Cash	Stock		The Company	All Companies in The Consolidated Financial Statements (Note7)	Cash	Stock						
																			Ratio of total A, B, C and D to Net Income (Note 10)		Ratio of total F, G and H to Net Income (Note 10)			
Chairman	Yancey Hsi																							
Vice Chairman	Mark Ko																							
Director	Bruce CH Cheng																							
Director	Ping Cheng	0	0	0	0	16,400	17,110	0	0	39,519	39,519	809	809	133,352	147,527	0	0	0.07%	0.07%	0.82%	0.89%	770		
Director	Simon Chang																							
Director	Albert Cheng																							
Director	Victor Cheng																							
Independent Director	George Chao																							
Independent Director	Yung-Chin Chen	0	0	0	0	13,000	14,000	0	24	0	0	0	0	0	0	0	0	0.06%	0.06%	0.06%	0.06%	0		
Independent Director	Tsong-Pyng Peng																							
Independent Director	Ji-Ren Lee																							

1. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:

According to the Company's Articles of Association, if the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of no more than 1% as the compensation for directors. Remuneration for directors of the Company shall be evaluated by the Compensation Committee according to their respective participation in operation and value of contribution, and the Board of Directors is authorized to determine their remuneration according to the evaluation made by the Compensation Committee and general standard in the same industries. There may be a difference in the remuneration of independent directors and non-independent directors due to double-duty performance in the Audit Committee and Compensation Committee. The remuneration of independent directors who serve as functional committee chairpersons may be higher than that of other independent directors.

2. Except as disclosed in the above table, remuneration to directors received due to the service provided to all companies listed in the consolidated financial statement (such as being independent consultants, etc.) in the most recent year: None.

Table of Remuneration Ranges

Range of Remuneration Paid to Directors	Names of Directors			
	Aggregate of First Four Items of Remunerations (A+B+C+D)		Aggregate of First Seven Items of Remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies in The Consolidated Financial Statements (Note 9) H	The Company (Note 8)	All Companies in The Consolidated Financial Statements (Note 9) I
Below NT\$1,000,000	Ping Cheng, Simon Chang, Victor Cheng	Ping Cheng, Simon Chang, Victor Cheng		
NT\$1,000,000 (incl.) to NT\$2,000,000 (not incl.)				
NT\$2,000,000 (incl.) to NT\$3,500,000 (not incl.)	Albert Chang, Tsong-Pyng Perng, Ji-Ren Lee	Albert Chang, Tsong-Pyng Perng	Albert Chang, Tsong-Pyng Perng, Ji-Ren Lee	Albert Chang, Tsong-Pyng Perng
NT\$3,500,000 (incl.) to NT\$5,000,000 (not incl.)	Bruce CH Cheng, Yancey Hai, Mark Ko, Yung- Chin Chen, George Chao	Bruce CH Cheng, Yancey Hai, Mark Ko, Yung- Chin Chen, George Chao, Ji-Ren Lee	Bruce CH Cheng, Yung- Chin Chen, George Chao	Bruce CH Cheng, Yung- Chin Chen, George Chao, Ji-Ren Lee
NT\$5,000,000 (incl.) to NT\$10,000,000 (not incl.)				
NT\$10,000,000 (incl.) to NT\$15,000,000 (not incl.)				
NT\$15,000,000 (incl.) to NT\$30,000,000 (not incl.)			Victor Cheng	Victor Cheng
NT\$30,000,000 (incl.) to NT\$50,000,000 (not incl.)			Yancey Hai, Mark Ko, Ping Cheng, Simon Chang	Yancey Hai, Mark Ko, Ping Cheng, Simon Chang
NT\$50,000,000 (incl.) to NT\$100,000,000 (not incl.)				
Above NT\$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: The names of the directors shall be listed separately (the legal person shareholder shall be listed with both its name and the representative's name), and directors and independent directors should be listed separately. The amount of each payment shall be disclosed in a summary manner.

Note 2: The remuneration of directors in the latest year (including directors' remuneration, duty allowances, pension, bonuses, rewards, etc.).

Note 3: The amount of directors' remuneration approved by the Board of Directors in the most recent year.

Note 4: Refers to the expenses incurred by directors to perform relevant duties including transportation allowances, special allowances, other allowances, accommodation, company cars, and other supplies for the directors in the most recent year. The kind and cost of the assets provided, the actual prices or fair market values of the rent, oil and other payments should be disclosed if the Company provides housing, automobiles and other means of transport or exclusive individual expenses. If there is a driver, please note the company's payment for the driver, but not included in remuneration.

Note 5: Refers to the emoluments, duty allowances, pension pay, bonuses, rewards, transportation allowances, special allowances, other allowances, accommodation, company cars, and other supplies for the directors act concurrently as employees including president, vice-president, other managers and employees in the most recent year. The kind and cost of the assets provided, the actual prices or fair market values of the rent, oil and other payments should be disclosed if the Company provides housing, automobiles and other means of transport or exclusive individual expenses. If there is a driver, please note the Company's payment for the driver, but not included in remuneration. The salary expenses are recognized in accordance with IFRS 2 "Share-based payment", including shares acquired under employee stock option, restricted new shares to employees and shares acquired from participation in cash capital increase option and so forth. They shall also be included in the remuneration.

Note 6: If the directors act concurrently as employees (including president, vice-president, other managers and employees) who receive employee emolument (including stock and cash), the amount of remuneration approved by the Board of Directors in the latest year shall be disclosed. If it is unpredictable, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year. And the attached sheet 1-3 shall be filled out.

Note 7: Total amount of remuneration for the directors paid by all companies (including the Company) in the consolidated financial statements of the Company shall be disclosed.

Note 8: Total amount of remuneration for each director paid by the Company with disclosure of the directors' names in the corresponding brackets.

Note 9: It shall disclose total remuneration for each directors of the Company paid by all companies (including the Company) in the consolidated financial statements, and disclose the names of the directors in the corresponding brackets.

Note 10: Net Income refers to the profit after income tax of parent company only financial statements in the most recent year.

Note 11: a. This column should clearly be filled out with the remuneration amount related to invsted companies other than subsidiaries or parent company for directors of the Company.

b. If the directors of the Company receive the remuneration from the invested companies other than subsidiaries or parent company, the remuneration shall be merged with the column I of the emolument bracket sheet; and the name of the column shall be changed to "Remuneration from Invested Companies Other Than Subsidiaries or Parent Company".

c. Remuneration refers to the emolument (including employees, directors and supervisors emoluments) and business operation expense, etc., for directors of the Company as they are directors, supervisors or managers of invested companies other than subsidiaries or parent company.

* The content of the remuneration disclosed in this sheet is different from the concept of the Income Tax Act. Therefore, the purpose of this sheet is only for information disclosure but not for withholding tax.

3.3.2 Remuneration paid to supervisors and remuneration range: Not applicable.

3.3.3 Remuneration paid to general managers and vice general managers

Unit: NT\$1,000

Title	Name	Remuneration (A) (Note 2)		Pension(B)		Bonus and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)			Ratio of total (A), (B), (C) and (D) to Net Income (%) (Note 8)		Remuneration from Invested Companies other than Subsidiaries of Parent Company (Note 9)	
		The Company	All Companies In The Consolidated Financial Statements (Note 5)	The Company	All Companies In The Consolidated Financial Statements (Note 5)	The Company	All Companies In The Consolidated Financial Statements (Note 5)	The Company	All Companies In The Consolidated Financial Statements (Note 5)	Cash	Stock	The Company		All Companies In The Consolidated Financial Statements (Note 5)
Chairman in Strategic Steering Committee of Delta Electronics, Inc.	Yancey Hai													
Vice-Chairman in Strategic Steering Committee of Delta Electronics, Inc.,	Mark Ko	33,085	38,189	701	759	1,930	2,650	123,313	0	157,847	0	0.69%	0.86%	60
CEO	Ping Cheng													
President and COO	Simon Chang													
Vice-President	Steven Liu													

* Job positions equivalent to general managers and vice general managers (ex: presidents, CEO, executive presidents, etc.) should be disclosed whatever the titles are.

Table of Remuneration Ranges

Range of Remuneration Paid to General Managers and Vice-General Managers	Names of General Managers and Vice-General Managers	
	The Company (Note 6)	All companies in The Consolidated Financial Statements (Note 7) E
Below NT\$1,000,000	Steven Liu	
NT\$1,000,000 (incl.) to NT\$2,000,000 (not incl.)		
NT\$2,000,000 (incl.) to NT\$3,500,000 (not incl.)		
NT\$3,500,000 (incl.) to NT\$5,000,000 (not incl.)		
NT\$5,000,000 (incl.) to NT\$10,000,000 (not incl.)		
NT\$10,000,000 (incl.) to NT\$15,000,000 (not incl.)		
NT\$15,000,000 (incl.) to NT\$30,000,000 (not incl.)		
NT\$30,000,000 (incl.) to NT\$50,000,000 (not incl.)	Yancey Hai, Mark Ko, Ping Cheng, Simon Chang	Yancey Hai, Mark Ko, Ping Cheng, Simon Chang, Steven Liu
NT\$50,000,000 (incl.) to NT\$100,000,000 (not incl.)		
Above NT\$100,000,000		
Total	5 persons	5 persons

Note 1: The names of the general managers and the vice-general managers shall be separately listed, and the amount of each payment shall be disclosed in a summary manner.

Note 2: Filled with emoluments, duty allowances and pension of general managers and vice-general managers in the most recent year.

Note 3: Refers to the bonuses, rewards, transportation allowances, special allowances, other allowances, accommodation, company cars, and other supplies for the general managers and vice-general managers in the most recent year. The kind and cost of the assets provided, the actual prices or fair market values of the rent, oil and other payments should be disclosed if the Company provides housing, automobiles and other means of transport or exclusive individual expenses. If there is a driver, please note the Company's payment for the driver, but not included in remuneration. The salary expenses are recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee stock option certificates and restricted stock awards, and participating in cash capital increase and subscription of shares. They shall also be included in the remuneration.

Note 4: The amount of remuneration (including stock and cash) of the employees who have been assigned as managers by the board of directors in the most recent year. If it is unpredictable, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year. And the attached sheet 1-3 shall be filled out.

Note 5: Total amount of remuneration for the general managers and vice-general managers paid by all companies (including the Company) listed in the consolidated financial statements of the Company shall be disclosed.

Note 6: Total amount of remuneration for each general manager and vice-general manager paid by the Company with disclosure of the names of general managers and vice-general managers in the corresponding brackets.

Note 7: It shall disclose total remuneration for each general managers and vice-general managers of the Company paid by all companies (including the Company) in the consolidated financial statements, and disclose the names of the general managers and the vice-general managers in the corresponding brackets.

Note 8: Net income refers to the profit after income tax of parent company only financial statements in the most recent year.

Note 9: a. This column should clearly be filled out with the remuneration amount related to invested companies other than subsidiaries for general managers and vice-general managers of the Company.

b. If the general managers or vice-general managers of the Company receive the emoluments from the invested companies other than subsidiaries, the remuneration shall be merged with the column E of the remuneration bracket sheet; and the name of the column shall be changed to "Remuneration from Invested companies and parent company"

c. Remuneration refers to the emolument (including employee, director and supervisor's emoluments) and business operation expense, etc. general managers and vice-general managers of the Company as they are directors, supervisors or managers of invested companies other than subsidiaries.

* The content of the remuneration disclosed in this sheet is different from the concept of the Income Tax Act. Therefore, the purpose of this sheet is only for information disclosure but not for withholding tax.

3.3.4 Earnings distribution as employees' remuneration to management team

Unit: NT\$1,000

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Percentage of the Total to Net Income (%)
Managers	Chairman in Strategic Steering Committee	Yancey Hai	0	185,029	185,029	0.80%
	Vice-Chairman in Strategic Steering Committee	Mark Ko				
	CEO	Ping Cheng				
	President and COO	Simon Chang				
	Vice-President	Steven Liu				
	Corporate CFO	Judy Wang				
	Branch Manager	Charles Tsai				
	Company Secretary	Shalin Chen				

Note 1: Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary manner.

Note 2: The amount of remuneration (including stock and cash) of the employees who have been assigned as managers by the board of directors in the latest year. If it is unpredictable, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year. Net income refers to the profit after income tax in the latest year; if the International Financial Reporting Standard has been adopted, the net income refers to the profit after income tax of parent company only financial statements in the most recent year.

Note 3: The application scope of "manager" in accordance with the Regulation No. 0920001301 announced by the Financial Supervisory Commission, R.O.C. (Taiwan) on March 27, 2003 is as follows:

- (1) General manager and equivalent
- (2) Vice-general manager and equivalent
- (3) Associate general manager and equivalent
- (4) Head of finance department
- (5) Head of accounting department
- (6) Other person who have the rights to manage affairs and sign for the company

3.3.5 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to directors, supervisors, general managers, and vice general managers of the Company and analysis and description of remuneration policies, standards, packages and the procedure for determining remuneration, and their linkage to operating performance and future risk exposure.

3.3.5.1 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, as paid by the Company and by each other company included in the consolidated financial statements in the most recent two years to directors, supervisors, general managers, and vice general managers of the Company

The Company

Unit: NT\$1,000

Year	Total Remuneration to Directors, General Managers and Vice-General Managers	The Proportion of Total Amount to Profit after Income Tax (%)
2018	204,097	1.12%
2019	203,050	0.88%

All Consolidated Companies

Unit: NT\$1,000

Year	Total Remuneration to Directors, General Managers and Vice-General Managers	The Proportion of Total Amount to Profit after Income Tax (%)
2018	246,040	1.35%
2019	249,955	1.08%

3.3.5.2. Analysis and description of remuneration policies, standards, packages and the procedure for determining remuneration, and their linkage to operating performance and future risk exposure.

The Company's remuneration to directors and managers is based on the Company's remuneration concept. The Compensation Committee refers to the general level of the industry and considers reasonableness and the correlations between the Company's operating performance, personal performance and future risks exposure.

The Board of Directors comprehensively considers the amount of remuneration, payment method and future risk exposure of the Company and then submits the proposal to the shareholders' meeting for adoption.

► 3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in 2019 and 2020 till the date of publication of the annual report. The attendance of directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Yancey Hai	8	0	100%	-
Vice-Chairman	Mark Ko	8	0	100%	-
Director	Bruce CH Cheng	8	0	100%	-
Director	Ping Cheng	8	0	100%	-
Director	Simon Chang	8	0	100%	-
Director	Albert Chang	8	0	100%	-
Director	Victor Cheng	8	0	100%	-
Independent director	Yung-Chin Chen	7	1	87.5%	-
Independent director	George Chao	7	1	87.5%	-
Independent director	Tsong-Pyng Perng	8	0	100%	-
Independent director	Ji-Ren Lee	7	1	87.5%	-

Independent directors attended each meetings of the Board of Directors in 2019 and 2020 till the date of publication of the annual report as follows:

Title	Name	The 18 th term							
		4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th
		2019.03.11	2019.4.17	2019.4.29	2019.6.10	2019.7.31	2019.10.30	2020.3.10	2020.4.29
Independent director	Yung-Chin Chen	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	By Proxy	Attendance in Person	Attendance in Person	Attendance in Person
Independent director	George Chao	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	By Proxy
Independent director	Tsong-Pyng Perng	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Independent director	Ji-Ren Lee	Attendance in Person	Attendance in Person	By Proxy	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
The Company has established an audit committees, hence the Article 14-3 of Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.
None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

- (1) Board of Directors' meeting on April 29, 2019

Proposal: To approve recommendations on 2019 managers' compensation

Directors' avoidance of motions in conflict of interest: Yancey Hai, Mark Ko, Ping Cheng and Simon Chang
Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for the directors, Mr. Yancey Hai, Mr. Mark Ko, Mr. Ping Cheng and Mr. Simon Chang who shall not participate in voting on managers' compensation and Mr. Victor Cheng who left temporarily, the rest of directors unanimously approved this motion.

Proposal: To remove the non-competition restrictions on managers
Directors' avoidance of motions in conflict of interest: Ping Cheng
Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, all directors, except Mr. Ping Cheng, unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Ping Cheng as a director in Delta Greentech SGP Pte. Ltd.

(2) Board of Directors' meeting on July 31, 2019

Proposal: To remove the non-competition restrictions on managers
Directors' avoidance of motions in conflict of interest: Mark Ko and Ping Cheng
Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for Mr. Mark Ko and Mr. Ping Cheng who shall not participate in voting on this motion, the rest of directors unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Mark Ko acting as a director in Delta Electronics (Thailand) Public Company Limited and Mr. Ping Cheng acting as a director in Delta Electronics (Thailand) Public Company Limited, Boom Treasure Limited and Drake Investment (HK) Limited.

(3) Board of Directors' meeting on October 30, 2019

Proposal: To remove the non-competition restrictions on managers
Directors' avoidance of motions in conflict of interest: Ping Cheng and Simon Chang
Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for Mr. Ping Cheng and Mr. Simon Chang who shall not participate in voting on this motion, the rest of directors unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Ping Cheng acting as a director in Guangzhou Amerlux Lighting Co., Ltd. and Mr. Simon Chang and Ms. Judy Wang acting as directors in Delta Greentech SGP Pte. Ltd.

Proposal: To approve recommendations on 2019 directors' compensation
Directors' avoidance of motions in conflict of interest: The directors who are the interested party and shall not participate in discussion or voting on respective directors' compensation agenda item
Contents of motion, causes for avoidance and voting: Except for the directors who are the interested party and shall not participate in discussion or voting on respective directors' compensation agenda item, the rest of directors unanimously approved this motion.

(4) Board of Directors' meeting on April 29, 2020

Proposal: To approve recommendations on 2020 managers' compensation
Directors' avoidance of motions in conflict of interest: Yancey Hai, Mark Ko, Ping Cheng and Simon Chang
Contents of motion, causes for avoidance and voting: Based on Article 206 of the Company Act, except for the directors, Mr. Yancey Hai, Mr. Ping Cheng, Mr. Mark Ko, and Mr. Simon Chang who shall not participate in voting on managers' compensation and Mr. Victor Cheng who left temporarily, the rest of directors unanimously approved this motion.

3. Evaluation cycles, evaluation periods, evaluation scopes, evaluation methods and evaluation procedures, etc. for evaluating the performance of the Company's board of directors and board members are disclosed as below:

Evaluation Cycles	Evaluation Periods	Evaluation Scopes	Evaluation Methods	Evaluation Procedures
<p>The Company shall conduct an internal board performance evaluation at least once a year.</p> <p>The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p>	<p>From January 1, 2019 to December 31, 2019</p>	<p>The scope of the Company's board evaluation may include the evaluation of the board as a whole, individual directors, audit committee and compensation committee.</p>	<p>Methods of evaluations include the internal evaluation of the board, self-evaluation by each board member, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.</p>	<p>A. The criteria for evaluating the performance of the Company's board of directors includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. <p>B. The criteria for evaluating the performance of the board members, whether conducting by the board members themselves or among peers, includes the following six aspects:</p> <ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management and communication of internal relationship; 5. The director's profession and continuing education; and 6. Internal control. <p>C. The criteria for evaluating the performance of the audit committee includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Awareness of the duties of the audit committee; 3. Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of its members; and 5. Internal control. <p>C. The criteria for evaluating the performance of the compensation committee includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Awareness of the duties of the compensation committee; 3. Improvement of quality of decisions made by the compensations committee; and 4. Makeup of the compensation committee and election of its members.

4. During this and the recent past fiscal year, measures taken to strengthen the functionality of the board (e. g, establishment of an Audit Committee and enhancing information transparency) and evaluate the implementation of such measures.

The Board of Directors of the Company is made up of 11 directors including 4 independent directors with the tenure of 3 years. The election of the Board of Directors adopts the candidate nomination system stated in Article 192-1 of the Company Act. The directors are selected from a list of candidates through the shareholders' meeting. The proportion of the independent directors constitutes 36% of the Board and the proportion of directors who are employees of the Company constituting 45% of the Board.

The chairman is Mr. Yancey Hai, who leads the Board in implementing a good Board governance mechanism, improving supervision and strengthening its management function.

A. In order to implement a good Board governance mechanism, the diversity and professionalism of the Board members need to be considered:

(1) Diversity of Board members

As stated in the "Director Election Regulations" and "Corporate Governance Best Practice Principles",

the appointment of directors should consider the overall composition of the Board of Directors. The composition of Board members should be diversified, such as having different professional backgrounds, fields of work or genders; as well as different knowledge, skills and attainment required for executive duties. The Board members have the professional backgrounds including control engineering, electrical engineering, materials science and engineering, accounting and management and other fields, which enable performance of strategic management functions.

(2) Professionalism of Board members

The overall consideration for the election of the Board of Directors of the Company includes operational judgment and management capabilities, accounting and financial analytical capabilities, crisis management capabilities, industry knowledge, international market outlook, leadership, and decision-making capabilities. In order to enhance the overall knowledge of the Company's highest management unit on economic, environmental and social issues, the Company invites external lecturers to hold internal training sessions annually, or arranges external training sessions for directors. In 2019, the Company invited directors to participate in the internal training sessions on Corporate Strategy and the Balance between Technology and Humanities-Which Side AI Stand On.

B. In order to improve the supervision function of the Board of Directors, increasing frequency of Board meetings is necessary to be considered:

The Company's Board of Directors meets at least once a quarter to review business performance and discuss key strategic issues including shocks, risks and opportunities in environment society and economy. In 2019, the Board meetings were held six times, with an average attendance rate of 97%.

C. In order to strengthen management functions of the Board of Directors, increasing the efficiency of the Board of Directors is necessary to be considered:

According to "Rules of Performance Evaluation of the Board of Directors", the internal board performance shall be evaluated at least once a year and shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years. The 2019 performance of the Board of Directors has been self-evaluated and also conducted by an external independent professional institution in the beginning of 2020. The result will be published on the Company website under "Corporate Governance" for public access and the "Implementation of Corporate Governance" section in this annual report.

The Company established an Audit Committee which is responsible for supervising the accuracy of the Company's financial statements, the selection and termination of the independent auditor and its independence and performance, the effectiveness of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's existing or potential risks. The Audit Committee communicates with chief internal auditor at least once a quarter about major audit findings, and also communicates with CPA about their auditing and reviewing the Company's consolidated financial statements (including parent company only financial statement annually). The relevant information including material items and results will be published on the Company website. Please refer to "The Audit Committee" in the "Implementation of Corporate Governance" section in this annual report for the operation of the Audit Committee.

The Board of Directors of the Company approved the set up of Compensation Committee as well as its articles of association on March 11, 2010. The Board of Directors complied with the regulations enacted by the Financial Supervisory Committee, on August 18, 2011 by renaming the old "Compensation Committee" to "Compensation Committee", and the old "Compensation Committee Charter" to "Compensation Committee Charter". Please refer to "If the Company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed" in the "Implementation of Corporate Governance" section in this annual report.

The Company adheres to its consistent attitude towards information transparency. Important resolutions made by the Board of Directors are posted on the Market Observation Post System immediately after the Board of Director's meetings to safeguard the interests of shareholders. In addition, regular investor meetings are held to enhance investors' recognition of the Company.

3.4.2 Audit Committee

A total of 8 (A) meetings of the Audit Committee were held in 2019 and 2020 till the date of publication of the annual report. The attendance of independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent director	Yung-Chin Chen	7	1	87.5%	has not served more than three consecutive terms
Independent director	George Chao	7	1	87.5%	has not served more than three consecutive terms
Independent director	Tosng-Pyng Perng	8	0	100%	has not served more than three consecutive terms
Independent director	Ji-Ren Lee	7	1	87.5%	has not served more than three consecutive terms

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

- (1) Matters referred to Article 14-5 of the Securities and Exchange Act.
- (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

Matters in each board resolutions related to the circumstances mentioned in (1) and (2) are listed below:

Meetings of Board of Directors	Contents of resolutions and follow-up	Matters referred to Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
March 11, 2019 The 4 th in the 18 th term	1. To approve 2018 parent company only financial statements and consolidated financial statements	V	None
	2. To approve 2018 annual final accounting books and statements	V	None
	3. To distribute 2018 earnings	V	None
	4. To approve the Amendments to the Operating Procedures of Acquisition or Disposal of Assets	V	None
	5. To approve the Amendments to the Authorized Limits for the Acquisition or Disposal of Assets	V	None
	6. To evaluate the independence of the appointed external auditors	V	None
	7. To approve the efficiency of the 2018 internal control system	V	None
	8. To approve 2018 Internal Control System Statement	V	None
	9. To approve increase of the total cost for the construction of Tainan Plant Phases III	V	None
Resolution of the Audit Committee (2019.03.11): The Audit Committee unanimously approved this motion.			
The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.			

Meetings of Board of Directors	Contents of resolutions and follow-up	Matters referred to Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
April 17, 2019 The 5 th in the 18 th term	1. To approve the purchase of real property in Chungli District, Taoyuan City	V	None
	Resolution of the Audit Committee (2019.04.17): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
April 29, 2019 The 6 th in the 18 th term	1. To approve the Amendments to the Compensation Committee Charter	V	None
	2. To approve the Amendments to the Corporate Governance Best Practice Principles	V	None
	3. To approve the Amendments to the Rules of Performance Evaluation of the Board of Directors	V	None
	4. To approve the Amendments to the Operating Procedures of Fund Lending	V	None
	5. To approve the Amendments to the Operating Procedures of Endorsement and Guarantee	V	None
	Resolution of the Audit Committee (2019.04.29): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
June 10, 2019 The 7 th in the 18 th term	1. Corporate restructuring	V	None
	Resolution of the Audit Committee (2019.06.10): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
July 31, 2019 The 8 th in the 18 th term	1. Corporate restructuring	V	None
	Resolution of the Audit Committee (2019.07.31): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		
October 30, 2019 The 9 th in the 18 th term	1. To approve a subsidiary to repurchase shares	V	None
	2. To establish the Procedures for Handling Material Inside Information	V	None
	3. To approve the Company's 2019 internal audit plan	V	None
	Resolution of the Audit Committee (2019.10.30): The Audit Committee unanimously approved this motion.		
	The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.		

Meetings of Board of Directors	Contents of resolutions and follow-up	Matters referred to Article 14-5 of the Securities and Exchange Act.	Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors
March 10, 2020 The 10 th in the 18 th term	1. To approve 2019 parent company only financial statements and consolidated financial statements	V	None
	2. To approve 2019 annual final accounting books and statements	V	None
	3. To distribute 2019 earnings	V	None
	4. To approve the re-domiciliation of Delta International Holding Limited	V	None
	5. To evaluate the independence of the appointed external auditors	V	None
	6. To approve the Amendments to the Shareholders' Meeting Rules and Procedures	V	None
	7. To approve the Amendments to the Rules and Procedures of the Meeting of Board of Directors	V	None
	8. To approve the Amendments to the Audit Committee Charter	V	None
	9. To approve the Amendments to the Ethical Corporate Management Best Practice Principles	V	None
	10. To approve the efficiency of the 2019 internal control system	V	None
	11. To approve 2019 Internal Control System Statement	V	None
	Resolution of the Audit Committee (2020.03.10): The Audit Committee unanimously approved this motion.		
The Company's response to the Audit Committee's opinion: Not applicable because the Audit Committee unanimously approved this motion.			

3.4.2.2 If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified: None

3.4.2.3 Communications between the independent directors, the Company's chief internal auditor and CPAs (including the material items, methods and results of the Company's finance or operations)

(1) The independent directors review the results of internal audit department on a monthly basis, and the chief internal auditor reports to the Audit Committee and directors on major findings in meetings of Audit Committee and meetings of Board of Directors. The chief internal auditor holds discussions with the Audit Committee about recent findings on a quarterly basis and communicates issues addressed by the Audit Committee after monthly audit report is released. If necessary, relevant supervisors are invited to attend meetings to get their statements regarding important issues and conclusions as well as their suggestions that would be consolidated and reported by the chief internal auditor in the meetings of Audit Committee and Board of Directors. The instructions of the Audit Committee and Board of Directors would be the guideline for implementation.

- (2) According to Auditing Standards, No. 39 “Communications with Those Charged with Governance” and the rule No. 0930105373 issued by the Securities and Futures Commission on March 11, 2004, a CPA should audit the Company’s consolidated financial statements (including parent company financial statement annually) quarterly during the planning and completion stages as well as collect and organize all information to be given to the Audit Committees either orally or in writing.

Communications between the independent directors and the Company's chief internal auditor and CPAs in 2019 and until the publication of the annual report:

Date of the Audit Committee's Meetings	Material Communication Items between chief internal auditor	Material Communication Items between the CPAs
2019.03.11 The 4 th in the 3 rd term	Report and communication on audit report of 2018 Q4	CPAs attended the meeting in person for discussing and communicating with independent directors on 2018 consolidated and parent only financial statement and report of independent accountants and yearly audit plan.
2019.04.29 The 6 th in the 3 rd term	Report and communication on audit report of 2019 Q1 Advice from Audit Committee: Set up local auditors in America/ Europe to effectively control the regional internal management status. Execution results: The Company has set up local auditors successively except for Thailand and India. Auditors in India are still being trained by supervisors with Delta auditing DNA and expand the preparation in India. There is already an oversea auditing department in charge of oversea auditing matters for international demand, and they will conduct a business trip to perform audit in Europe and America regions for now. Proper adjustment will be made depending on the local operations.	CPAs attended the meeting in person for discussing and communicating with independent directors on 2019Q1 consolidated financial statement and review report of independent accountants. Advice from Audit Committee: The management team should study the amendment to the relevant investment procedures. Execution results: The amendment has been conducted.
2019.07.31 The 8 th in the 3 rd term	Report and communication on audit report of 2019 Q2	CPAs attended the meeting in person for discussing and communicating with independent directors on 2019Q2 consolidated financial statement and review report of independent accountants. Advice from Audit Committee: The internal investment commission shall adopt the avoidance and voting of conflicts of interest in the policy. Execution results: The amendment has been conducted.
2020.10.30 The 9 th in the 3 rd term	Report and communication on audit report of 2019 Q3 The Company's 2020 internal audit plan	CPAs attended the meeting in person for discussing and communicating with independent directors on 2019Q3 consolidated financial statement and review report of independent accountants.
2020.03.10 The 10 th in the 3 rd term	Report and communication on audit report of 2019 Q4	CPAs attended the meeting in person for discussing and communicating with independent directors on 2019 consolidated and parent only financial statement and report of independent accountants and yearly audit plan.
2020.04.29 The 11 th in the 3 rd term	Report and communication on audit report of 2020 Q1 Advice from Audit Committee: enhance the CCTV's recognition capabilities and consider to introduce facial recognition technology. The Audit Committee also recommends enhancing the DET HR Payroll system password setting rules and modify it regularly. It is recommended that Delta's standard regulations are applied to other management systems accordingly. Execution result: Improvements have been assessed and those are accomplished by gradually.	CPAs attended the meeting in person for discussing and communicating with independent directors on 2020Q1 consolidated financial statement and review report of independent accountants..
Executive result: The matters mention above have been reviewed or approved by the Audit Committee and no objection from the independent directors.		

3.4.3 The state of the Company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

3.4.3.1 Corporate governance and code of ethics

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Abstract Illustration	
1. Has the Company set up and disclosed the Corporate Governance based on the "Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies?"	√		The Company has set up the "Corporate Governance Best Practice Principles" which has been disclosed on the Company's official website under the Corporate Governance section.	Compliance with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
2. The Company's shareholding structure and shareholders' rights				
(1) Does the Company have internal procedures for handling shareholders' suggestions, doubts, disputes and litigations and have these procedures been implemented accordingly?	√		The Company has assigned spokesperson and acting spokesperson, investor service, investor relations unit and their contact information are disclosed on the Company's official website so shareholders can express their opinions by phone or email. The Company in turn handles the issues according to relevant procedures.	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies
(2) Does the Company have a list of major shareholders and beneficial owners of these major shareholders?	√		The major shareholders of the Company report changes in shareholding to the Company every month pursuant to the law. The list of top 10 shareholders is also disclosed in the annual report every year.	
(3) Has the Company established and implemented risk control/management and firewall mechanisms between the Company and its affiliates?	√		The Company has built relevant controls in the internal control system and "Related Party Transaction Management" in accordance with regulations.	
(4) Has the Company established internal rules and regulations against insiders trading with undisclosed information?	√		The Company has established its Ethical Corporate Management Best Practice Principles, Code of Conduct and Procedures for Handling Material Inside Information that regulate the Company's personnel with respect to situations related to their duties that may give rise to the conflicts of interest and prohibit using undisclosed information or divulging in order to prevent insider trading. The Company courses, including confidentiality of material information and regulations of insider trading for all directors and employees at least once a year.	
3. The Composition and duties of the Board of Directors				
(1) Has the company established and implemented a diversified policy for the composition of its Board of Directors?	√		<p>According to Article 20.3 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional background, working field or gender, etc., and shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. <p>The implementation of diversity of the Board of Directors' members is showed in Note. 1.</p> <p>The Board of Directors of the Company is made up of 11 directors including 4 independent directors and the proportion of the independent directors constitutes 36% of the Board. One independent director has served for 4 to 6 years, and the other three have served for 7 to 9 years. Besides, there are 5 directors who are also employees of the Company constituting 45% of the Board. 6 directors are between 55</p>	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Abstract Illustration	
			<p>and 65 years old constituting 55% of all directors. 4 directors are between 66 and 75 years old constituting 36% of the Board. One director is between 76 and 85 years old constituting 9% of the Board. The chairman is Mr. Yancey Hai, who leads the Board in implementing a good Board governance mechanism, improving supervision and strengthening its management function.</p> <p>1. In order to implement a good Board governance mechanism, the diversity and professionalism of the Board members need to be considered:</p> <p>(1) Diversity of Board members</p> <p>Goal : As stated in the "Director Election Regulations" and "Corporate Governance Best Practice Principles", the appointment of directors should consider the overall composition of the Board of Directors. The composition of Board members should be diversified, such as having different professional backgrounds, fields of work or genders; as well as different knowledge, skills and attainment in order to exert the strategic guidance function. Achievement: All general directors have work experiences required for Company's business. As for professional fields, 9% of all directors have control engineering background; 18% of all directors have engineering (including electronic engineering) background; 9% of all directors have electronic background; 9% of all directors have materials science and engineering background; 9% of all directors have accounting background; and 27% of all directors have business management background; and 18% of all directors have both business management and (electrical) engineering background.</p> <p>(2) Professionalism of Board members</p> <p>Goal : The overall consideration for the election of the Board of Directors of the Company includes operational judgment and management capabilities, accounting and financial analytical capabilities, crisis management capabilities, industry knowledge, international market outlook, leadership, and decision-making capabilities. In order to enhance the overall knowledge of the Company's highest management unit on economic, environmental and social issues, the Company invites external lecturers to hold internal training sessions annually, or arranges external training sessions for directors.</p> <p>Achievement : In 2019, the Company invites directors to participate in the internal training sessions on Corporate Strategy and the Balance between Technology and Humanities-Which Side AI Stand On.</p> <p>2. In order to improve the supervision function of the Board of Directors, increasing frequency of Board meetings is necessary to be considered:</p> <p>Goal : The Company's Board of Directors meets at least once a quarter to review business performance and discuss key strategic issues.</p> <p>Achievement : In 2019, the Board meetings were held six times, with an average attendance rate of 97%.</p> <p>3. In order to strengthen management functions of the Board of Directors, increasing the efficiency of the Board of Directors is necessary to be considered:</p> <p>Goal : In 2016, the Board of Directors passed a resolution to establish the "Rules of Performance Evaluation of the Board of Directors", which assesses an internal board performance evaluation at least once a year. The amendment to the "Rules of Performance Evaluation of the Board of Directors" also passed by the Board of Directors of Company on April 29, 2019 regarding the Company's board performance</p>	

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE-TPEx Listed Companies and Reason(s)
	Yes	No	Abstract Illustration	
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, does the company voluntarily establish other functional committees?	√		<p>evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>Achievement : the Self-Evaluation of Board Performance for the year of 2019 are: (1) 4.98 scores out of 5 scores as weighted average scores for the performance of the board of directors; and (2) 4.71 scores out of 5 scores as weighted average scores for the performance of the board members. The Company also invites external professional independent institutes to evaluate the 2019 Board performance evaluation in 2020. The overall performance of the Board of Directors is working effectively.</p> <p>The Company has set up a Strategic Steering Committee led by the chairman of the board which is responsible for analyzing and discussing major issues related to Company strategies, operations, organization, and providing advice and suggestions to the Board of Directors with regard to decision-making.</p>	
(3) Has the Company established methods for performance evaluation of the Board of Directors as well as actual procedures for assessing the evaluation? If so, has the Company assessing evaluation of the performance of the Board annually, and submitted it to the Board for reference of the remuneration and nomination for election?	√		<p>1. On October 27, 2016, the Company established the "Rules of Performance Evaluation of the Board of Directors", which assesses an internal board performance evaluation at least once a year. The amendment to the "Rules of Performance Evaluation of the Board of Directors" approved by the Board of Directors of Company on April 29, 2019 regarding the Company's board performance evaluation being conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>Evaluation Cycles: the Company shall conduct an internal board performance evaluation at least once a year. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>Evaluated Scopes: the evaluated parties include the board as a whole, individual directors, audit committee and compensation committee.</p> <p>Evaluation Method: inclusive of the internal evaluation of the board, self-evaluation by each board member, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.</p> <p>Evaluation Criteria:</p> <p>(1) the Company takes the following five aspects into consideration for evaluating the performance of the board of directors:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; and 5. Internal control. <p>(2) the Company takes the following six aspects into consideration for evaluating the performance of the board members:</p> <ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management and communication of internal relationship 5. The director's profession and continuing education; and. 6. Internal control. <p>(3) the criteria for evaluating the performance of the audit committee shall at least include the following five aspects::</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Awareness of the duties of the audit committee; 3. Improvement of quality of decisions made by the audit committee; 4. Makeup of the audit committee and election of its members; and 5. Internal control. 	

Evaluation Items	Implementation Status		Variance from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	
			<p>(4) the criteria for evaluating the performance of the compensation committee shall at least include the following four aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Awareness of the duties of the compensation committee; 3. Improvement of quality of decisions made by the compensation committee; 4. Makeup of the compensation committee and election of its members <p>Assessing results: the Self-Evaluation of Board Performance completed on March 10, 2020 and reported to the Board of Directors on April 29, 2020 for review and improvement. The assessing results of 2018 self-evaluation of Board performance are as follows:</p> <p>(1) Weighted average scores for the performance of the board of directors: 4.98 scores out of 5 scores. Weighted average scores for the performance of the board members: 4.71 scores out of 5 scores. Six major dimensions and overall index are improved compared with last year. Among the aspects, "Directors' responsibilities" has significant improvement. The overall performance evaluation of the Board of directors is working effectively.</p> <p>(2) The overall average score of the Audit Committee self-evaluation is 4.99 (out of 5 points). Among all, the score in "The Audit Committee can actually evaluate and supervisor all existing or potential risks" is lower.</p> <p>(3) The overall average score of the Compensation Committee self-evaluation is 4.85 (out of 5 points). Compensation Committee has clear understanding of the remuneration of the top management, and highly concerned about the remuneration of the mid-level management even though it is out of its responsibilities.</p> <p>The Company has appointed the Taiwan Institute of Ethical Business and Forensics to perform the 2019 Board performance evaluation in October 2019 (evaluation period is from January 1, 2019 to December 31, 2019). The institute has assigned 3 executive members: Jian Ran Lee, Xiao Wen Wang, and Chao Sheng Chiang to perform the evaluation. The institute and the executive members are independent and have no business relation with the Company. The evaluation was conducted via acquiring the Company's internal regulations and records, questionnaires, and onsite individual meetings based on these five dimensions (I. Participation in the operation of the Company; II. Improvement of the quality of the Board of Directors decision making; III. Composition and structure of the Board of Directors; IV. Election and continuing education of the directors V. Internal control). The Taiwan Institute of Ethical Business and Forensics has issued the report of the Board performance evaluation on March 10, 2020 and reported to the Board of Directors on the same day.</p> <p>Overall evaluation conclusion:</p> <ol style="list-style-type: none"> (i) The Board members can provide various opinions from different perspectives and thoroughly discuss in the Board meeting. (ii) The Board receive the group's financial and operating information through highly transparent control system in order to strengthen the supervision of internal control. (iii) Know practical implementation of corporate social responsibility through the Corporate Social Responsibility Committee and make connection with daily activity to implement corporate social responsibility for the goal of sustainable operation. <p>Based on the 2019 Board performance evaluation, the advices for optimization are proposed:</p> <ol style="list-style-type: none"> (i) Continue strengthening the depth of communication between the management team and the directors. (ii) Gradually strengthen the connection between the remuneration and performance of the directors and the managers. (iii) Disclose the reason for nomination of independent directors who have served for three consecutive terms. (iv) Investigate directors' needs for continuous education for arranging internal training courses and taking variances courses into consideration.

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Abstract Illustration	
(4) Does the Company periodically evaluated the independence of its external auditors?	√		<p>(v) Continue to make profound connections between corporate social responsibility and daily business activity.</p> <p>The Company implements improvement:</p> <p>(i) The management team will communicate with directors through different methods to provide relevant information.</p> <p>(ii) Related information about the remuneration will be disclosed according to the laws and regulations.</p> <p>(iii) For independent directors who have been appointed for three consecutive terms, it will be considered when nominating for the next directors' election.</p> <p>(iv) Investigate the directors' needs before arranging internal training courses and taking various courses into consideration.</p> <p>2. The "Performance Evaluation of the Board of Directors" and "assessing results of 2019 self-evaluation of board performance" have been disclosed on the Company's website.</p> <p>The financial department of the Company evaluates its external auditors' independence once a year and the evaluation result is reported to the Audit Committee and the Board of Directors for approval. The evaluation results on March 11, 2019 and March 10, 2020 indicate the external auditors' compliance with the Company's independence standards. The criteria for CPA independence review are detailed in Note 2.</p>	
4. Does the Company allocate appropriate persons and number of persons as corporate governance personnel, and assign a corporate secretary to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to the law, and producing minutes of board meetings and shareholders meetings)?	√		<p>The Company assigned the director of financial department to act concurrently as the Company Secretary through a meeting of board of directors on April 29, 2019. The Company Secretary and the Investor Service unit are responsible for dealing with the following matters:</p> <ol style="list-style-type: none"> 1. Handling matters relating to board meetings and shareholders meeting. 2. Producing minutes of board meetings and shareholders meetings. 3. Assisting in onboarding and continuous development of directors . 4. Furnishing information required for business execution by directors. 5. Assisting directors with legal compliance. 6. Other matters described or established in the articles of incorporation or contract. 	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX Listed Companies
			<p>The Company Secretary performed below the assigned tasks and participated 18 hours training sessions within one year from taking up the position and the detail of training sessions are shown in note3.</p> <ol style="list-style-type: none"> 1. Assist in matters related to compliance of the Board of Directors and the shareholders' meetings. 2. Arrange directors' training sessions. 3. Handle requests from independent directors and other directors. 4. Review and propose the amendments to relevant corporate governance rules. 	
5. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a dedicated stakeholder area on Company website, as well as appropriately responded to important CSR issues that stakeholders are concerned about?	√		<ol style="list-style-type: none"> 1. The Company values the balance of rights and obligations among stakeholders (including shareholders, employees, suppliers and customers, banks, creditors, etc.). In addition to maintaining good communication, the Company has established "Communication with Stakeholders" section on the Company website and the contact e-mail address is: 2308@deltaww.com. 2. The Company has established "Corporate Governance" section for investors, so they can check and download relevant rules of corporate governance, important board resolutions and material information. 3. Simultaneously, a webpage of "Corporate Social Responsibility"(CSR) has been set up on the Company's official website. The Company communicate with stakeholders through comprehensive channels including online questionnaire to understand key issues for stakeholders concern. The Company also disclose the practice and the most updated information about the CSR for stakeholders' reference. The CSR hotline for stakeholders' feedback is csr@deltaww.com. 	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Abstract Illustration	
6. Has the Company appointed a professional shareholders service agency to handle affairs related to the shareholders meeting?	√		The Company has appointed CTBC Bank Co., Ltd. to handle matters related to shareholders' meetings.	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance? (2) Has the Company adopted other ways to disclose information (e.g., maintaining an English-language website, appointing responsible people to handle corporate information collection and disclosure, appointing spokespersons, webcasting investor's meetings, etc.)? (3) Has the Company announced and reported the annual financial statements within two months after the end of each fiscal year, and announced and reported the Q1, Q2 and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	√ √ √		The Company has established a public website to disclose information regarding its financial, business and corporate governance. In addition to setting up an English-language website along with designating a dedicated staff to maintain it, the Company established a spokesperson system and dedicated team to handle shareholder services. Information related to shareholders' meetings or investors' meetings is updated immediately on the company website. The Company has announced and reported the annual financial statements, the Q1, Q2 and Q3 financial statements and monthly operation results before the prescribed time limit in accordance with the law and regulations.	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies
8. Has the Company disclosed other information to facilitate better understanding of its corporate governance practices (including but not limited to employee rights and interests, employee wellness, investor relations, supplier relations, rights of the stakeholders, training records of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and the purchase of insurance for directors and supervisors, etc.)?	√		Regarding information on employee rights and interests, employee wellness, investor relations, supplier relations and rights of the stakeholders, please refer to Chapter 4 "Corporate Social Responsibility" section in the annual report.	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX Listed Companies

Note 1: Diversity of the Board of Directors' members has been implemented as shown below

Name of Directors Gender	Diversity Items	Title	Years acting as an independent director	Age			Professional Background	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
				55-65	66-75	76-85									
Yancey Hai M		Chairman/ Chairman in Strategic Steering Committee	0		V		Global Management	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Mark Ko M		Vice-Chairman/ Vice-Chairman in Strategic Steering Committee	0		V		Control Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Bruce CH Cheng M		Director	0			V	Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ping Cheng M		Director/ CEO	0		V		Business Administration	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Simon Chang M		Director/ President and COO	0		V		Business Administration Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Albert Chang M		Director	0		V		Business Administration Electronics	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Victor Cheng M		Director	0		V		Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Yung-Chin Chen M		Independent Director	8		V		Accounting	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
George Chao M		Independent Director	8		V		Business Administration	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Tsong-Pyng Perng M		Independent Director	8		V		Materials Science and Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ji-Ren Lee M		Independent Director	4		V		Business Administration	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent

Note 2: Items for assessment of the CPA's independence for the last 2 years are shown below.

Evaluation Items	Evaluation Result	Compliant with Independence?
1. Does the CPA have a direct or significant/ indirect relations with the Company in financial interests?	No	Yes
2. Does the CPA have any financing or guarantee with the Company or its directors?	No	Yes
3. Does the CPA have a close business relations or potential employment relationship with the Company?	No	Yes
4. Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process?	No	Yes
5. Does the CPA offer non-audit service which could impact the auditing process for the Company?	No	Yes
6. Does the CPA act as a broker for the shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the company's defense attorney or represent the Company to negotiate with any third party over any dispute?	No	Yes
8. Does the CPA have kinship with the Company's directors, supervisors, or officers or any post with significantly influences on the auditing work?	No	Yes

Note 3: Training sessions within one year from taking up the position by the Company secretary are shown below.

Institution of training	Name of the training session	Period of training		Hours of training
		Start	End	
Taiwan Corporate Governance Association	Corporate Strategy	2019/04/29	2019/04/29	3
Accounting Research and Development Foundation	Corporate Governance Practice: Trends and Case Studies of "Cross-functional Management of Corporate Values"	2019/05/23	2019/05/23	3
Accounting Research and Development Foundation	Practical Analysis and Relevant Regulations of Corporate Governance Roadmap (2018-2020) New Version	2019/05/23	2019/05/23	3
Taiwan Corporate Governance Association	Balance Between Technology and Humanities- Which Side AI Stand On	2019/07/31	2019/07/31	3
Accounting Research and Development Foundation	Practical Analysis of Evaluation Report Read and Analyzed by Corporate	2019/08/07	2019/08/07	3
Accounting Research and Development Foundation	Corporate Governance Practice: Analysis of strategy and application to employees awards	2020/03/26	2020/03/26	3
Total training hours				18

9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.

The Company ranked among top 6~20% in the 6th term (2019) of Corporate Governance Evaluation, and the implementation for losing scored items are listed below:

- (1) Disclosure of differences in professional abilities possessed by members of the Board of Directors in the Company's annual report and website.
- (2) Disclosure of composition and operation of functional committee in the Company's website.
- (3) The Company is constantly evaluating feasible schemes to improve those losing items.

10. If the Company has established Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", please describe its actual operations and deviations from the company principles:

The Company has established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance best Practice Principles for TWSE/TPEX Listed Companies" and the principles were approved by the Board of Directors for the implementation of corporate governance and the further pursuit of maximization of shareholders' equity and the Company's sustainable operations. For corporate governance,

please refer to the “Corporate Governance Report” section in the annual report. The actual operation has so significant difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

11. For other information to facilitate better understanding of its corporate governance practices (including employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, officers’ and chief internal auditor’s training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, purchase of insurance for directors and supervisors, etc.):

(1) Corporate Governance and Codes of Ethical Conduct

The organization and operations of Delta’s Board of Directors are stated in previous chapters. Delta’s audit team is responsible for drafting a risk-oriented internal auditing, revising and promoting internal control and reporting directly to the Audit Committee and the Board of Directors to ensure consistency between the Company’s operations and the Audit Committee and board resolutions.

Moreover, officers and employees should comply with current effective government regulations and company policies based on Delta Code of Conduct and should commit to the principles of environmental protection, energy conservation, love the Earth. Integrity is one of the essential evaluation items in the employee performance management and development. The main points of Delta Code of Conduct are as follows:

- a. Dealing with Partners and Third Parties
- b. Conflict of Interest
- c. Use of Company Resources
- d. Protection and Use of Trade Secret and Confidential Information
- e. Compliance with Environmental Protection Rules
- f. Business Operation with Integrity
- g. Training, Propagating, Disciplines and Complaint Channels

Every employee has the responsibility to uphold Delta’s reputation by maintaining the highest ethical standards. Any violation of the Company code is deemed misconduct. Employee’s compliance with corporate principles is strictly enforced to ensure the rights and interests of Delta and its stakeholders.

In order to build a corporate culture of integrity operation, sound development, and good business operation model, the Company has set up Ethical Corporate Management Best Practice Principles for directors, managers, employees, appointed person by or anyone who has substantial control capability of the Company to follow.

3.4.3.2 Continuing education/training of directors

Title	Name	Date	Course	Hours
Chairman	Yancey Hai	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Vice-Chairman	Mark Ko	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Director	Bruce CH Cheng	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Director	Ping Cheng	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Director	Simon Chang	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Director	Albert Chang	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Director	Victor Cheng	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Independent Director	George Chao	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Independent Director	Yung-Chin Chen	2019/04/29	Corporate Strategy	3
		2019/11/06	Effectively demonstrate Board of Director functions propaganda	3
Independent Director	Tsong-Pyng Perng	2019/04/29	Corporate Strategy	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3
Independent Director	Ji-Ren Lee	2019/03/20	Corporate Governance and Legal Compliance- Starting from the Anti-Corruption and Economic Crime	3
		2019/05/08	Information security and corporate governance	3
		2019/07/31	Balance Between Technology and Humanities-Which Side AI Stand On	3

3.4.3.3 Continuing education/training of management

Chairman Yancey Hai, Vice-Chairman Mark Ko, Directors Ping Cheng and Simon Chang are the managers of the Company. The training sessions that the managers participated for the better management of the Company are disclosed in the table listed above, titled "Continuing education/training of directors".

The training sessions attended by the Finance and Accounting Managers are listed below:

Title	Name	Date of training	Name of the training session	Hours of training
Corporate CFO	Judy Wang	2019/07/18	Digital Finance Lecture: Technology and Accounting-Analysis of Practical Issues and Key Issues Related to Internal Auditing and Internal Control	3
		2019/08/16	The Application of Economic Crimes Cases Study to "Business Judgment Rule" and Legal Liability	3
		2019/08/30	Analysis of Legal Liabilities and Cases Study of "Inside Trading" in the Securities Market from the Judicial Perspective	3
		2019/11/20	Analysis of key amendments and common deficiencies in the preparation of IFRS financial reporting standards	3

The training sessions attended by the Internal Auditing Manager are listed below:

Title	Name	Date of training	Name of the training session	Hours of training
Chief Internal Auditor	Louis Lin	2019/09/03	Recent case and establishment of trade secret and non-compete clause	6
		2019/12/23	How to respond to cloud data security and personal data protection from auditing perspective	6

3.4.3.4 The implementation status of risk management policy and risk assessment

The Company always adopts preventive measures for enterprise risk management in the aspects of building rigid internal control system with internal audit regularly or irregularly and there are various functional committees and crisis management teams to conduct with risk management. Furthermore the Company insures related insurances such as property insurance, product transportation and product liability insurances to avoid risks.

3.4.3.5 The implementation status of consumer protection or customer policy

Per a policy of Customer First, the internal rules are built in accordance with Consumer Protection Act and other relevant laws.

3.4.3.6 Insurance purchased for directors and supervisors of the Company

Starting January 1, 2005, the Company has been providing all directors and supervisors with liability insurance. The summary of the insurance policies purchased in 2019 are listed below:

Insured Individuals	Insurance Company	Insured amount	Insured Period
Directors, Supervisors and Officers	(1) Chubb Insurance Company of North America, Taiwan Branch	USD 20,000,000 (Equivalent to NTD 599,600,000)	From: July 1, 2019 To: December 31, 2020
	(2) Fubon Insurance Co., Ltd.,		
	(3) Shinkong Insurance Co., Ltd.		
	(4) Mingtai Fire & Marine Insurance Co., Ltd		

3.4.4 If the Company has a compensation committee in place, the composition, duties, and operation of the compensation committee shall be disclosed

The Board of Directors of the Company set up the Compensation Committee and Charter in accordance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter," and appointed the independent director Mr. George Chao as the convener and chairman of the meeting. The Charter states the Committee shall establish and review the performance assessment and policy, system, standards and structure relevant to compensation of directors and executive officers periodically and also evaluate the compensation of directors and executive officers periodically. The Committee shall faithfully perform its duties with the attention of a kind manager and submit the recommendations to the Board for discussion.

1. Information of Members of the Compensation Committee

Title (Note 1)	Name	Condition			Compliance with Independence (Note 2)										The number of compensation committees of other listed companies joined	Remarks		
		Does he have more than five years of work experience and the following professional qualifications?	Lecturer of relevant departments regarding business, legal, finance, accounting or others required for business in public or private colleges and universities	Specialized professional or technical personnel with certificates of national examinations regarding judge, prosecutor, lawyer, accountant or others required for business	Work experience regarding legal, finance, accounting or others required for business	1	2	3	4	5	6	7	8	9			10	
Independent Director	George Chao				V	V	V	V	V	V	V	V	V	V	V	V	0	None
Independent Director	Yung-Chin Chen	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1	None
Independent Director	Tosng-Pyng Perng	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	0	None
Independent Director	Ji-Ren Lee	V			V	V	V	V	V	V	V	V	V	V	V	V	4	None

Note 1: Please fill in "Title" column with "Director," "Independent Director," or "Other."

Note 2: Compensation Committee members, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Law.
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent)
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the Company's chairman or CEO (or equivalent). (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent)
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (do not apply if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company and independent directors are appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Other than serving as a compensation committee member of the Company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD\$500,000".
- (10) Not been a person of any conditions defined in Article 30 of the Company Law.

2. Information of Compensation Committee Operations

(1) The Company's 4th term Compensation Committee has 4 members.

(2) 3 (A) meetings of 4th Compensation Committee was held. (From July 31, 2019 to the date of publication of the the annual report) Membership and attendance are as follows:

Title	Name	Personally Attended (B)	Attended by Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	George Chao	3	0	100%	None
Member	Yung-Chin Chen	3	0	100%	None
Member	Tosng-Pyng Perng	2	1	67%	The 5th in the 4th term was attended by proxy to Mr. Yung-Chin Chen
Member	Ji-Ren Lee	3	0	100%	None

3. Other mentionable items :

(1) Discussion Subjects and Resolutions of Compensation Committee

Date of Compensation Committee	Subject	Resolution
March 11, 2019 The 2 nd in the 4 th term	1.The distribution of 2018 employees and directors' compensation	Passed by all members unanimously.
	2.Proposal for long term incentive plan	Passed by all members unanimously.
April 17, 2020 The 3 rd in the 4 th term	1.Proposal for 2019 managers' compensation	Passed by all members unanimously.
	2.Proposal for the percntagy of distribumier as 2019 employees' compensation	Passed by all members unanimously.
October 30, 2019 The 4 th in the 4 th term	Proposal for 2019 directors' compensation	Passed by all members unanimously. (According to the regulations and internal audit requirements, the indepent directors who is the interested party did not participat in discussion or voting.)
March 10, 2020 The 5 th in the 4 th term	The distribution of 2019 employees and directors of directors' compensation	Passed by all members unanimously
April 21, 2020 The 6 th in the 4 th term	Discussion: 1.Proposal for 2020 managers' compensation 2. Proposal for the percntagy of distribumier as 2020 employees' compensation 3. Long-term incentive plan for key positions Report: 1. Salary competitiveness analysis 2. 2019 Compensation Committee performance evaluation report	Passed by all members unanimously Passed by all members unanimously Passed by all members unanimously to put into trial implementation for 3 years and report to the Board for discussion

(2) The Company's board of directors of the latest year adopted all the recommendations of Compensation Committee.

(3) The Company's Compensation Committee of the latest year did not have any adverse or qualified opinions that were recorded or written towards the resolutions.

3.4.5 CSR practices and deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies with reasons

Evaluation Items	State of Operation *1			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	Summary *2	
<p>1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? *3</p>	√		<p>Delta's CSR Committee, pursuant to the AA1000 Stakeholder Engagement Standard (AA1000 SES), defined stakeholders based on local and international trends in sustainable development as well as the needs of business operations. Delta adopts diverse channels to communicate with stakeholders. We identify key issues for concern to stakeholders through materiality analysis and take the necessary actions to enhance the content of our information disclosures. The Board of Directors has clearly defined four main "Corporate Social Responsibility Principles": implement corporate governance, develop a sustainable environment, maintain social welfare, and enhance information disclosure of corporate social responsibility programs. Environment: The Delta Group always strives to promote environmental protection and energy conservation based on its business mission of "To provide innovative, clean, and energy-efficient solutions for a better tomorrow". The Company's sustainability office has identified possible risks and impacts of climate change on business operations, and developed adoption and mitigation strategies as well as an execution plan, which include reducing greenhouse gas emissions, saving energy, conserving water, and reducing waste with the help of all functional committees. Social: Delta values the balanced development of employees and commits to providing a safe and healthy work environment. It identifies possible risks in daily operating activities of all departments and continuously enhances prevention mechanisms such as engineering control and operation management. Delta conducts risk control by regularly identifying hazards and performing risk assessments to ensure safe operating procedures. In addition, the Company is committed to developing and manufacturing products that comply with international environmental protection regulations. It has established a product-related substance management system and management regulations. Delta also holds discussions with employees from different departments regarding material, quality, and purchasing, and regularly conducts evaluation of its supply chain management (environment, social, governance) as well as ESG sustainability assessment to identify suppliers with high risk, while performing audits and providing guidance. Corporate governance: The Company has set up related regulations and procedures for risk management and execution. The Company has also established a company secretary to assist directors with regulatory compliance and more. Please refer to chapter 4 of this annual report for more details.</p>	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
<p>2. Has the Company established an exclusively (or concurrently) designated unit to promote CSR, and has the Board of Directors authorized senior management to deal with and then to report to the Board pertaining to relevant execution?</p>	√		<p>The CSR Committee is the highest-level sustainability management unit within Delta. Since its establishment in 2007, it has continuously transformed in response to sustainability trends. Delta created the position of Chief Sustainability Officer (CSO) in 2019 for the promotion and in-depth sustainable development of the Company. The implementation results are reported to the Board of Directors on a quarterly basis.</p> <p>The CSR Committee has Mr. Bruce Cheng, founder and honorary chairman of Delta, serving as honorary chairman of the committee, while Delta Chairman Mr. Yancey Hai acts as the chairman. The committee is composed of board members including the vice chairman, CEO and COO as well as CSO and top executives from regional and functional management. It has assisting and execution subordinate units, including various task forces and a Corporate Sustainability Development Office. In addition, the Delta Electronics Foundation is invited to attend the meetings.</p>	

Evaluation Items	State of Operation *1		Summary *2	Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No		
<p>3. Environmental issues</p> <p>(1) Has the Company established environmental management systems based on its industrial characteristics?</p>	√		<p>The Company's main factories have the ISO14001 environmental management system, along with ISO14064-1 greenhouse gas emission certifications. There are several main factories which have the energy conservation system certifications listed below. The Company adopts these systems (i.e., energy conservation and carbon reduction, reduction of greenhouse gas emissions, water conservation and waste reduction) in its policy.</p> <p>Main factories which have environmental management system certifications:</p> <p>Dongguan factory ISO14001 : 2015 (Issue date: July 13, 2017 ; Expiry date: July 12, 2020)</p> <p>Taoyuan Plant 2 ISO14001 : 2015 (Issue date: January 8, 2018 ; Expiry date: January 8, 2021)</p> <p>Cyntec Hsinchu Plant ISO14001 : 2015 (Issue date: June 21, 2017 ; Expiry date: June 20, 2020)</p> <p>Main factories which have energy management system certifications:</p> <p>Cyntec Hsinchu Plant ISO 50001 (Issue date: December 28, 2018 ; Expiry date: August 19, 2021)</p> <p>Dongguan Plant GB / T23331-2012 / ISO 50001:2011 (Issue date: January 16, 2017 ; Expiry date: January 15, 2020)</p> <p>Wujiang Plant GB / T23331-2012 / ISO 50001:2011 (Issue date: October 23, 2019 ; Expiry date: August 30, 2021)</p>	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
<p>(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low environmental impacts?</p>	√		<p>The Company continues to promote energy management and renewable energy applications as well as the recycling of electricity, heat, water, and packaging materials. It also improves the utilization efficiency of energy resources through energy conservation, water saving, and green design. At the same time, it adopts green packaging materials, including corrugated fiberboard/cardboard, paper boxes and wooden boxes, for transportation, and recycles and reuses discarded packaging materials.</p>	
<p>(3) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?</p>	√		<p>The Company assesses the risks and opportunities of climate change in accordance with the TCFD framework announced by the Financial Stability Board, and highlights 11 major risks where 5 of them are focused on due to the degree of relevance with countermeasures taken. Risks and opportunities are reviewed and updated annually, and introduced to business units for the latter to respond accordingly. Key results are summarized in Chapter IV "Corporate Social Responsibility" of this Annual Report and the Group's CSR report.</p>	
<p>(4) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?</p>	√		<p>The Company has long practiced its mission of "To provide innovative, clean, and energy-efficient solutions for a better tomorrow." It continuously promotes energy conservation and carbon reduction within the enterprise, and improves the performance of energy and resource efficiency, waste reduction, and pollution prevention. Details are disclosed in the annual CSR report.</p>	
<p>4. Improvement of information disclosure</p> <p>(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	√		<p>The Company complies with relevant labor laws and regulations. It formulates employee policies and relevant management rules based on international labor and human rights standards, including the RBA Code of Conduct, Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles, and OECD Guidelines for Multinational Enterprises; and practices systems such as fair employment. Policies have been released in the corporate governance section of the Company's official website, and the management results are disclosed in the Group's annual CSR report and the modern slavery statement.</p>	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	State of Operation *1			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Summary *2	
(2) Has the Company formulated and executed reasonable employee benefits measures (including remuneration, leaves and other benefits), and had the operating performance or results properly reflected in employee compensation?	√		The Company's compensation packages are above that of the technology industry and talent is retained through a competitive compensation structure. Special attention is paid to the design for relevance and reasonableness between operating performance and employee salaries. As for leaves, the Company offers seven days of commemorative leave every year in addition to national holidays. There are also four days of paid travel leave as well as a travel subsidy of NT\$10,000 annually.	
(3) Has the Company provided employees with a safe and healthy work environment as well as conducted regular classes on safety and health?	√		The Company is committed to the health and well-being of employees. It integrates the concepts of health management and health promotion into its corporate core values and continuously provides employees with comprehensive care. The core values of workplace health center around the 4S level (Say, Stay, Strive, and Social). Key points of the program are modified and adjusted each year through the results of employee health checkups, demand surveys, and feedback and effectiveness analysis of past activities in order to integrate plans concerning health management, health promotion resources, and related measures. The theme of "Live Better, Work Smart" is adopted to promote work-life balance. Moreover, the Employee Assistance Program (EAP) has been launched to encourage employees to develop physical and mental balance through professional consulting services.	
(4) Has the Company established effective career and competence development and training plans?	√		The Company provides education and training to strengthen employee competence and improve human resources. Employees can thus accumulate capabilities to handle future market trends and environmental changes and enhance the core competitiveness of the organization. The Company also links training and development with performance management systems to help employees maximize their talents and uncover their potential. In addition, training and development programs required by talent are provided in line with the Group's transition towards brand and solution businesses in order to satisfy the goals of individuals and the organization.	
(5) Does the Company comply with related regulations and international standards in terms of customer health and safety, customer privacy, and marketing and labeling of products and services and formulate relevant consumer protection policies and complaint procedures?	√		All Company products are in compliance with international safety or environmental standards. We also label relevant information such as compliance on product or packaging in accordance with environmental regulations concerning products at shipment locations. In addition, we indicate information related to conformity with environmental marks or seals such as the US Energy Star or 80 PLUS on product labels in line with customers' requirements for green product marketing. Concurrently, the Company sets up points of contact and a customer service mailbox, as well as establishes product safety and warranty policies to protect the rights of customers and consumers.	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	√		In response to the development of international supply chain management, customer requirements and local regulations, Delta combines years of CSR promotion experience to formulate its sustainable supply chain management rules. The supply chain is required to comply with local laws, supply chain CSR policy and relevant codes of conduct (e.g. RBA Code of Conduct) in terms of labor and human rights, health and safety, environment, ethics, and management system. Also, pursuant to the due diligence principle, Delta's supply chain is required to comply with relevant regulations in order to build a sustainable supply chain management mechanism.	

Evaluation Items	State of Operation *1			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	Summary *2	
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of CSR or other reports which disclose the Company's non-financial information? Has the aforementioned reports obtained a third-party assurance or verification statement?	√		<p>The Company's CSR report has been verified and assured by a third party. The third-party verification statement and assurance report are expected to be received in June 30, 2020.</p> <p>(1) Verification: The Company contracted SGS Taiwan to verify the report in accordance with the core options of GRI Standards and high-level assurance of AA1000 Type II.</p> <p>(2) Assurance: The Company contracted PwC Taiwan to conduct a limited assurance engagement on specific key performance information in accordance with ISAE3000.</p>	
6. Where the Company has stipulated its own CSR principles according to the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, please describe actual activities taken by the Company and deviations from the prescribed best practices: The Company has established the "Delta Corporate Social Responsibility Best Practice Principles," which is implemented in day-to-day operations in terms of corporate governance, sustainable environment, social welfare, and CSR information disclosure. For corporate governance, please see Chapter III "Corporate Governance Report" of this Annual Report. As for sustainable environment, social welfare and CSR information disclosure, please see Chapter IV "Corporate Social Responsibility" of this Annual Report.				
7. Other material information that can help to understand how CSR is carried out in the Company: Please see Chapter IV "Corporate Social Responsibility" of this Annual Report for further explanations.				

*1: If "Yes" is ticked under the State of Operation, please state the important policies, strategies, and measures adopted and the implementation status. If "No" is ticked, please explain the reasons and state the plans for adopting relevant policies, strategies and measures in the future:

*2: Companies with CSR reports may specify the ways to access the reports and the page numbers of the cited content instead under the Summary.

*3: The materiality principle refers to environmental, social and corporate governance issues which have significant influence on the Company's investors and other stakeholders.

3.4.6 Ethical Corporate Governance Status and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons for Deviation

Assessment Items	Implementation Status (Note)			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons for Deviation
	Yes	No	Summary	
<p>1. Establishment of integrity policies and solutions</p> <p>(1) Does the Company establish its ethical corporate management policies approved by the Board of Directors and declare them in its internal rules and external documents, as well as the commitment of the Board of Directors and top management to actively implement these policies?</p> <p>(2) Has the Company set up risk assessment mechanisms for unethical behavior and analyze and evaluate other business activities with higher risk of unethical behavior regularly and set up plans to prevent them, including preventive measures listed in Article 7 Item 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(3) Has the company clearly stated relevant operational procedures, behavioral guidelines, disciplinary and grievance systems in plans to prevent unethical behavior? Has it implemented and executed these plans, and regularly reviewed previous plans?</p>	√		<p>In order to improve its sound development, Delta has established an “Ethical Corporate Management Best Practice Principles” which combines the business philosophy of honesty, transparency and responsibility rooted in integrity. Based on these principles, the Company has passed the Board of Directors’ resolution to set up a good operation mode with clear establishment of integrity policies and practices, create a corporate culture through integrity management and require members including the Board of Directors and top management to reliably implement policies. The principles are detailed in the Corporate Governance section under Investor Services on the Company’s website.</p> <p>The Company has set up risk assessment mechanisms for unethical behavior.</p> <ul style="list-style-type: none"> • It specifies anti-bribery and anti-corruption practices and the avoidance of engaging in unfair competition in Article 8 of Delta’s “Corporate Social Responsibility Best Practice Principles”. • In the “Code of Conduct”, it prohibits offering or accepting bribes, making illegal political donations, providing or receiving any kickbacks, infringing intellectual property rights, having unethical relationship with a third party, violating the Fair Trade Act and disclosing vital internal information without the consent of the Company. Also, charitable donations and sponsorships should follow the “Charitable Donations and Sponsorship Management Regulations of Delta Electronics Inc.”. • Various types of propaganda are adopted to enhance the implementation of integrity management policies. • It also sets up risk assessment mechanisms for unethical behavior and regularly analyzes and evaluates other business activities with higher risk of unethical behavior, and develops plans to prevent them. <p>The Company has stated operation procedures, behavioral guidelines, punishment for violation, and complaint system in the prevent plan for unethical behavior.</p> <ul style="list-style-type: none"> • “Code of Conduct” to set the standard operating procedures and behavioral guidelines for all stakeholders of the Company, as a commitment to implementing its integrity management policy. • “Regulations for the whistle-blowing system” for employees and relevant whistleblowers to report any illegal or violation of code of conduct or integrity management behaviors to assure the legal rights of the whistleblowers and relevant persons. • “Regulations for rewards and punishments” state the punishments for violating the corporate integrity management. • Regulations mentioned above can be found in the Human Resources section of the Company’s internal website or the Corporate Governance section under Investor Services of the company website. 	<p>Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>
2. Implementation of Integrity Management				<p>Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>

Assessment Items	Implementation Status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons for Deviation
	Yes	No	Summary	
(1) Does the company evaluate the integrity record of trading partners as well as explicitly include honest business practices clauses in contracts?	√		<p>The Company has implemented integrity record assessment of the business partners</p> <ul style="list-style-type: none"> • According to the "Delta Electronics' Code of Conduct", before establishing business relationships with others, the Company shall evaluate the legitimacy, integrity, and operational policy of the agents, suppliers, customers or other business entities, and whether there are any records of dishonesty, to ensure that the business operations of such entities promote integrity as well as transparency, and will not demand, offer or receive bribes. • Set up "Regulations for Delta sustainable supply chains" to ensure the supply chains of the Company (and its affiliates) comply with the local regulations requirements, Supply Chain Corporate Social Responsibility Policy and related Code of Conduct (such as Code of Conduct for Responsible Business Alliance) in labor human rights, health and safety, environmental, ethical and management system, and perform due diligence to request the supply chains of the Company to comply with related regulations and construct a sustainable supply chain management mechanism. • Suppliers have to sign the "Commitment of Delta's sustainable suppliers" and complete the "Delta's supply chain ESG risk control audit evaluation chart". 	
(2) Has the company established a dedicated department under the Board of Directors to ensure ethical management practices, and periodically (at least once a year) report their status of supervision and implementation on integrity policies as well as prevention of unethical behavior to the Board of Directors?	√		<p>In order to have a complete understanding of ethical management, the Human Resources Department and Legal and Intellectual Property Department have been tasked to develop the ethical management policy, which is supervised by the Audit Department. The Human Resources Department will promote and report the supervision and implementation status of the ethical management policy and unethical behavior prevention plan to the Board of Directors once a year.</p>	
(3) Has the company established policies to prevent conflicts of interest, implemented such policies, and provided adequate channels of communication?	√		<p>"Code of Conduct" with relevant provisions specified in Article 15 of the "Rules and Procedures of the Meeting of the Board of Directors" and Article 31 of the "Corporate Governance Best Practice Principles" state the regulations of directors' conflicts of interest. As to the relationship between the company and its affiliates in terms of corporate governance, the improper channeling of profits between the Company's stakeholders and shareholders is strictly prohibited based on the principles of fairness and reasonableness. The rules are clearly stated in the "Corporate Governance Best Practice Principles" In terms of related transactions between parties as well as insider trading and the mechanisms for handling and disclosure of major internal information, there are regulations pertaining to "internal control procedures for related party transactions", "control procedures for preventing insider trading", and "handling procedures for major internal information" that have been set up. The Company has also established internal control operation systems and provided appropriate channels for directors and managers to proactively explain any potential conflicts of interest with the Company.</p>	
(4) Has the company established effective accounting systems and internal control systems in order to ensure ethical management practices and does it have its internal audit department to make audit plans and ensure compliance with these plans according to the unethical behavior risk assessment result or does it have its own CPA to conduct audits?	√		<p>The financial statements of the Company are prepared in accordance with the financial issuer's financial reporting standards and the International Financial Reporting Standards, International Accounting Standards, and interpretations approved by the Financial Supervisory Commission. The design and execution of internal control is based on the "Processing Guidelines for the Establishment of an Internal Control System for Listed Companies" with self-monitoring mechanism. The Company's internal audit unit will be taking necessary measures based on the materiality risk assessment of unethical behavior results. For example: make related audit plans which include audit object, scope, item, frequency, etc., and verify compliance with the prevention plan. Accountants or other professionals will be appointed to conduct audits if necessary. Relevant results will be reported to top management and the responsible unit for integrity, and an audit report will be furnished to the Board of Directors.</p>	

Assessment Items	Implementation Status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons for Deviation
	Yes	No	Summary	
(5) Does the Company periodically organize internal and external educational trainings on ethical management practices?	√		<p>The Company's Human Resources Department will arrange relevant training to implement integrity:</p> <ul style="list-style-type: none"> • E-learning materials on the "Code of Conduct" (including integrity-related affairs) will be provided to newcomers during their induction. • An annual retraining is also conducted for full implementation. The Company also organizes internal and external courses on ethical management for senior executives from time to time to establish and promote the concept of ethical management among the staff. • The quarterly performance appraisal of Delta values ability and includes the aspect of integrity in the assessment. • In 2019, the number of participants and total hours of integrity operation courses were 2,366 and 4,456(hours), respectively. 	
<p>3. Status of the Company's reporting mechanism</p> <p>(1) Has the Company established concrete reporting and reward systems, set up convenient reporting channels and appointed suitable, dedicated staff to deal with the people who are reported?</p> <p>(2) Has the company established standard operating procedures for conducting investigations as well as related classified information mechanism for handling such reports?</p> <p>(3) Has the company adopted any measure to protect informers lest they be inappropriately treated?</p>	√		<p>The "Code of Conduct" and reporting mechanism state and set up a reporting channel for employees, suppliers, and other external stakeholders. Managed by special personnel, the reporting system is for disclosing matters or violations against human rights, behavior principles, or ethical management. In addition to reporting to the head of the unit in which the member belongs to, as well as to the head of the audit department, head of the human resources department or head of the legal and intellectual property department, a report can also be sent through the Company's local email address. If the matter reported is found true and highly beneficial to economic performance, the informer will be rewarded appropriately.</p> <p>Reporting via email for employees and other stakeholders: HR.GRIEVANCE@deltaww.com</p> <p>Reporting via email for suppliers: 885@deltaww.com</p> <p>"Management reporting system" and procedure, detailed as follows:</p> <ul style="list-style-type: none"> • An informer or deputy may report in writing or verbally, specific information about behavior or related matters indicated in Article 2. Delta members may choose to remain anonymous when reporting a violation of another member. However, the Company encourages Delta members to provide their identity when making a report to facilitate communication and investigation. • Reporting a case should be concluded within a month and extended for a month when necessary. A "reply for reporting form" shall be sent to the informer if he/she did not provide contact information or did not respond when contacted. If the informer is not satisfied with the result, he/she can fill out a "reporting a case record" to provide new reasons and specific evidence within 10 days of receiving the reply. The CEO will assign an appropriate unit different from the previous one to handle the reopening of the case. Reporting a case can only be carried out once. <p>The "Code of Conduct" and reporting mechanism state the informer may choose to remain anonymous and which enjoins the unit handling the case to keep it confidential and to only disclose the information to certain personnel. A reasonable preventive and protective measure will be applied to protect the informer from revenge or mistreatment.</p>	<p>Compliance with Ethical Corporate Management</p> <p>Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>4. Enhancing Information Disclosure</p> <p>(1) Has the company disclosed the content of its Ethical Corporate Management Best Practice Principles as well as related implementation results on its website and the MOPS?</p>	√		<p>The "Ethical Corporate Management Best Practice Principles", "Code of Conduct" and "Corporate Social Responsibility Best Practice Principles" are disclosed on the company's internal and external websites in the Corporate Governance section under Investor Services. In addition, relevant and reliable information on ethical management is also disclosed in the annual report and corporate social responsibility report.</p>	<p>Compliance with Ethical Corporate Management</p> <p>Best Practice Principles for TWSE/GTSM Listed Companies</p>

5. If the company has established its ethical corporate management principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE- and TPEX-listed Companies”, please state the difference between such principles and implementation:

Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

6. Other key information that is useful for explaining the status of the implementation of ethical management practices: (i.e., the status of the Company’s efforts to review and correct principles for ethical management practices): None

3.4.7 If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched

Please refer to the webpage of “Corporate Governance” on the Company’s website (www.deltaww.com) for corporate governance best-practice principles, major resolutions of the Board of Directors and material information, etc.

3.4.8 Other significant information that will provide a better understanding of the state of the company’s implementation of corporate governance

1. The Company continues to invest resources to strengthen corporate governance, the board members are originally all management team of the Company and external talents are gradually introduced. There are four independent directors at the moment, all of whom constitute an Audit Committee and a Compensation Committee.
2. On internal and external websites of the Company, there is also a dedicated section for the implementation of corporate governance, and there are also rules and regulations related to corporate governance for download and references for both insiders and outsiders.
4. In addition, the Company also promptly discloses material information to the public and hold investor meetings periodically. Delta was listed in “The Dow Jones Sustainability™ World Index” for the ninth consecutive year. In 2019, Delta was recognized as an industry leader for the fourth time. It also received the honor of leadership level on CDP Climate Change Program in 2016, 2017, and 2019. Delta was also listed in the 2019 Global 2000 corporate of Forbes Magazine, FTSE4Good TIP Taiwan ESG Index, and MSCI Taiwan ESG Leaders Index. Meanwhile, Delta was awarded “The Annual Honor Chart” for the corporate social responsibility category from Global Views Monthly magazine, “2019 Taiwan Corporate Sustainability Awards”, and eight awards in 2019, and the world’s report award from “2019 Global Corporate Sustainability Awards”. In addition, Delta has been listed as one of Taiwan’s top 20 international brands for nine consecutive years. Delta’s brand value increased by 12% compared to that of 2018, which indicates its growing strength as a major industrial brand among other nominees..

3.4.9 Internal control system execution status

3.4.9.1 Statement on Internal Control

Delta Electronics, Inc.
Internal Control System Statement

Date: March 10, 2020

Based on the findings of a self-assessment, Delta Electronics, Inc. states the following in regards to its internal control system during the year 2019:

1. The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and the managers of the Company. The Company has established the system for the purpose of guaranteeing the reliability, timeliness and transparency report of the effectiveness and efficiency of the operation (including profitability, performance, asset security, etc.) and ensuring all are in compliance with relevant laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance on our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations
6. This Statement is an integral part of the Company's annual report for the current period and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the Board of Directors in their meeting held on March 10, 2020, with all eleven attending directors affirming the content of this Statement.

Delta Electronics, Inc.



Chairman: Yancey Hai



President: Simon Chang



3.4.9.2 If CPAs are engaged to review the internal control system, their report shall be disclosed: None.

3.4.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, as well as sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, and the result of such sanctions that may have caused significant impact on shareholders' equity or securities prices, sanction content, and principal deficiencies, then specify any corrective actions taken

The Company complies with the Company Act, Securities and Exchange Act and relevant rules and regulations of environmental protection in 2019.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings for the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Major resolutions of Board Meetings		
Date of Board Meetings	Proposal	Resolutions
March 11, 2019 The 4 th in the 18 th term	1. To approve 2019 corporate business plan	The Board unanimously approved this motion.
	2. To approve 2018 annual final accounting books and statements	The Board unanimously approved this motion.
	3. To distribute 2018 earnings	The Board unanimously approved this motion.
	4. To distribute 2018 employees' and directors' compensation	The Board unanimously approved this motion.
	5. To approve the amendments to the Operating Procedures of Acquisition or Disposal of Assets	The Board unanimously approved this motion.
	6. To approve the amendments to the Authorized Limits for the Acquisition or Disposal of Asset	The Board unanimously approved this motion.
	7. To evaluate the independence of the appointed external auditors	The Board unanimously approved this motion.
	8. To approve the self-assessment of the effectiveness of the 2018 internal control system	The Board unanimously approved this motion.
	9. To approve 2018 Internal Control System Statement	The Board unanimously approved this motion.
	10. To convene the 2019 annual general shareholders' meeting	The Board unanimously approved this motion.
	11. To approve increase of the total cost for the construction of Tainan Plant Phases III	The Board unanimously approved this motion.
April 17, 2019 The 5 th in the 18 th term	1. To approve the purchase of real property in Chungli district, Taoyuan City	The Board unanimously approved this motion.

Major resolutions of Board Meetings

Date of Board Meetings	Proposal	Resolutions
April 29, 2019 The 6 th in the 18 th term	1. To discuss the 2019 managers' compensation	Based on Article 206 of the Company Act, except for the directors, Mr. Yancey Hai, Mr. Mark Ko, Mr. Ping Cheng and Mr. Simon Chang who shall not participate in voting on managers' compensation and Mr. Victor Cheng who temporarily left the meeting, the rest of directors unanimously approved this motion.
	2. To discuss the percentage of distribution as 2019 employees' compensation of employees	The Board unanimously approved this motion.
	3. To approve the amendments to the Compensation Committee Charter	The Board unanimously approved this motion.
	4. To approve the amendments to the Corporate Governance Best Practice Principles	The Board unanimously approved this motion.
	5. To approve the amendments to the Rules of Performance Evaluation of the Board of Directors	The Board unanimously approved this motion.
	6. To approve the amendments to the Operating Procedures of Fund Lending	The Board unanimously approved this motion.
	7. To approve the amendments to the Operating Procedures of Endorsement and Guarantee	The Board unanimously approved this motion.
	8. To appoint the Company Secretary	The Board unanimously approved this motion.
	9. To remove non-competition restrictions on directors	The Board unanimously approved this motion.
	10. To remove non-competition restrictions on manager officers	Based on Article 206 of the Company Act, except for Mr. Ping Cheng who shall not participate in voting on this motion, the rest of directors unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Ping Cheng acting as a director in Delta Greentech SGP Pte. Ltd.
	11. To convene the 2019 annual general shareholders' meeting (additional items)	The Board unanimously approved this motion.
June 10, 2019 The 7 th in the 18 th term	1. Corporate restructuring	The Board unanimously approved this motion.
	2. To remove non-competition restrictions on manager officers	The Board unanimously approved this motion.
July 31, 2019 The 8 th in the 18 th term	1. Corporate restructuring	The Board unanimously approved this motion.
	2. To remove non-competition restrictions on directors	Based on Article 206 of the Company Act, except for Mr. Mark Ko and Mr. Ping Cheng who shall not participate in voting on this motion, the rest of directors unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Mark Ko acting as a director in Delta Electronics (Thailand) Public Company Limited and Mr. Ping Cheng acting as a director in Delta Electronics (Thailand) Public Company Limited, Boom Treasure Limited and Drake Investment (HK) Limited.
	3. To discuss the amendments to the factors measuring 2019 top managers' compensation and performance	The Board unanimously approved this motion.
October 30, 2019 The 9 th in the 18 th term	1. To approve the Company's 2020 internal audit plan	The Board unanimously approved this motion.
	2. To approve subsidiary to repurchase shares	The Board unanimously approved this motion.
	3. To establish the Procedures for Handling Material Inside Information	The Board unanimously approved this motion.
	4. To remove non-competition restrictions on manager officers	Based on Article 206 of the Company Act, except for Mr. Ping Cheng and Mr. Simon Chang who shall not participate in voting on this motion, the rest of directors unanimously approved that without prejudice to the interests of the Company, the removal of non-competition restrictions on Mr. Ping Cheng acting as a director in Guangzhou Amerlux Lighting Co., Ltd. and Mr. Simon Chang and Ms. Judy Wang acting as directors in Delta Greentech SGP Pte. Ltd.
	5. To approve recommendations on 2019 directors' compensation	Except for the directors who are the interested party and shall not participate in discussion or voting on respective directors' compensation agenda item, the rest of directors unanimously approved this motion.

Major resolutions of Board Meetings

Date of Board Meetings	Proposal	Resolutions
<p>March 10, 2020 The 10th in the 18th term</p>	1. To approve 2020 corporate business plan	The Board unanimously approved this motion.
	2. To approve 2019 annual final accounting books and statements	The Board unanimously approved this motion.
	3. To distribute 2019 earnings	The Board unanimously approved this motion.
	4. To approve the re-domiciliation of Delta International Holding Limited	The Board unanimously approved this motion.
	5. To distribute 2019 employees' and directors' compensation	The Board unanimously approved this motion.
	6. To approve the Amendments to the Ethical Corporate Management Best Practice Principles	The Board unanimously approved this motion.
	7. To approve the efficiency of the 2019 internal control system	The Board unanimously approved this motion.
	8. To approve 2019 Internal Control System Statement	The Board unanimously approved this motion.
	9. To evaluate the independence of the appointed external auditors	The Board unanimously approved this motion.
	10. To approve the Amendments to the Shareholders' Meeting Rules and Procedures	The Board unanimously approved this motion.
	11. To approve the Amendments to the Rules and Procedures of the Meeting of Board of Directors	The Board unanimously approved this motion.
	12. To approve the Amendments to the Audit Committee Charter	The Board unanimously approved this motion.
	13. To convene the 2020 annual general shareholders' meeting	The Board unanimously approved this motion.
<p>April 29, 2020 The 11th in the 18th term</p>	1. To discuss the 2020 managers' compensation	Based on Article 206 of the Company Act, except for the directors, Mr. Yancey Hai, Mr. Mark Ko, Mr. Ping Cheng and Mr. Simon Chang who shall not participate in voting on managers' compensation and Mr. Victor Cheng who temporarily left the meeting, the rest of directors unanimously approved this motion.
	2. To discuss the percentage of distribution as 2020 compensation employees	The Board unanimously approved this motion.
	3. To approve long-term incentive plan for key positions	The Board unanimously approved this motion according to the suggested revisions by Mr. Ji-Ren Lee and Mr. Ping Cheng.
	4. To remove non-competition restrictions on manager officers	The Board unanimously approved this motion.
	5. To convene the 2020 annual general shareholders' meeting (Change of the meeting location)	The Board unanimously approved this motion.

Major resolutions of Shareholders' Meetings		
Date of Shareholders' Meetings	Proposal	Resolutions
June 10, 2019 Annual General Shareholders' Meeting	1. Adoption of the 2018 Annual Final Accounting Books and Statements	Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,384,119,347 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,129,028,093, among which 1,404,022,135 was exercised by electronic transmission, the number of voting rights for rejection is 72,393, the number of invalid votes is 0, the number of voting rights for abstention is 255,018,861, and 89.30% of the total voting rights voted for approval when votes were cast)
	2. Adoption of the 2018 Earnings Distribution	Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,384,119,347 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,133,111,935, among which 1,408,105,977 was exercised by electronic transmission, the number of voting rights for rejection is 81,459, the number of invalid votes is 0, the number of voting rights for abstention is 250,925,953, and 89.47% of the total voting rights voted for approval when votes were cast)
	3. Discussion of the Amendments to the Operation Procedures of Acquisition or Disposal of Assets	Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,384,119,347 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,113,255,322, among which 1,388,249,364 was exercised by electronic transmission, the number of voting rights for rejection is 78,815, the number of invalid votes is 0, the number of voting rights for abstention is 270,785,210, and 88.63% of the total voting rights voted for approval when votes were cast)
	4. Discussion of the Amendments to the Operation Procedures of Fund Lending	Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,384,119,347 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,113,241,891, among which 1,388,235,933 was exercised by electronic transmission, the number of voting rights for rejection is 96,576, the number of invalid votes is 0, the number of voting rights for abstention is 270,780,880, and 88.63% of the total voting rights voted for approval when votes were cast)
	5. Discussion of the Amendments to the Operation Procedures of Endorsement and Guarantee	Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,384,119,347 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,113,223,037, among which 1,388,217,079 was exercised by electronic transmission, the number of voting rights for rejection is 118,429, the number of invalid votes is 0, the number of voting rights for abstention is 270,777,881, and 88.63% of the total voting rights voted for approval when votes were cast)
	6. To Remove Non-competition Restrictions on Directors	Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,384,119,347 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,935,506,258, among which 1,210,500,300 was exercised by electronic transmission, the number of voting rights for rejection is 3,338,728, the number of invalid votes is 0, the number of voting rights for abstention is 445,274,361, and 81.18% of the total voting rights voted for approval when votes were cast)

Resolutions in 2019 Annual General Shareholders' Meeting:

1. Adoption of the 2018 Annual Final Accounting Books and Statements

Resolution: Approved.

2. Adoption of the 2018 Earnings Distribution

Resolution: Approved. NT\$ 5,000 per thousand shares (NT\$5 per share), total amount of NT\$12,987,716,645 for cash dividends distribution. The Board of Director authorized the Chairman to set the book closure ending date on 2019/07/08 and the cash dividend distribution date on 2019/07/26.

3. Discussion of the Amendments to the Operation Procedures of Acquisition or Disposal of Assets

Resolution: Approved and disclosed on the Company website as well as implemented per the shareholders' amended procedures.

4. Discussion of the Amendments to the Operation Procedures of Fund Lending

Resolution: Approved and disclosed on the Company website as well as implemented per the amended procedures.

5. Discussion of the Amendments to the Operation Procedures of Endorsement and Guarantee

Resolution: Approved and disclosed on the Company website as well as implemented per the amended procedures.

6. Releasing Directors from Non-competition Restrictions

Resolution: Approved the removal of non-competition restrictions on Mr. Ping Cheng acting as a director in Delta Greentech SGP Pte. Ltd.

3.4.12 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3.4.13 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company’s chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, company secretary and principal research and development officer: None.

► **3.5 Information on CPA professional fees**

Professional fees of certified public accountants by fee range

Name of CPA firm	Name of CPA		Period covered by CPA's audit	Comment
PricewaterhouseCoopers	Lin, Yu-Kuan	Chou, Chien-Hung	January 1, 2019 to December 31, 2019	None

Unit: Thousand New Taiwanese Dollars

Bracket	Item	Audit fees	Non-audit fees	Total
1	Less than 2,000,000	-	-	-
2	Between 2,000,000 (inclusive) to 4,000,000	-	-	-
3	Between 4,000,000 (inclusive) to 6,000,000	-	-	-
4	Between 6,000,000 (inclusive) to 8,000,000	-	-	-
5	Between 8,000,000 (inclusive) to 10,000,000	-	-	-
6	More than 10,000,000 (inclusive)	13,620	15,040	28,660

3.5.1 When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed

Unit: Thousand New Taiwanese Dollars

Name of CPA firm	Name of CPA		Audit fees	Non-audit fees					Period covered by CPA's audits	Comments
				System design	Company registration	Human resources	Others (Note 2)	Subtotal		
Pricewaterhouse Coopers	Lin, Yu-Kuan	Chou, Chien-Hung	13,620 (Note 1)	-	157	-	14,883	15,040	January 1, 2019 to December 31, 2019	Other non-audit fees include consultations on taxes and visas, value assessment service before investment, corporate social responsibility report consultations, system import consultations and report on transfer pricing, master file and country-by-country report services, etc.

Note 1: Including the fees for the review financial of statements invested companies.

Note 2: Non-audit fees are listed in categories, if the "others" section exceeds 25% of the total non-audit fees, detailed note should be given in regards of the services provided.

3.5.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None

3.5.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None

▶ 3.6 Information on replacement of certified public accountant : None.

▶ 3.7 Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed : None.

► **3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report**

3.8.1 Change in Shareholdings Holding by Directors, Management and Shareholders with 10% Shareholdings or More

Title	Name	2019		Current fiscal year up to April 12, 2020	
		Holding increase (decrease)	Pledged holding increase (decrease)	Holding increase (decrease) (Note)	Pledged holding increase (decrease)
Chairman/Strategic Steering Committee Chairman	Yancey Hai	0	0	0	0
Vice Chairman/Steering Committee Chairman Vice Chairman	Mark Ko	0	0	0	0
Director/Honorary Chairman	Bruce CH Cheng	0	0	0	0
Director/CEO	Ping Cheng	0	0	550,000	0
Director/President and COO	Simon Chang	0	0	0	0
Director	Albert Chang	(3,000)	0	0	0
Director	Victor Cheng	0	0	150,000	0
Independent Director	George Chao	0	0	0	0
Independent Director	Yung-Chin Chen	0	0	0	0
Independent Director	Tsong-Pyng Perng	0	0	0	0
Independent Director	Ji-Ren Lee	0	0	0	0
Vice President	Steven Liu	0	0	0	0
Corporate CFO	Judy Wang	0	0	0	0
Branch Manager	Charles Tsai	0	0	0	0
Company Secretary	Shalin Chen	0	0	0	0
Shareholder holding more than ten percent of the total shares	DEICO INTERNATIONAL LTD.	0	0	0	0

Note: No. of shares held increase (decrease) as of the book closure date for the 2020 AGM.

3.8.2 Stock transfers to related parties: None

3.8.3 Pledge of stock rights to related parties: None

► 3.9 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 12, 2020

Name (Note 1)	Shareholding Current		Spouse's / minor's shareholding (Note 2)		Shareholding by nominee arrangement (Note 2)		Specify the names and relations of the top-10 shareholders who are related-parties or spouse or kindred within the 2nd degree of kinship (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relation	
DEICO INTERNATIONAL LTD. Representative: Jiao Fan	267,556,280 0	10.30% 0	0 0	0 0	0 0	0 0	None None	None None	None None
DELTRON HOLDING LTD. Representative: Syue-Huei Ye	218,211,168 0	8.40% 0	0 0	0 0	0 0	0 0	None None	None None	None None
Government of Singapore	83,237,276	3.20%	0	0	0	0	None	None	None
Chung-Hua Cheng (Also known as Bruce C. H. Cheng)	81,878,039	3.15%	24,097,633	0.93%	0	0	Ping Cheng, Victor Cheng	father and sons	None
New Labor Retirement Pension Fund	70,724,938	2.72%	0	0	0	0	None	None	None
Ping Cheng	55,640,093	2.14%	0	0	0	0	Bruce CH. Cheng, Victor Cheng	father and son, brothers	None
An Cheng (Also known as Victor Cheng)	50,344,764	1.94%	1,023,482	0.04%	0	0	Bruce CH. Cheng, Ping Cheng	father and son, brothers	None
Labor Insurance Fund	48,841,858	1.88%	0	0	0	0	None	None	None
NAN SHAN LIFE INSURANCE CO., LTD	44,925,000	1.73%	0	0	0	0	None	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	37,977,649	1.46%	0	0	0	0	None	None	None

Note 1: Top ten shareholders are listed and the names along with the names of their representatives are also listed for institutional shareholders.

Note 2: The shareholding ratio should be calculated based on all the shares under one's name, spouse, minor children or those purchased under the name of others on his/her behalf.

Note 3: The relationship between all shareholders listed, including juridical and natural persons is disclosed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

► **3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and managers, and any companies controlled either directly or indirectly by the Company**

December 31, 2019; Unit: shares 、 %

Affiliated Company (Note)	Shareholding by the Company		Shareholding of directors, supervisors, managers or enterprises under their direct or indirect control		Total Shareholding	
	Shares	%	Shares	%	Shares	%
Delta Networks Holding Limited	83,800,000	100.00%	0	0.00%	83,800,000	100.00%
Delta Electronics (Netherlands) B.V.	128,492,272	100.00%	0	0.00%	128,492,272	100.00%
Cyntec Co., Ltd.	2,341,204,333	100.00%	0	0.00%	2,341,204,333	100.00%
DelBio Inc.	21,761,836	100.00%	0	0.00%	21,761,836	100.00%
Delta Electronics Capital Company	350,000,000	100.00%	0	0.00%	350,000,000	100.00%
Delta Electronics Int'l (Singapore) Pte. Ltd.	1,500,000	100.00%	0	0.00%	1,500,000	100.00%
Allied Material Technology Corp.	211,400,909	99.97%	0	0.00%	211,400,909	99.97%
Delta International Holding Limited	67,680,000	100.00%	0	0.00%	67,680,000	100.00%
Delta Electronics (Thailand) Public Company Limited	69,128,140	5.54%	726,754,336	58.26%	795,882,476	63.80%
Delta America Ltd.	2,100,000	10.26%	18,374,182	89.74%	20,474,182	100.00%
PreOptix (Hong Kong) Co., Ltd.	5,250,000	39.62%	8,000,000	60.38%	13,250,000	100.00%
UNICOM SYSTEM ENG. CORP.	570,000	100.00%	0	0.00%	570,000	100.00%
Vivotek Inc.	43,404,058	49.87%	0	0.00%	43,404,058	49.87%

Note: Long-term Investment accounted based on equity-method.

4. Corporate Social Responsibility








Delta places the utmost emphasis on corporate social responsibility (CSR), making sure its CSR strategies are in line with its business, which continues to expand. Using energy conservation as the core, Delta's CSR encompasses sound corporate governance, balanced interests for stakeholders, environmental issues, employee care, and social involvement. Delta has set up a CSR Committee, with Mr. Bruce Cheng, founder and honorary chairman of Delta, serving as the honorary chairman of the committee, and Chairman Yancey Hai acting as the CSR Committee chairman. The committee is composed of board members including the vice chairman, CEO, COO and CSO as well as top executives from regional and functional management. Committee meetings are held on a quarterly basis. CSR strategies incorporate Delta's core capabilities, and fully implement its corporate mission of "To provide innovative, clean and energy-efficient solutions for a better tomorrow" and enhance its sustainable operating capability. Delta has formally established the position of Chief Sustainability Officer (CSO) to promote CSR, align itself with the UN's sustainable development goals, drive effective communications with stakeholders, and create higher added value in order to achieve corporate sustainability and be a world-class corporate citizen. In addition, Delta has formulated its Corporate Social Responsibility Principles under the approval of the Board of Directors in compliance with relevant regulations. These key principles are clearly defined and include corporate governance implementation, sustainable environment development, social welfare maintenance, and the strengthening of information disclosure, to fulfill the Company's corporate social responsibility.

From the environmental aspect, Delta is committed to: disclosure of climate change information, corporate self-motivated carbon reduction, participation in climate policy, and transition to electric vehicles and expansion of charging facilities, as well as to fulfilling the We Mean Business international initiatives proposed by CDP, The Climate Group, and the World Business Council for Sustainable Development (WBCSD). Delta has disclosed its greenhouse gas (GHG) emissions data and energy-saving achievements since 2007 and adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework for the disclosure of climate governance and performance after the release of TCFD in 2017. Delta is committed to corporate self-motivated carbon reduction and has introduced Science Based Targets (SBTs). In 2017, it became the first company in Taiwan and the 87th company in the world to pass the SBTi audit. Milestones were achieved in both 2018 and 2019 with respectively 16.8% and 29%, and the percentage of global renewable energy use exceeded 40%. As for participation in climate policy, Delta continues to collaborate with the renowned think tank American Council for an Energy-Efficient Economy (ACEEE). In 2019, this collaboration summarized how the policies of global resilient cities facilitate a metropolitan region's climate resilience through clean energy, electric vehicles, and microgrids using quantitative and qualitative measures. Methods adopted include strategies which promote traffic efficiency, the setting of benchmarks for buildings and requirements for energy refurbishment, an increase in electric vehicles, and the development of microgrids, all of which facilitate the planning of related domestic policies in the future. In 2018, Delta joined the EV100 and committed to the transition to electric vehicles and expansion of charging facilities. In 2019, besides conducting internal investigations and setting milestones, Delta was invited for the first time to participate in the Climate Week NYC and exchange experiences with EV100 members.

From the social aspect, Delta supports international labor and human rights standards by emphasizing balanced development for employees and proposing talent nurturing and retention programs. Delta generates optimal benefits for employees, shareholders, and the whole of society through continuous innovation, development of high value-added products, and creation of a workplace that allows employees to reach their full potential. For stakeholders to better understand our efforts, Delta takes part in external seminars and forums to share our experience and issues CSR reports annually to publicly announce our sustainability performance.

Delta proactively complies with the Sustainable Development Goals (SDGs) set by the UN in 2015. Apart from the environmental, social, and governance aspects which correspond with the SDG's 17 goals and 169 targets, Delta has set another 7 goals for material issues identified by stakeholders. The 7 goals are: 4. Quality Education; 7. Affordable and Clean Energy; 9. Industry, Innovation, and Infrastructure; 11. Sustainable Cities and Communities; 12. Responsible Consumption and Production; 13. Climate Action; and 17. Partnerships for the Goals.

Delta's key strategies for the alignment with SDGs are as follows:

SDGs	Key Strategies for the Alignment with SDGs
	To support high-quality education for all, talent development and knowledge enhancement, Delta promotes education and lifelong learning from four aspects: driving basic subject education; boosting environmental education such as energy, water resources, and green buildings; improving educational opportunities in developing countries; and establishing a talent cultivation mechanism within the Company for lifelong learning.
	Constructing a reliable and sustainable clean energy system is one of Delta's global priorities. Delta is dedicated to the development of solar power generation systems and renewable energy solutions, and discovers new business models during the process. Delta also provides affordable renewable energy solutions for underdeveloped areas to help more people obtain sustainable modern energy.
	Accelerating industrial innovation as well as assisting in the construction of resilient infrastructure is one of the best solutions for companies facing the dual pressures of climate change and sustainable development. Delta has implemented an internal incentive system to continuously accumulate innovative energy and provide diversified energy-saving solutions for global customers. The applications include smart manufacturing and low-carbon transportation.
	As cities expand and populations become increasingly concentrated, sustainable cities have become the key to balancing human welfare and environmental and social sustainable development. To collectively develop sustainable cities with our stakeholders, Delta actively introduces and promotes green buildings and provides green building solutions, including building automation solutions and energy infrastructures.
	Sustainable consumption and production are the foundations for sustainable business operations. Delta is dedicated to our corporate mission of "To provide innovative, clean, and energy-efficient solutions for a better tomorrow." We have incorporated sustainable consumption and production models into our daily operations through green production measures, local procurement, supplier ESG assessments and the promotion of green buildings, factories, and offices, and green operation concepts.
	Responding to climate change and its impact properly and taking countermeasures are major challenges for a company's sustainable business strategy. Delta responds to climate risks by adaptation and mitigation, and continues to identify business opportunities associated with climate changes. In addition, Delta employs self-motivated corporate carbon reduction, disclosure of climate change information, participation in climate policy and transition to electric vehicles and expansion of charging facilities as strategies and executes relevant actions from within the Company.
	As global citizens, companies must revitalize global partnerships for sustainable development. Using its participation in international conferences on climate change as the core, Delta provides its views on sustainable development to the international community and increases industrial exchange opportunities. Furthermore, the Company promotes global partnerships by taking concrete actions through its commitments to international initiatives and influence on the value chain.

For Delta's pursuit of balanced interests for stakeholders, devotion to the environment and energy savings, and expansion of social participation, please refer to the following sections. For corporate governance related information, please refer to Chapter 3 Corporate Governance of this annual report.

► 4.1 I. Balanced interests for all stakeholders

4.1.1 Human rights, employee rights and employee relations

4.1.1.1 Employee policy and communication channels



As a corporate citizen of the world, Delta is committed to providing a working environment where employees can fully realize their capabilities and potential. We have always abided by the local laws and regulations of our operating locations, and strive to comply with international labor and human rights standards including the RBA Code of Conduct, Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles, and the OECD Guidelines for Multinational Enterprises. Delta's employee policy clearly stipulates the protection of human rights. Our major production sites have taken the Responsible Business Alliance (RBA) review mechanism into consideration and incorporated it into our training system. In addition, appropriate guidance is provided during new employee training to familiarize them with RBA labor and human rights standards. Our Taiwan facility also utilizes an E-learning platform and new employee education and training to facilitate a clear understanding of relevant standards and policies for new employees.

We accumulated 70,435 hours of human rights-related education and training courses across the world and provided training to 110,403 individuals (headcount).

4.1.1.2 Talent attraction and retention



Commitments

Our profitability is above the industry average in Taiwan. Delta enjoys sound operations and continues to allocate a certain proportion of earnings as bonuses to employees. In addition to fixed monthly salaries, Delta employees are entitled to year-end bonuses, performance-based bonuses, and profit sharing. Our incentive scheme is superior to industry standards. Delta values talent development and retention, and we retain talent through various management measures including diverse employee communication channels, workplace care, and a friendly working environment. We also regularly conduct employee engagement surveys. When an employee applies for resignation, the Company always arranges a resignation interview with the employee in question to fully understand his/her motives and reasons for resignation.

Key Initiatives for the Alignment with SDGs

(1) Reinforce talent exchange

To reinforce talent exchange and accumulate professional knowledge and experience, Delta encourages human capital development through job transfers or overseas delegations. For instance, in response to globalization strategies, the Company provides dormitories for expat employees around the world, and invites them to bring their families along through transportation and scholarship incentives.

(2) Encourage employees to enjoy work-life balance during off-hours

Delta values employees' mental and physical balance with relation to the workplace. We regularly organize various theme activities through the Employee Welfare Committee for employees to enjoy a friendly workplace environment and to have pride in being a part of Delta. Delta Taiwan is a pioneer in the industry for providing our employees with a "golden travel week," i.e. a holiday incentive of nearly one-week designed to show our appreciation for our employees' hard work.

(3) Child care benefits

Besides encouraging our employees to have children, Delta provides child care benefits to our employees. In terms of hardware facilities, pregnant Delta employees are entitled to designated parking spaces, and healthcare centers for moms have been established at our major facilities worldwide. These centers facilitate the sharing of prenatal and postnatal health care knowledge to alleviate the mental and physiological stresses related to childbirth. In Taiwan in 2019, 93% of all employees who took parental leave and returned to work have stayed with the Company for more than one year. This is 11% higher than levels in 2018.

Future Plans

Delta provides a variety of health promotion programs. The core value of workplace health centers around the 4S level (Say, Stay, Strive, and Social). The program themes are modified and adjusted each year through the results of employee health checkups, demand surveys, and feedback and effectiveness analysis of past activities in order to integrate plans concerning health management, health promotion resources, and related measures.

4.1.1.3 Human resource development



Commitment

Delta believes human resources are our greatest assets. We strive to foster and develop talent, and our senior managers also demonstrate the importance of talent development through actions. After years of hard work, we have built a structural and comprehensive development mechanism to continuously incubate talent. The system strengthens the core competencies needed for coping with future trends and initiating reforms, and enhances the Company's overall competitive strengths.

Key Initiatives for the Alignment with SDGs

(1) Long-term incentive measures

Delta integrates key organizational strategies with long-term incentive measures to effectively encourage innovative development from employees. For instance, to foster a continuous stream of creative energy within the organization, we organize the global “Delta Innovation Award” every year, offering bonuses up to NT\$1 million to celebrate exceptional innovative proposals, or gather improvement measures through regional “Idea Banks.

(2) Inheritance of corporate culture

To strengthen management consensus and pass on experience, we organize talks between the management team, senior managers and employees. Through direct communications and philosophy conveyance, we launch the organization’s medium- to long-term plans/objectives and formulate corporate culture and consensus. In addition, as corporate culture is also an important element in business transitions, Delta regularly reviews the value culture and core competencies of the Company to ensure the attitudes and conduct of employees can support the realization of long-term objectives.

(3) Learning development

To encourage innovations and build organizational reform capacity, the Company continuously increases investments in employees’ learning and development. This is done in the form of creating an environment conducive for learning and development. In 2019, Delta's global training expenditures totaled 10.33 MUSD and 47 hours per employee.

(4) Strengthen competencies and reinforce communications

In continuing to enhance employees’ competencies through the training system, we have designed learning programs internally based on two types of career paths, which are “management functions” and “professional functions.” Common compulsory courses for managers have been launched worldwide, and the learning effectiveness is evaluated using the Kirkpatrick training evaluation model.

Future Plans

Besides diversifying and expanding learning provisions, Delta strives for utilizing the competency of internal talent for effective use of individual knowledge and potential within the organization under the existing training and development framework. We are pursuing more transparent promotional channels and increasing diversified job rotation opportunities for talent development.

4.1.1.4 Occupational health and safety



Providing our employees with a safe and healthy work environment is one of Delta's basic obligations as a corporate citizen. The Company has set up an occupational health and safety management unit with personnel, and established various safety and health regulations based on relevant occupational safety and health acts and the operating status at production facilities. We continuously promote safety and health management tasks to systematically enhance safety and health performance through various actions including: engineering control and management procedures; daily and cross-site inspections; safety and health education, training and promotions; operating environment monitoring; employee health checkups; health management; and reinforcement of information exchange. Starting in 2006, the Company deemed safety-oriented design as the first priority for the construction of new office buildings and factories. We build a comfortable work environment which focuses on ecology, energy conservation, waste reduction, and employee health by adopting green building engineering method.

4.1.1.5 Providing leaves for volunteering



Upholding Delta’s management mission of “To provide innovative, clean and energy-efficient solutions for a better tomorrow,” the Company has joined forces with the Delta Electronics Foundation (Foundation) to promote the “Delta Energy Education Volunteer” project. Since 2006, the Foundation has recruited and trained employees to become seed players in energy education. They coach energy institutes and serve as volunteer guides at exhibitions related to climate awareness.

4.1.2 Investor relations

Delta not only continues to enhance the conversion efficiency of its power supplies and components, but it is

also actively penetrating the overall solutions market. Through software and hardware integration, Delta's technologies and products can create more energy-efficient, comfortable, and convenient total solutions. Delta's efforts and results in information disclosure have been highly recognized by institutions and various ratings organizations.

In recent years, major global investment institutions have continued to pay attention to the strategies, potential risks and opportunities of enterprises in their pursuit of sustainable development. For ESG index evaluation, Delta was listed on the Dow Jones Sustainability™ World Index for the 9th consecutive year and was honored as the ICT sector leader for the 4th time in 2019. Moreover, Delta achieved a Leadership Level in the 2016, 2017 and 2019 CDP Climate Change Assessment, and was included in the 2019 Forbes Global 2000, FTSE4Good TIP Taiwan ESG Index, and MSCI Taiwan ESG Leaders Index.

4.1.3 Customer and supplier relations

4.1.3.1 Transcending customer expectations



[Commitment](#)

With “Smarter. Greener. Together” as its brand commitment, Delta integrates core competencies in power and electronics with advanced energy conservation technology to provide cleaner, more efficient, and reliable total energy conservation solutions for its customers. At the same time, it reduces resource consumption and GHG emissions to generate higher value for customers. The average satisfaction score was 86.7% in 2019. With advanced R&D, Delta will continue to offer one-stop shopping solutions for its customers through third-party customer satisfaction surveys.

[Key Initiatives for the Alignment with SDGs](#)

- Participate in Iconic Exhibitions to Promote Delta's Solutions
- Improve Customer Relationship Management

[Future Plans](#)

- Conduct customer satisfaction and importance surveys using diverse methods to narrow the service gap and enhance customer satisfaction.
- Segment retailers by service competency and set up comprehensive service quality training for retailers to enhance their customer service quality.

4.1.3.2 Supplier sustainability management



[Commitment](#)

Delta views its suppliers as long-term partners. We believe that competitive quality, technology, delivery, and cost are the basic requirements for a supplier. Delta will place more emphasis on the governance, environmental and social aspects of the supply chain in the future. The aim is for suppliers to be not merely the business partners of Delta, but also partners in our promotion of sustainability.

[Key Initiatives for the Alignment with SDGs](#)

- Localized management.
- Verification and risk management.
- Supplier sustainable interactions and engagement

[Future Plans](#)

- Enhance ESG management of the green supply chain with reference to RBA principles.
- Establish an ESG audit management mechanism to identify high-risk suppliers and implement improvement measures.
- Proactively encourage suppliers to pass environmental system certifications, undertake GHG inventory, and reduce carbon emissions. The actual reduced GHG Emissions rates of Critical Suppliers were 1.3% in 2019.
- Call on suppliers to actively participate in social activities.

4.1.4 Accumulate innovative energy



[Commitment](#)

With a corporate culture of innovation, the weighting of R&D expenses is maintained at 7% of Delta's total revenue. We invested 8.9% of total revenue to R&D and innovation in 2019. The focus is on enhancing the conversion efficiency of core products.

[Key Initiatives for the Alignment with SDGs](#)

- Delta's internal innovation mechanism.
- Delta Research Institute.
- Application of intellectual property rights and exchange of the latest technologies.

[Future Plans](#)

- Continue to be an innovation pioneer in the market.
- Encourage employees to take part in innovative R&D.
- Enhance interdepartmental cooperation and innovation.

4.1.5 Information security management



[Commitment](#)

Ensure the information security of Delta's IT infrastructure, information application systems, and products; and the data security of customers. Strive for Delta to be the paragon for information security among global electronics manufacturers.

[Key Initiatives for the Alignment with SDGs](#)

- Organizational structure of information security.
- Formulate information security policies and procedures.
- Establish an emergency response mechanism.

[Future Plans](#)

Introduce ISO 27001 Information Safety Management System to projects.

► 4.2 Devoted to environment protection and energy savings

Delta continues to implement its business mission in daily operations and incorporates "climate change" as one of the major risks for its corporate sustainable development. In addition to paying close attention to the developing trends of global climate change, it accumulates and broadens its R&D strengths based on the potential opportunities identified from climate change and has actively transformed itself into a green energy-saving solution provider. Besides the continued promotion of renewable energy applications, energy recycling and reuse, and the reduction of waste, Delta focuses more on specific actions to protect the environment and save energy, including developing eco-friendly and energy-efficient products and solutions, actively responding to climate change, implementing energy management at operational sites, and carrying out water resource and waste reduction management.

Based on the summary of the 2019 achievement, Delta's 15 certified green factory/office buildings and 5 donated campus buildings saved 21.5 million kWh of electricity and 13,415 tons of CO₂e; high-efficiency products and solutions helped customers save 3.2 billion kWh of electricity and 1.69 million tons of CO₂e. Delta implemented 416 projects on energy-saving, water-saving, and waste reduction management, totally saving 3.24 million kWh of electricity, 20,920 tons of CO₂e, 411.4 megaliters of water, and 2,346 metric tons of waste. And in 2019, the Dongguan plant obtained UL 2799 platinum certification for zero waste to landfill, reaching 100% waste diversion rate (including 8% thermal processing with energy recovery) achievements, and striding toward a milestone in circular economy.

4.2.1 Developing energy saving products and solutions



[Commitment](#)

With the vision of energy conservation and environmental protection, Delta continues to enhance its products' energy efficiency and actively develop renewable energy solutions through technical innovations. The Company has introduced the concept of Life Cycle Assessment as it emphasizes green designs that mitigate environmental impact and realize product responsibility and green consumption.

[Key Initiatives for Alignment with SDGs](#)

- Continue to improve product energy efficiency.
- Provide green innovations of products/services.
- Actively develop photovoltaic systems and renewable energy solutions.

[Future Plans](#)

- Continue to enhance product energy efficiency, and facilitate global clients in energy conservation.
- Introduce the green circular economy concept to all products, extend product life cycles, and optimize product recycling mechanisms.
- Expand the scope of reusable energy and continue to cultivate automation solutions to provide better services for our clients.

4.2.2 Proactive response to climate change



[Commitments](#)

Specific achievements for the “We Mean Business” initiative

- Disclosure of climate change information.
- Influence carbon reduction policy.
- Incorporate self-motivated carbon reduction.
- Transition to electric vehicles and expansion of charging facilities

[Key Initiatives for the Alignment with SDGs](#)

- Establish and accomplish SBTs in response to a global temperature increase within 2°C.
- Identify climate change risks, build competencies to adapt to climate risks, and further mitigate possible climate risks.
- Participate in international initiatives and identify and develop climate change opportunities.

[Future Plan](#)

- Decrease electricity intensity and carbon emissions to achieve SBTs.
- Introduce an internal carbon pricing mechanism step-by-step, and assess the impact on operations by assigning costs to carbon emissions—from setting carbon prices to launching testing projects.

4.2.3 Implementing energy management at manufacturing plants



[Commitment](#)

After achieving a 50% reduction in electricity intensity of its production processes between 2009 and 2014, Delta promises to widen the extent of electricity reduction beyond new production plants to include R&D centers, office buildings, and data centers. With 2014 as the benchmark, Delta plans to lower its electricity intensity by an additional 30% by 2020.

[Key Initiatives for the Alignment with SDGs](#)

- Expand the scope of energy management, set concrete targets and take actions.
- Develop products and solutions with high energy efficiency.
- Implement and promote green production plants and office buildings.

[Future Plans](#)

- Continue to implement energy-saving projects to achieve the commitment of 30% reduction in the density of total electricity consumption by 2020.
- Continue to fulfill our commitment that all production plants and offices must be green buildings.
- Enhance the use of renewable energy at production plants.

4.2.4 Water and waste management



Commitment

In response to climate change, a stable water supply and resource shortage have become global issues. To fulfill our social responsibility and to respond to global environmental issues, Delta promises to reduce overall water intensity and waste intensity at production plants and office buildings by 30% and 15%, respectively, before 2020, using 2015 as the base year. Delta, together with enterprises worldwide, is facing the challenge of environmental sustainability issues by implementing specific actions.

Key Initiatives for Alignment with SDGs

- Established an assessment model as the baseline for subsequent improvement of the Company's own risks.
- Established reduction targets and a water consumption surveillance system.
- Promoted water source reduction and improved water recycling.
- Reduce waste generation and environmental impact through prevention, reduction, recycling and reuse.

Future Plans

- Strive to achieve reduction goals by 2020.
- Continuously promote green procurement and improve the resource utilization rate.

► 4.3 Expanding social participation

In addition to providing quality products and services to support a better life quality for all, Delta actively participates in environmental and education-oriented social welfare activities. Over the years, Delta has integrated core competencies with social welfare strategies. Through the Foundation's coordination and planning, the Company continues to focus on popularizing the concept of green buildings and transportation, as well as advocating for science, energy education and climate action, and cultivating talent.

4.3.1 Popularizing green buildings and transportation

4.3.1.1 Understanding the significance of precise weather information on energy conservation in buildings, the Delta Electronics Foundation has collaborated with the Central Weather Bureau and Taiwan Architecture & Building Center. Delta commissioned Professor Tai-Jen George Chen's team from the Atmospheric Science at National Taiwan University to develop "Green Building Information Modeling" (Green BIM), and a designated website was established offering free access to architects. Thirteen monitoring stations encompassing most of the metropolitan areas throughout Taiwan were completed in 2018, in which simulation software utilizes historical weather information for the BIM. This allows architects to factor in weather information at the construction site, including sunshine, wind speed, temperature, humidity, and rain volume at the beginning of his/her design. Green design techniques are further employed to allow ventilation, adopt natural light, or utilize the peripheral green belt and thus reduce the energy consumption needed by the building from the source.

4.3.1.2 Promoting science, energy education and climate change action

In order to raise awareness on a hydrosphere crisis under climate change, the Foundation worked with the NHK Enterprises team from Japan to produce an environmental documentary centering on water resources: "Water with Life". The aesthetic images presented through 8K resolution convey how global warming and human activities affect popular water-related attractions in Taiwan. The entire documentary is down-to-earth and appropriate for all ages, and it does not take the negative approach commonly used in climate change communication. The 2019 documentary became the first environmental documentary shown on the NHK BS 8K channel in Japan. There were also 15 charity screenings in Taiwan throughout the year, attracting tens of thousands of viewers, including government policy makers, enterprises and media executives.

4.3.1.3 Proactive talent development

The DeltaMOOCx online learning platform offers free courses that are specially designed by the Foundation for high schools, industrial high schools, as well as technical universities. Centering around technical and vocational education, the platform develops industrial automation courses which are in line with industry trends. It also extends the courses to include the fundamental subjects of natural science and serves as a bridge for students to enter higher education in the future. By 2019, the number of viewings for the course videos exceeded 7 million. The Foundation conducted a social return on investment (SROI) assessment on the platform, and on average, NT\$9 worth of social value and influence are generated for each New Taiwan Dollar invested.

► 4.4 Others

Task Force on Climate-related Financial Disclosures (TCFD)

Delta adopts the TCFD structure in disclosing its practices regarding the four core elements of climate change, i.e. governance, strategy, risk management, and indicators and targets:

I. Governance: Disclose the organization's climate-related risks and opportunities	
Guiding Principles	Specific Practices
Board's supervision over climate-related risks and opportunities	<ul style="list-style-type: none"> The CSR Committee is affiliated with the Board of Directors. It is the highest-level supervision unit for climate risk and opportunity within Delta, with Mr. Bruce Cheng, founder and honorary chairman of Delta, as the honorary chairperson and Mr. Yancey Hai, Chairman of Delta, as the chairperson. The committee is composed of board members including the vice chairman, CEO and COO as well as the CSO and top executives from regional and functional management. The committee holds meetings on a quarterly basis and is responsible for formulating climate-related strategies and operational directions, monitoring risk events, reviewing energy conservation and carbon reduction targets as well as annual budgets, and supervising the overall implementation. The implementation results are presented to the Board of Directors annually. Major capital investments, including the construction of green buildings and solar energy equipment, are reviewed and resolved by the Board of Directors.
Management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> The CSR Committee sets up the Corporate Sustainability Development Office and the Energy Management Committee to be in charge of promoting and implementing climate-related projects. The Corporate Sustainability Development Office is a division that assists the CSR Committee. It takes the lead in identifying the risks and opportunities related to climate issues, analyzing international climate-related trends, understanding stakeholders' needs in depth, and planning Delta's climate-related application strategies and implementation plans. The Energy Management Committee is one of the nine functional committees under the CSR Committee that holds meetings on a quarterly basis. It is responsible for implementing energy saving projects within production plants, office buildings and green buildings to reduce GHG emissions and mitigate the impact of climate change.

II. Strategy: Immediate and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Guiding Principles	Specific Practices
Short-, medium-, and long-term climate-related risks and opportunities identified	<ul style="list-style-type: none"> • With reference to the schedule of internal carbon emissions targets, Delta has defined short-term as three years, medium-term as three to five years, and long-term as more than five years. • Short-, medium-, and long-term risks: <ol style="list-style-type: none"> 1. Short-term: Replacement of products and services by low-carbon technologies, increased raw material costs, increased prices of GHG emissions, general environmental regulations (including regulations at the planning stage), costs for the transition to a low-carbon economy, changes in precipitation patterns/drastric changes in weather patterns, and increases in average temperature. 2. Medium-term: Voluntary regulation. 3. Long-term: Fuel/energy tax or relevant regulations, renewable energy regulations and uncertainties in market signals. • Short-, medium-, and long-term opportunities: <ol style="list-style-type: none"> 1. Short-term: Adoption of more efficient production and distribution processes, recycle and reuse, more energy-efficient buildings, use of low-emission energy, supportive policy incentives, use of new technologies, participation in carbon trading markets, movement towards decentralized energy production, development or expansion of low-carbon products and services, development of climate adaptation and insurance solutions, diverse management, responses to the changes in consumer preferences, and new market partnerships. 2. Medium-term: Participation in renewable energy projects and energy efficiency enhancement. 3. Long-term: Reduction in the use of water resources, R&D and innovation of new products and services, and resource substitution and diversification.
Climate-related risks and opportunities having significant impact on the organization's businesses, strategy, and financial planning	<ul style="list-style-type: none"> • Climate risks and opportunities identified by Delta range from products and services, supply chains, adaptation and mitigation activities, R&D, investment, and operations of other relevant aspects. An incident's probability of occurrence and degree of impact are assessed by each risk and opportunity. • Delta further analyzes the operating costs and revenues, capital expenditures and distributions, acquisitions or divestment, and capital acquisitions caused by the incident to understand the financial impact on the organization and develop responding strategies.
Potential impacts from different climate-related scenarios on the organization's business, strategy and financial planning	<ul style="list-style-type: none"> • Based on the International Energy Agency's scenario in 2017 of keeping the global temperature increase within 2°C, Delta has estimated its commitment for carbon emission reduction and established its SBTs for the year of 2025 with the year of 2014 being the benchmark. These targets were approved by the SBTi in 2017. • To achieve the targets set for the 2°C scenario, apart from continuing the implementation of energy management in Scope 2, Delta has begun the carbon reduction plan in Scope 1 at its factories. In the future, it will also assess its reduction strategies and implement carbon asset management with internal carbon pricing management tools.

III. Risk management: Process used by the organization to identify, assess, and manage climate-related risks

Guiding Principles	Specific Practices
The organization's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> • The Board of Directors has instructed the CSR Committee to manage climate-related issues. Based on the collected climate-related risk issues, the Committee has adopted the TCFD framework to analyze policies, regulations, technologies, markets, corporate reputation, and risks from acute or chronic climate events from the perspective of transitional and physical risks. • Delta conducts a large-scale survey every three years. For short-, medium-, and long-term time frames, Delta screens out high-risk projects based on probability and degree of impact with corresponding opportunities. In order to ensure the identification results are in line with the status quo, Delta re-examines the results annually to confirm its rationality.
The organization's processes for managing climate-related risks	<ul style="list-style-type: none"> • If the overall score of a climate risk event falls between "significant" and "important," an approach based on "mitigation" and "adaptation" will be adopted. <ol style="list-style-type: none"> 1. Mitigation: To actively promote green operations, energy management, and green buildings, and increase energy efficiency to reduce Delta's dependence on energy. 2. Adaptation: To develop renewable and other alternative clean energy, as well as analyze and seize each climate change opportunity. To accumulate and enhance R&D strengths, provide customers with integrated energy solutions, and strengthen Delta's adaptability.
How to integrate the processes of climate-related risk identification, assessment and management into the organization's overall risk management	<ul style="list-style-type: none"> • Delta believes that climate change has a sweeping impact and is one of the most important issues that every country and company will face in the coming decades. The Board of Directors has singled out climate-related issues and placed the CSR Committee in charge of identifying climate-related risks and opportunities, as well as managing and implementing relevant responding measures and projects.

IV. Indicator and targets: Indicators and targets used by the organization to assess and manage climate-related risks and opportunities

Guiding Principles	Specific Practices
<p>Indicators used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<ul style="list-style-type: none"> The indicators adopted by Delta for assessing climate-related risks include Energy Intensity (EI) of factories, Energy Use Intensity (EUI) of R&D/office buildings, Power Usage Effectiveness (PUE) of data centers, the overall EI (factories, R&D/office buildings, and data centers), the amount of waste generated from production per unit at major operating sites, and the amount of water consumed by production per unit.
<p>Disclose Scope 1, Scope 2, and Scope 3 GHG emissions, and related risks.</p>	<ul style="list-style-type: none"> Delta conducts GHG inventories of direct emissions (Scope 1) and indirect emissions (Scope 2) in accordance with the GHG Protocol, and verifies the amount based on the ISO 14064-1 GHG inventory standards. With reference to GHG Protocol Scope 3, Delta conducts GHG inventories of Scope 3, which include purchased goods and services, business travel, use of sales products, upstream and downstream transportation and distribution, and waste management, and obtains ISO 14064-1 GHG verification reports. The results of previous annual inventories are published in the chapter titled "Environmental Protection and Energy Savings," in the CSR report..
<p>Targets used by the organization to manage climate-related risks and opportunities and the performance against targets.</p>	<ul style="list-style-type: none"> Using 2014 as the base year, Delta has promised to reduce its overall EI by 30% by the year 2020. This follows the EI reduction of 50% achieved at its main production plants from 2009 to 2014. Delta extends the commitment to cover its entire operations, including offices and data centers. Delta has set 2015 as its baseline and committed to reducing water use intensity and waste generation intensity by 30% and 15%, respectively, by the year 2020. <p>The status quo and performance of the implementation of each target are disclosed in the chapter titled "Environmental Protection and Energy Savings," in the CSR report.</p>

5. Capital and Shares

► 5.1 Capital and shares

5.1.1 Source of capital

April 29, 2020/ Unit: Shares, NT\$1,000

Year. month	Par Value	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
1971.04	10	30,000	300,000	30,000	300,000	Incorporation	-
1972.04	10	100,000	1,000,000	100,000	1,000,000	capital increase by cash	700,000 -
1973.07	10	300,000	3,000,000	300,000	3,000,000	capital increase by cash	2,000,000 -
1975.08	10	500,000	5,000,000	500,000	5,000,000	capital increase by cash	2,000,000 -
1977.08	10	1,000,000	10,000,000	1,000,000	10,000,000	capital increase by cash	5,000,000 -
1978.11	10	2,000,000	20,000,000	2,000,000	20,000,000	capital increase by cash	10,000,000 -
1979.08	10	4,000,000	40,000,000	4,000,000	40,000,000	capital increase by cash capitalization of retained earnings	16,100,000 3,900,000 -
1982.08	10	8,000,000	80,000,000	8,000,000	80,000,000	capital increase by cash capitalization of retained earnings	34,000,000 6,000,000 -
1984.11	10	16,000,000	160,000,000	16,000,000	160,000,000	capital increase by cash capitalization of retained earnings	60,000,000 20,000,000 -
1985.11	10	19,500,000	195,000,000	19,500,000	195,000,000	capital increase by cash capitalization of retained earnings	3,000,000 32,000,000 -
1987.11	10	52,000,000	520,000,000	52,000,000	520,000,000	capital increase by cash capitalization of retained earnings	130,000,000 195,000,000 1987.10.19(76) Tai-Tsai-Tzeng (1) No.01044
1988.07	10	78,500,000	785,000,000	78,500,000	785,000,000	capitalization of retained earnings	265,000,000 1988.07.14(77) Tai-Tsai-Tzeng (1) No.08647
1988.11	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	capital increase by cash	215,000,000 1988.10.27(77) Tai-Tsai-Tzeng (1) No.09250
1989.09	10	125,000,000	1,250,000,000	125,000,000	1,250,000,000	capitalization of retained earnings	250,000,000 1989.07.31(78) Tai-Tsai-Tzeng (1) No.01541
1990.09	10	179,000,000	1,790,000,000	138,600,000	1,386,000,000	capitalization of retained earnings	136,000,000 1990.07.28(79) Tai-Tsai-Tzeng (1) No.01755
1991.12	10	179,000,000	1,790,000,000	152,460,000	1,524,600,000	capitalization of retained earnings	138,600,000 1991.10.02(80) Tai-Tsai-Tzeng (1) No.02842
1992.08	10	229,000,000	2,290,000,000	167,706,000	1,677,060,000	capitalization of retained earnings	152,460,000 1992.07.14(81) Tai-Tsai-Tzeng (1) No.01583
1992.12	10	229,000,000	2,290,000,000	170,620,786	1,706,207,860	exercise of warrants for common stocks	29,147,860 1993.01.08(82) Tai-Tsai-Tzeng (1) No.84152
1993.08	10	268,000,000	2,680,000,000	191,800,000	1,918,000,000	capitalization of retained earnings	211,792,140 1993.07.13(82) Tai-Tsai-Tzeng (1) No.29964
1993.12	10	268,000,000	2,680,000,000	203,301,496	2,033,014,960	exercise of warrants for common stocks	115,014,960 1994.01.10(83) Tai-Tsai-Tzeng (1) No.50111

Year. month	Par Value	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
1994.08	10	320,000,000	3,200,000,000	245,600,000	2,456,000,000	capitalization of retained earnings	422,985,040 1994.07.22(83) Tai-Tsai-Tzeng (1) No.32166
1994.12	10	320,000,000	3,200,000,000	246,360,671	2,463,606,710	exercise of warrants for common stocks	7,606,710 1995.01.05(84) Tai-Tsai-Tzeng (1) No.55114
1995.07	10	360,000,000	3,600,000,000	297,800,000	2,978,000,000	capitalization of retained earnings	514,393,290 1995.06.17(84) Tai-Tsai-Tzeng (1) No.36040
1995.12	10	360,000,000	3,600,000,000	298,010,250	2,980,102,500	exercise of warrants for common stocks	2,102,500 1996.01.03(85) Tai-Tsai-Tzeng (1) No.67056
1996.07	10	500,000,000	5,000,000,000	362,000,000	3,620,000,000	capitalization of retained earnings	639,897,500 1996.07.01(85) Tai-Tsai-Tzeng (1) No.40315
1996.12	10	500,000,000	5,000,000,000	362,522,704	3,625,227,040	exercise of warrants for common stocks	5,227,040 1997.01.04(86) Tai-Tsai-Tzeng (1) No.76507
1997.07	10	500,000,000	5,000,000,000	446,702,490	4,467,024,900	capitalization of retained earnings exercise of warrants for common stocks	784,772,960 57,024,900 1997.06.25(86) Tai-Tsai-Tzeng (1) No.50062 1997.07.24(86) Tai-Tsai-Tzeng (1) No.59606
1998.01	10	500,000,000	5,000,000,000	457,457,125	4,574,571,250	exercise of warrants for common stocks	107,546,350 1998.01.05(87) Tai-Tsai-Tzeng (1) No.96405
1998.07	10	900,000,000	9,000,000,000	560,685,771	5,606,857,710	capitalization of retained earnings exercise of warrants for common stocks	1,005,428,750 26,857,710 1998.06.12(87) Tai-Tsai-Tzeng (1) No.51669 -
1998.12	10	900,000,000	9,000,000,000	561,908,458	5,619,084,580	exercise of warrants for common stocks	12,226,870 -
1999.07	10	900,000,000	9,000,000,000	734,534,144	7,345,341,440	capitalization of retained earnings exercise of warrants for common stocks	1,233,915,420 492,341,440 1999.06.11(88) Tai-Tsai-Tzeng (1) No.54830 -
1999.12	10	900,000,000	9,000,000,000	747,599,319	7,475,993,190	exercise of warrants for common stocks	130,651,750 -
2000.02	10	900,000,000	9,000,000,000	748,424,552	7,484,245,520	exercise of warrants for common stocks	8,252,330 -
2000.07	10	1,400,000,000	14,000,000,000	954,446,384	9,544,463,840	capitalization of retained earnings exercise of warrants for common stocks	2,045,754,480 14,463,840 2000.06.05(89) Tai-Tsai-Tzeng (1) No.48759 -
2000.12	10	1,400,000,000	14,000,000,000	954,615,430	9,546,154,300	exercise of warrants for common stocks	1,690,460 -
2001.07	10	1,400,000,000	14,000,000,000	1,189,460,000	11,894,600,000	capitalization of retained earnings	2,348,445,700 2001.06.05(90) Tai-Tsai-Tzeng (1) No.135239
2002.07	10	1,680,000,000	16,800,000,000	1,387,879,000	13,878,790,000	capitalization of retained earnings	1,984,190,000 2002.06.06 Tai-Tsai-Tzeng (1) No.09100130199
2003.06	10	1,680,000,000	16,800,000,000	1,480,273,000	14,802,730,000	capitalization of retained earnings	923,940,000 2003.05.21 Tai-Tsai-Tzeng (1) No.0920122376
2004.07	10	2,000,000,000	20,000,000,000	1,585,560,000	15,855,600,000	capitalization of retained earnings	1,052,870,000 2004.06.01 Tai-Tsai-Tzeng (1) No.0930124290

Year. month	Par Value	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
2004.12	10	2,000,000,000	20,000,000,000	1,585,971,952	15,859,719,520	conversion of convertible bonds to shares	4,119,520 2005.01.25 Ching Shou Shang Tzu No.09401008870
2005.03	10	2,000,000,000	20,000,000,000	1,607,386,628	16,073,866,280	conversion of convertible bonds to shares	214,146,760 2005.04.19 Ching Shou Shang Tzu No.09401065160
2005.06	10	2,000,000,000	20,000,000,000	1,778,516,162	17,785,161,620	conversion of convertible bonds to shares capitalization of retained earnings	586,826,570 1,124,468,770 2005.07.12 Ching Shou Shang Tzu No.09401128700 -
2005.09	10	2,000,000,000	20,000,000,000	1,822,749,878	18,227,498,780	conversion of convertible bonds to shares	442,337,160 2005.10.17 Ching Shou Shang Tzu No.09401204370
2005.12	10	2,000,000,000	20,000,000,000	1,830,381,534	18,303,815,340	conversion of convertible bonds to shares	76,316,560 2006.01.16 Ching Shou Shang Tzu No.09501008160
2006.02	10	2,000,000,000	20,000,000,000	1,840,422,412	18,404,224,120	conversion of convertible bonds to shares	100,408,780 2006.03.08 Ching Shou Shang Tzu No.09501040200
2006.06	10	2,300,000,000	23,000,000,000	1,969,445,000	19,694,450,000	capitalization of retained earnings	1,290,225,880 2006.07.06 Ching Shou Shang Tzu No.09501138590
2007.07	10	2,300,000,000	23,000,000,000	2,106,417,250	21,064,172,500	capitalization of retained earnings and capital reserves	1,369,722,500 2007.07.31 Ching Shou Shang Tzu No.09601182190
2008.07	10	2,500,000,000	25,000,000,000	2,185,045,600	21,850,456,000	capitalization of retained earnings and capital reserves	786,283,500 2008.08.04 Ching Shou Shang Tzu No.09701193390
2009.07	10	2,500,000,000	25,000,000,000	2,253,523,956	22,535,239,560	capitalization of retained earnings and capital reserves	684,783,560 2009.07.30 Ching Shou Shang Tzu No.09801167570
2010.03	10	2,500,000,000	25,000,000,000	2,257,309,043	22,573,090,430	conversion of warrants to shares	37,850,870 2010.03.25 Ching Shou Shang Tzu No.09901056170
2010.05	10	2,700,000,000	27,000,000,000	2,383,486,207	23,834,862,070	shares conversion conversion of warrants to shares	1,231,926,960 29,844,680 2010.05.11 Ching Shou Shang Tzu No.09901092450
2010.09	10	2,700,000,000	27,000,000,000	2,384,547,770	23,845,477,700	conversion of warrants to shares	10,615,630 2010.09.02 Ching Shou Shang Tzu No.09901197530
2010.10	10	2,700,000,000	27,000,000,000	2,390,056,623	23,900,566,230	conversion of warrants to shares	55,088,530 2010.10.18 Ching Shou Shang Tzu No.09901234240
2011.01	10	2,700,000,000	27,000,000,000	2,395,076,043	23,950,760,430	conversion of warrants to shares	50,194,200 2011.01.20 Ching Shou Shang Tzu No.10001010690
2011.04	10	2,700,000,000	27,000,000,000	2,401,054,458	24,010,544,580	conversion of warrants to shares	59,784,150 2011.04.15 Ching Shou Shang Tzu No.10001075110
2011.07	10	2,700,000,000	27,000,000,000	2,402,028,048	24,020,280,480	conversion of warrants to shares	9,735,900 2011.07.19 Ching Shou Shang Tzu No.10001162540
2011.10	10	2,700,000,000	27,000,000,000	2,403,193,369	24,031,933,690	conversion of warrants to shares	11,653,210 2011.10.14 Ching Shou Shang Tzu No.10001238570
2012.01	10	2,700,000,000	27,000,000,000	2,403,405,806	24,034,058,060	conversion of warrants to shares	2,124,370 2012.01.16 Ching Shou Shang Tzu No.10101010510

Year. month	Par Value	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount	Shares	Amount	Sources of capital	Date of Approval and Document Number
2012.04	10	2,700,000,000	27,000,000,000	2,406,173,262	24,061,732,620	conversion of warrants to shares	27,674,560 2012.04.18 Ching Shou Shang Tzu No.10101068730
2012.07	10	2,700,000,000	27,000,000,000	2,408,757,282	24,087,572,820	conversion of warrants to shares	25,840,200 2012.07.24 Ching Shou Shang Tzu No.10101145400
2012.10	10	2,700,000,000	27,000,000,000	2,417,141,304	24,171,413,040	conversion of warrants to shares	83,840,220 2012.10.19 Ching Shou Shang Tzu No.10101216820
2013.01	10	2,700,000,000	27,000,000,000	2,421,199,989	24,211,999,890	conversion of warrants to shares	40,586,850 2013.01.21 Ching Shou Shang Tzu No.10201014220
2013.04	10	2,700,000,000	27,000,000,000	2,426,016,226	24,260,162,260	conversion of warrants to shares	48,162,370 2013.04.19 Ching Shou Shang Tzu No.10201070540
2013.07	10	2,700,000,000	27,000,000,000	2,427,364,489	24,273,644,890	conversion of warrants to shares	13,482,630 2013.07.17 Ching Shou Shang Tzu No.10201144080
2013.10	10	2,700,000,000	27,000,000,000	2,430,399,411	24,303,994,110	conversion of warrants to shares	30,349,220 2013.10.18 Ching Shou Shang Tzu No.10201214470
2014.01	10	2,700,000,000	27,000,000,000	2,437,543,329	24,375,433,290	conversion of warrants to shares	71,439,180 2014.01.23 Ching Shou Shang Tzu No.10301012580
2016.01	10	2,700,000,000	27,000,000,000	2,597,543,329	25,975,433,290	capital increase by cash	1,600,000,000 2016.01.19 Ching Shou Shang Tzu No.10501008930
2019.04	10	4,000,000,000	40,000,000,000	2,597,543,329	25,975,433,290	-	- 2019.04.26 Ching Shou Shang Tzu No.10801045020

Note: There is no capital increased by assets other than cash.

April 29, 2020

Types of Shares	Authorized Capital			Remarks
	Issued shares	Unissued Shares	Total	
Common Shares	2,597,543,329 shares (Note 2)	1,402,456,671 shares	4,000,000,000 shares (Note 1)	Listed company's shares

Note 1: The Company's authorized capital is 4,000,000,000 shares, whereby, 100,000,000 shares reserved for issuing warrants, preferred shares with warrants or corporate bonds with warrants.

Note 2: As of April 29, 2020, the issued shares are 2,597,543,329 common shares at par value of NTD 10 per share.

Information for Shelf Registration: None.

5.1.2 Shareholder structure

April 12, 2020

Shareholder Structure Quantity	Governmental Organizations	Financial Institutions	Other Institutional Investors	Domestic Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	2	48	382	64,981	1,281	66,694
No. of Shares Held	738,128	208,241,167	252,267,222	441,830,820	1,694,465,992	2,597,543,329
Shareholding	0.03%	8.02%	9.71%	17.01%	65.23%	100.00%

Note: Shares as of April 12, 2020, the book closure date for the 2020 AGM.

5.1.3 Distribution profile of share ownership

April 12, 2020

Shareholder Ownership	Number of shareholders	Number of Shares Held	Shareholding
1 to 999	20,066	4,645,079	0.18%
1,000 to 5,000	37,604	72,095,186	2.78%
5,001 to 10,000	4,334	32,438,377	1.25%
10,001 to 15,000	1,319	16,375,239	0.63%
15,001 to 20,000	689	12,482,266	0.48%
20,001 to 30,000	746	18,586,518	0.72%
30,001 to 40,000	358	12,593,737	0.48%
40,001 to 50,000	172	7,909,782	0.30%
50,001 to 100,000	441	31,580,011	1.22%
100,001 to 200,000	280	39,345,245	1.51%
200,001 to 400,000	217	61,322,812	2.36%
400,001 to 600,000	100	48,070,556	1.85%
600,001 to 800,000	61	42,909,410	1.65%
800,001 to 1,000,000	54	47,752,184	1.84%
1,000,001 and more	253	2,149,436,927	82.75%
Total	66,694	2,597,543,329	100.00%

Note: Common shares, the Company did not issue preferred shares.

5.1.4 List of major shareholders (Top-10 Shareholders)

April 12, 2020

Major Shareholders	Shares	Number of Shares Held (Note)	Shareholding
DEICO INTERNATIONAL LTD.		267,556,280	10.30%
DELTRON HOLDING LTD.		218,211,168	8.40%
Government of Singapore		83,237,276	3.20%
Chung-Hua Cheng (Also known as Bruce CH Cheng)		81,878,039	3.15%
New Labor Retirement Pension Fund		70,724,938	2.72%
Ping Cheng		55,640,093	2.14%
An Cheng (Also known as Victor Cheng)		50,344,764	1.94%
Labor Insurance Fund		48,841,858	1.88%
NAN SHAN LIFE INSURANCE CO., LTD		44,925,000	1.73%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		37,977,649	1.46%

Note: Actual number of shares held.

5.1.5 Market price for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

Item		Year	2018	2019	Current Year up to April 29, 2020 (Note 8)
Market price per share (Note 1) (Note 11)	Highest		151.00	167.50	154.50
	Lowest		98.30	126.00	108.50
	Average		122.01	147.87	133.78
Net worth per share (Note 2)	Before distribution		50.15	53.96	53.79
	After distribution		45.15	(Note 9)	(Note 9)
Earnings per share	Weighted average shares		2,597,543,329	2,597,543,329	2,597,543,329
	Earnings per share (Note 3)		7.00	8.90 (Note 10)	0.80
Dividend per share (Note 11)	Cash dividends		5.0	5.0 (Note 10)	
	Stock dividends	Stock Dividends Appropriated from Retained Earnings	-	- (Note 10)	
		Stock Dividends Appropriated from Capital Surplus	-	- (Note 10)	
	Accumulated unpaid dividends (Note 4)		-	-	
Return Analysis	Price-earnings ratio (Note 5)		17.43	16.61	
	Price-dividend ratio (Note 6)		24.40	29.57	
	Cash dividend yield (Note 7)		4.10%	3.38%	

Note 1: The highest and lowest market prices for each year is provided, with the average price for the year computed based on each year's transaction amount and volume.

Note 2: Use the number of the issued shares at year's end and the distribution passed at the following year's shareholders' meeting to fill in.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.

Note 5: Price-earnings ratio = Average closing price for the year / earnings per share.

Note 6: Price-dividend ratio = Average closing price for the year / cash dividend per share.

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

Note 8: Listed net worth per share and earnings per share are according to the report reviewed by CPA in the latest quarter of the date of the publication of this annual report. Other columns show information for the current year as of the date of the publication of the annual report.

Note 9: The earnings distribution proposal for 2019 had not yet been presented for approval at the shareholders' meeting, and is therefore not listed.

Note 10: This has been approved by the Board of Directors' meeting on March 10, 2020. However, as of April 29, 2020, the printing date of the annual report, it has yet to be presented for approval at the shareholders' meeting.

In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and employee stock options), it is proposed that the Board of Directors be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Note 11: The market price per share and cash dividends after retrospective adjustments according to the amount of issued shares by stock dividends:

Market price per share

Unit: NT\$

Item		Year	2018	2019
Market price per share	Market price per share before adjustment		122.01	147.87
	Market price per share after retrospective adjustment (Note 2)		122.01	147.87

Cash dividends

Unit: NT\$

Item		Year	2018	2019
Cash dividends			5.0	5.0 (Note 1)
Cash dividends after retrospective adjustments (Note 2)			5.0	(Note 3)

Note 1: This has been approved by the Board of Directors' meeting on March 10, 2020. However, as of April 29, 2020, the printing date of this annual report, it has yet to be presented for approval at the shareholders' meeting.

Note 2: There is no issuance of stock dividend in 2018 and the payout ratio is 0%, therefore there is no calculation based on retrospective adjustment.

Note 3: The dividend payout proposal for 2019 had not yet been presented for approval at the shareholders' meeting, and is therefore not listed.

5.1.6 Company's dividend policy and implementation thereof

5.1.6.1. Dividend Policy provided in the articles of incorporation

The Company shall allocate the earnings for each fiscal year in the following order:

1. Paying tax;
2. Making up losses for preceding years;
3. Setting aside a legal reserve at 10% of the earnings unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company;
4. Setting aside or reversing a special reserve according to relevant regulations when necessary;
5. The balance together with the retained earnings as of the beginning of the fiscal year concerned shall be the shareholders' dividends. The proposed of earnings distribution shall be set by the Board of Directors and submitted to shareholders' meetings for resolving. As the Company is at a stage of stable growth, and considering the benefits of shareholders, stability of financial condition and business development, the amount of dividends distributed to shareholders shall be no less than 60% of the distributable earnings of the current year and no less than 15% of the shareholder's dividends shall be in the form of cash.

5.1.6.2 The dividend distributions proposed at the most recent shareholders' meeting

The cash dividends for the year of 2019 is NT\$12,987,716,645 to be distributed to shareholders. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of approximately NT\$5 per share will be distributed. The Board of Directors of the Company has authorized the Chairman to set as record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution after the approval of the Annual General Shareholders' Meeting. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as , buyback of shares for transfer to cancellation, domestic capital increase by cash , and employee stock options), it is proposed that the Board of Directors be authorized the Chairman to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

5.1.6.3 If a material change in dividend policy is expected, provide an explanation: None

5.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

The shareholders' meeting did not approved stock dividend distribution. In addition, the company does not need to public its financial forecasts for the year 2020 per relevant rules and therefore does not need to disclose its annual forecasts information.

5.1.8 Compensation of employees and directors

5.1.8.1 Ratio or scope of compensation for employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:

If the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of at least 3% as the employee compensation and no more than 1% as the compensation for directors.

If the Company has cumulative losses, the amount equivalent to such losses shall be reserved prior to the allocation and reported in the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive the abovementioned compensation, may be specified by the authorized Board of Directors or the person authorized by the Board of Directors.

5.1.8.2 Basis for estimates of compensations for employees, directors and supervisors this term, basis for calculating employee stock compensation and accounting procedures for when there is a discrepancy between the estimated and actual amount

- (1) The estimated amount of compensation for employees and directors for the current period is based on the profitability for the current year. The relative estimate shall be made in accordance within the rate range specified in the articles of association.
- (2) Basis of calculating the number of shares allotted for stock dividends: N/A

(3) When there is a difference between the actual allotment amount and the estimated amount, it is classified as the profit and loss of the following year.

5.1.8.3 Information on the amount of compensation for distribution:

(1) The Board of Directors has passed the resolution on March 10, 2020 that the earnings in 2019 will be distributed as follows:

According to the company's articles of association, if the Company makes profits for the current year, the Board of Directors shall resolve on the allocation of at least 3% as the employee compensation and no more than 1% as the compensation for directors.

Proposed cash compensation for employees: NT\$1,763,122,221

Proposed Director's compensation: NT\$29,400,000.

(2) The amount of stock dividend and ratio of the total net profit after-tax and individual employee compensation or separate financial report for the current period: N/A

(3) Earnings per share after the proposed employees' and directors' compensation: N/A

5.1.8.4 The actual distribution of compensation for employees, directors, and supervisors in the previous fiscal year

(1) According to the resolution of the Board of Directors on March 11, 2019, for the annual earnings of 2018, NT\$1,728,343,835 of the profit is allocated to employees as cash compensation and NT\$29,400,000 to directors as compensation.

(2) The difference of NT\$9,744,000 between the amount recognized initially and the amount specified in the Board resolution will be adjusted for the next period.

(3) There is no difference between the actual allotment amount and the amount approved by the Board of Directors.

5.1.9 Share repurchases: None.

▶ 5.2 Issuance of corporate bonds: None.

▶ 5.3 Preferred shares: None.

► 5.4 Issuance of global depository shares

Date of issuance (handling)		March 29, 2005	
Items			
Date of issuance (handling)	March 29 2005		
Place of issuance and trading	Place of issuance: Luxembourg Trading: Luxembourg Stock Exchange		
Total amount	Approximately USD 134,666,000		
Unit issuing price	USD 8.4166		
Units issued	16,000,000 units		
Source of securities represented	Shares held by shareholders Bruce CH Cheng and Yi-Ying Hsieh		
Amount of securities represented	80,000,000 shares		
Rights and obligations of GDR holders	Same as shareholders of common stock		
Trustee	N/A		
Depository Institution	BNY Mellon		
Custodian Bank	Mega International Commercial Bank		
Outstanding balance (Note 1)	559,203.4 units		
Distribution of expenses incurred from issuance and the outstanding period of the GDRs	All expenses incurred during the GDR issuance are included in the underwriting fees and borne by the international lead underwriter. Related costs of information disclosure and other expenses are borne by the shareholders.		
Important stipulations on the depository contract and custodial agreement	The underwriting and depository contracts for the issuance of GDRs shall be governed by the laws of the U.K and the State of New York (USA). However, the approval of GDR issuance is subject to the regulations and legal restrictions set forth by the Republic of China.		
Market price per unit (Note 2)	2019	Highest	US\$26.91
		Lowest	US\$20.59
		Average	US\$23.92
	Current year to April 15, 2020	Highest	US\$25.43
		Lowest	US\$18.24
		Average	US\$22.83

Note 1: Issuance of 16,000,000 units of global depository receipts on March 29, 2005; plus 353,370.4 units of stock dividends issued on August 8, 2005, 254,559.0 units of stock dividends issued on July 19 2006, 156,112.2 units of stock dividends issued on August 15 2007, 20,564.2 units of stock dividends issued on August 15 2008 and 157,244.6 units of stock dividends issued on August 14 2009, totaling 16,941,850.4 units. As of April 15 2020, investors had redeemed a total of 36,992,712.0 units and requested for reissuance of 20,610,065.0 units; therefore there are 559,203.4 units remaining in the market.

Note 2: Source: Luxembourg Stock Exchange

► 5.5 Status of employee stock option plan

5.5.1 Unexpired employee subscription warrants issued by the Company in existence as of the date of publication of the annual report: None.

5.5.2 Names of top-level company executives and top ten employees holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives and employees as of the date of publication of the annual report: None.

► 5.6 Status of employee restricted stock: None.

► 5.7 Status of new share issuance in connection with mergers and acquisitions: None.

► 5.8 Financing plans and implementation

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: None.

Plans for the funds usage under the plans referred to in the preceding subparagraph have been realized for the period as of the quarter preceding the date of publication of the annual report.

6. Overview of Business Operations

▶ 6.1 A description of the business

6.1.1 Scope of business

Delta is dedicated to providing innovative, clean and energy-efficient solutions to create a better tomorrow. As a world-class manufacturer for power management solutions worldwide, Delta has been maintaining its leadership position in switching power supplies and thermal solutions. Starting from its founding, Delta has been serving customers worldwide with professional design, experienced manufacturing processes; and has been providing customers with high power conversion efficiency and stabled complete power management solutions. Delta's key business components on information, communication, commercial, industrial, medical, energy-saving and renewable energy applications, power supplies, power converters, and uninterruptible power systems have been recognized and widely adopted by market leaders. In addition to power products, Delta is also a world-class system supplier, providing electromechanical systems for factory automation, mechanical automation and process automation in the field of industrial automation; and also owns advanced micro-image technology and 8K projection technology for video projection. Three of Delta's business areas are manufacturing and sales of: "Power Electronics", which include technical components, embedded power supplies, fans and thermal management, automotive electronics, commercial products, mobile power, Innergie, etc.; "Automation", including industrial automation, building automation, etc.; "Infrastructure" including communication infrastructure, Energy Infrastructure & Industrial Solutions Vivitek, DP, etc. In 2019, the proportion of Delta's three major business areas is divided as follows: Power Electronics (49.6%), Automation products (14.0%), Infrastructure products (36.1%), and other products (0.3%).

Since 2010, Delta has been actively crossing into the field of system integration from parts and system supplies. Through its own specifications and design and manufacturing capabilities, Delta has increased productivity and energy efficiency for its customers, while reducing its impact on the global environment, and carried out its business philosophy of 'Love the Earth: Protect and Conserve'. In addition to the abovementioned three business areas, Delta has provided efficient solutions with its superior technology and integration capabilities. The current integration solutions include industrial automation solutions, building automation solutions, data center solutions, communication power solutions, renewable energy solutions, video and surveillance solutions, and electric vehicle charging solutions. Delta wishes to utilize its core technology in power electronics that it accumulated over the years, and through integration of resources and services, to achieve an in-depth understanding of its customers' actual needs, so as to provide higher efficiency to customers around the world.

In order to implement its commitment to stakeholders, Delta launched the "Smarter. Greener. Together." branding commitment in 2012. We believe that technological innovation and collaboration can provide a clean and energy-efficient system solution to create a better tomorrow. Delta utilizes strategic brand exposure and promotional activities, such as advertisement, global exhibitions, dealer conferences, etc., to make the brand commitment a shared value, and expand the global influence of the brand. The Delta brand has long been recognized by customers, distribution partners and end users, and has been recognized as one of Taiwan's top 20 international brands for nine consecutive years from 2011 to 2019.

New products (services) planned for development

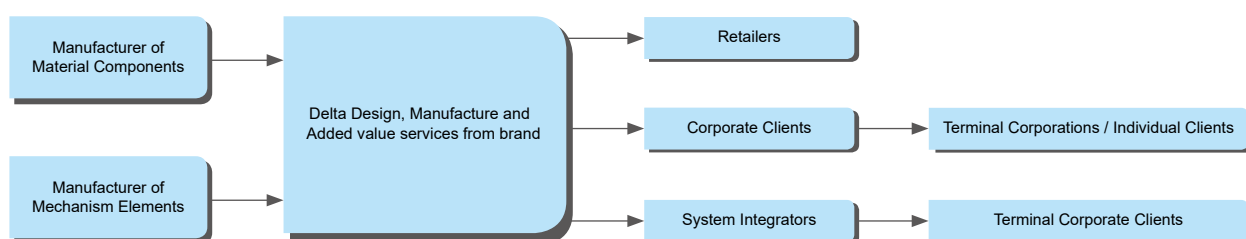
In recent years, Delta has been actively promoting comprehensive corporate transformation, from information technology and consumer electronics to industrial products, from OEM to own brand and from components and parts to system solutions. Delta allocates around 6-9% of our revenue for research and development every year for the continuous development of new products and new technologies. We hope to accelerate the transformation speed of the company and strengthen long-term competitiveness, and gain more information related to research and development and product development in response to future markets through enhancing corporate innovation capabilities continuously. For details, please refer to "Research and development work to be carried out in the future, and further expenditures expected for research and development work" in "The section on risks".

6.1.2 An analysis of the market as well as the production and marketing situation

6.1.2.1 The current status and development of the industry, the various development trends for products and competition

Delta has business operations in consumer electronics, automobile electronics, industrial automation, building automation, medical, communication, renewable energy, etc. It cannot be generalized due to the diverse industries it belongs to. In 2019, the consumer electronics market was slightly rising. However, the demand for automobile electronics slowed down due to the decline in the global sales of automobiles. The market in industrial automation was relatively low due to the effect of the US-China trade war. However, given the rigid demand for industrial structure upgrade and smart manufacturing, industrial automation is still the trend for future development. Moreover, data center construction is driven by the fast development of global internet and cloud computing. With the coming 5G revolution, Delta's power-system communications will be competitive in the market.

6.1.2.2 The links between the upstream, midstream, and downstream segments of the industry supply chain



6.1.3 An overview of the company's technologies and its research and development work

In terms of the new application fields, Delta has made arrangement for Internet of Things, medical technology and car markets, etc. and developed technologies such as integration of software and hardware and big data analysis. In addition, Delta has been focused on providing solutions and products with learning capabilities and plans to apply these to other fields, such as energy management, by building relevant core capabilities.

Research and development expenses in 2019: NT\$23,887,886 thousands

Research and development expenses until the lastest quarter of the annual report for 2020:NT\$5,526,858 thousands

A listing of technologies and/or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Power Electronics:

Various high efficient, high power density, compact size and low noise AC/DC and DC/DC switching power supplies, power adapters, DC/DC converters and battery chargers which are wide used on data centers, 5G communications, networking systems, server computers, workstation computers, desktop computers, portable computers, office equipment, consumer appliances, smart home devices, video gaming, power tools and power backup equipment etc.

Effective solutions with miniaturization, high precision, high efficiency and high integration products such as Magnetic components, Miniaturized Passive Components, Highly Integrated Power Modules/ Optical Transceiver Modules, Energy Storage Device/System to be used in the areas of handheld devices, Cloud Computing, automotive electronics, and New Energy

High efficiency and high reliability fan and cooling product solutions, including desktop computers, servers, laptops, data centers, cloud equipments, communication systems, game consoles, consumer products, industrial Inverter / motor driver and vehicle-mounted air-conditioning HVAC, head lamp and seat fans; heat dissipation products include heat pipes, vapor chambers, and closed / open loop controlled water cooling solutions, energy-saving smart ventilation fans and heater fans for buildings.

In the field of Electric Vehicle Power Electronics, the currently developing products or projects include on-board charging modules, electric distribution boxes to provide three-in-one power electronics integrated design, Bi-directional on board charging module, AC mains conversion DC to charge high-voltage batteries, DC/DC converter module. In terms of traction inverter, there are EV traction inverter, on board power converter, 3 in 1 power electronics integrated module, and 4 in 1 power electronics integrated module, EV integrated traction inverter module, 48-V mild hybrid EV integrated traction inverter module. The electric motor includes high torque hybrid motor, high revolution BEV drive motor, EV traction inverter, and integrated EV power module.

Automation:

A series of industrial automation and building automation products include: MS300 575V High Performance Drive, Controller for Hydraulic Injection Molding Machines, Scroll Type Electric Compressor for New-energy Vehicles, High precision & high speed motion controller DXMC SeriesDXMC Standalone, ASD-B3 200V communication type drive (four series, 3kW and below), ASD-A3 220V EtherCAT type drive (3kW and below), Intelligent controller solution for the stone industry: basin hole milling machine, five-axis bridge cutting machine, machining center, DIAeBox Machine Networking & Manufacturing Management System, Panel/Ethernet Power Meter, Wi-Fi Power Meter, DI/DO Power Meter, Din rail meter with direct current measurement (100A), DIAView Client and Server Version, 4-Axis SCARA robot, New generation economic temperature controller, Economic type pressure switch, Machine vision system with positioner, All-in-one air quality detector and monitoring management platform, All kinds of high luminous efficacy LED lighting, Programmable LED lighting power and digitally controllable dimming interface DALI power, Facial recognition access control system, Parking lot management system.

Infrastructure:

High efficiency 600VA, 1.25kVA, & 2.5kVA Inverter with parallel function module; 1U/2U 1KW DC/DC Bi-directional Converter; High efficiency 1U/3U 2.5KW PV Charger; Larger Power 480V 3P3W 1000/1250kW standalone UPS; High power density 400/500/600kVA standalone UPS; High Density 300/400/500kVA modular UPS; Medium Power 80-120kVA modular UPS; Medium Power 208V 105kVA modular UPS; Large Data Center Chilled Water CRAH 320kW, RowCool DXA Precision Cooling; Rack Mounted UPS 230V 1-3kVA, Auto Transfer Switch Cabinet; 100G Datacenter Spine-Leaf Switch; Dual band Wi-Fi 6 Home Router; 100G data center core switch; 25G data center blade server Ethernet module; Mid/Large Office Software Defined WAN Optimization Device; second generation 3-DLP 8K 37,000lm projector, also developed 37,000lm 3-chip DLP WUXGA projector, 23,000lm 1-chip DLP WUXGA projector, and 5,000lm 1-chip DLP 4K projector, main stream projectors for stage and outdoor illumination applications. In addition, we have developed wireless presentation systems for both Corporate and Education market segments, and cloud-based digital signage management platform.

For more information on R&D, please refer to "Research and development work to be carried out in the future, and further expenditures expected for research and development work" in "The section on risks".

6.1.4 The company's long- and short-term business development plans

For short-term plans, we will develop new products and devote our time and resources into the development and application of vertical integration and systematic solutions continuously. Moreover, we will strive to enhance product quality and cost control, improve on automated production, comply with advanced eco-friendly regulations, reduce product design time, reduce the period from order to delivery and expand the flexibility for global delivery.

In the long-term, we will devote our time and resources into enhancing research and development efficiency, strengthening the registration and effectiveness of patents, expanding product applications and reducing production costs. In addition, we will also exert great efforts in our fields of endeavor including car electronics, medical electronics, industrial automation, building automation, infrastructure for information and communication and infrastructure for energy, etc.

► 6.2 An analysis of the market as well as the production and marketing situation

6.2.1 Market analysis

The main clients of Delta are all international vendors. Product sales and business development are distributed all over the world. Here, the estimation of GDP for the global economy during 2019-2021 from a third-party research institute is provided for reference and a comparison is made in regional market development.

Unit: %

Real GDP (at const. prices), % change	2019	2020	2021
Global	2.9	3.3	3.4
US	2.3	2.0	1.7
Europe	1.2	1.3	1.4
Japan	1.0	0.7	0.5

Source: IMF

The main business of Delta can be divided into three categories: power and components, automation and infrastructure. An overview analysis of each of these business categories is given below:

6.2.1.1. Power Electronics

Delta has been reveling in the results of business development in power electronics over the years and is the world leader in power supply, brushless DC fans, and miniaturized key components. Despite the gradual saturation of the market in consumer electronics in recent years, the sales performance developed at a moderate pace. After decades of innovation, Delta has expanded its reach to the industrial, medical, automobile, and home appliance markets. We believe that the power electronics business will continue to be the main source of growth for the Company in the long term.

6.2.1.2 Automation

Delta has developed industrial automation business for more than 20 years. In recent years, it has focused on assisting customers and its own factories in upgrading the manufacturing process, production line automation, and smart transformation of factories. In building automation, after Delta has acquired Loytec, Delta Controls, and a Taiwan listed company Vivotek Inc., it also acquired an American company, Amerlux, as part of Delta's sales territory in 2019. With the inevitable effect of the US-China trade war, the Chinese automation market remained stagnant in 2019. However, given the rigid market demand due to the improving industrial structure and intelligent manufacturing, we believe that Delta's automation business will also be contributing to the Company's growth in the long term.

6.2.1.3 Infrastructure

In the infrastructure, Delta has leading technology in communication power and data center solution. It also provides infrastructure solutions of distributed energy electronic grid structure using innovative technology and helps cities and transportation systems achieve low- carbon energy transformations. With the 5G mobile communication technology entering a business transformation phase, many countries place high importance on the development of renewable energy and electronic automobiles. In the long term, we expect the future infrastructure market to continue to grow steadily.

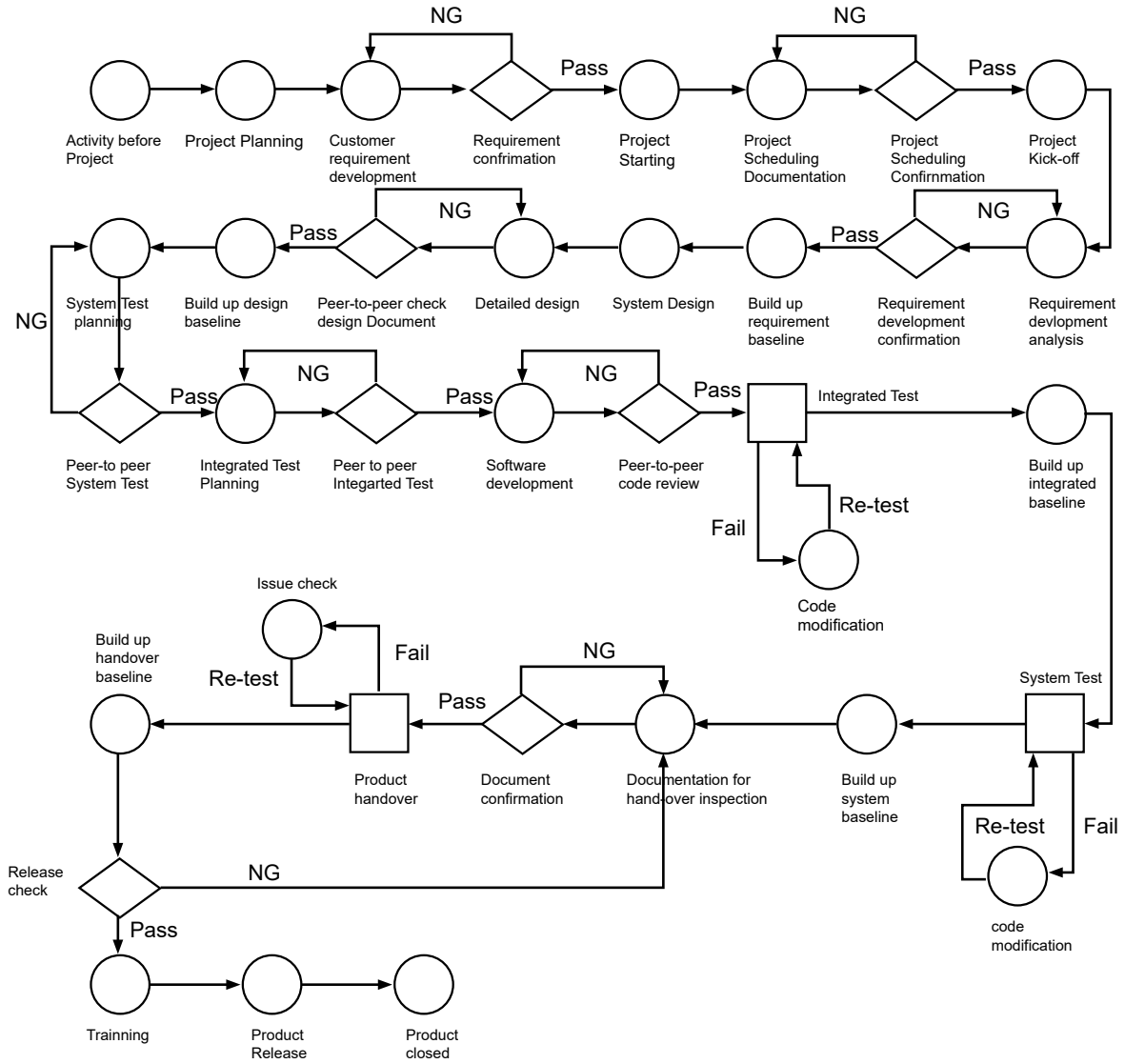
6.2.2 Usage of the company's main products

Main product	Usage
Power Electronics – Switching Power Supply	This is a device to supply power for electrical equipment by transforming AC or DC into one or multiple DC output. Its characteristics include being of small volume, lightweight and high efficiency. It can replace linear power supply gradually and become the mainstream of power supplies. Its application scope covers all kinds of information and consumer products, industrial control systems and automatic testing equipment, etc.
Power Electronics – Components	<ol style="list-style-type: none"> 1. It can be used in all kinds of inductors for AC power supply. 2. It can be used in pulse transformer and delay line for information and communication equipment. 3. It can be used in the coupling transformer for communication equipment. 4. It can be used in light transceiver module with the integration of three signals for optical fibers connecting to houses.

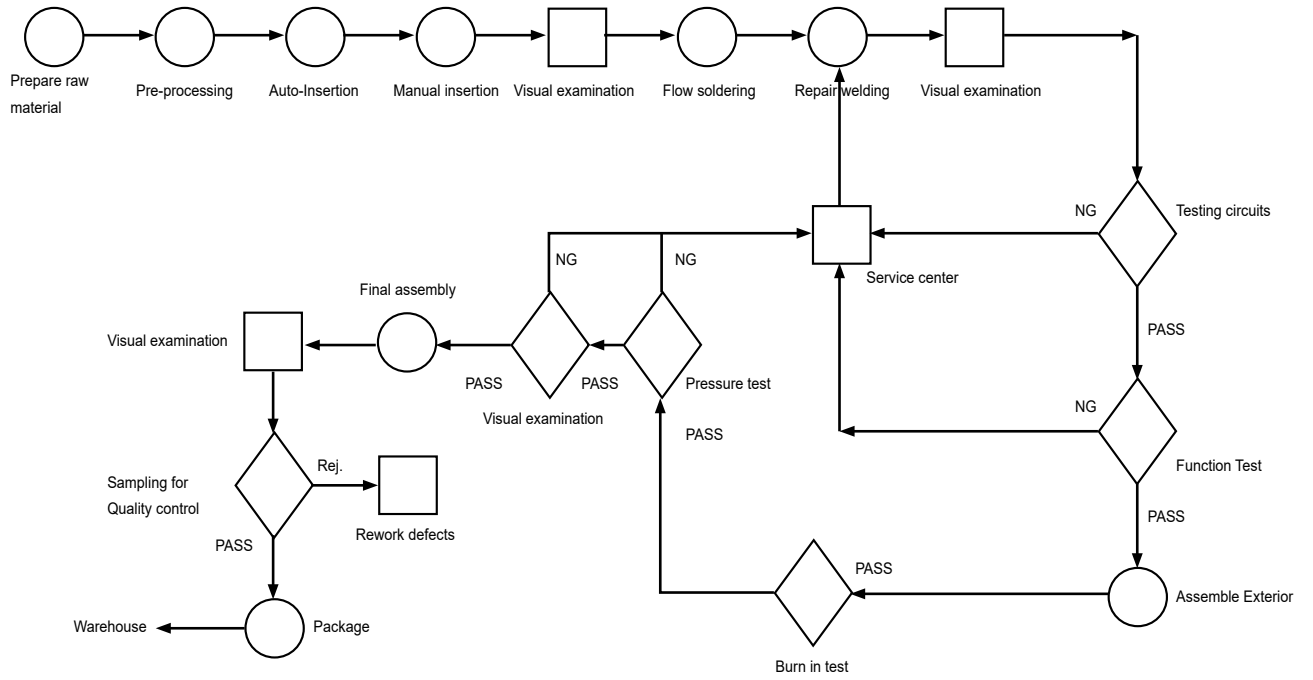
Main product	Usage
Power Electronics – Fan and Heat Dissipation Management	The dissipation fans and modules used in personal computers, game consoles and notebook computers, cloud equipment, communication equipment, servers, industrial equipment, cars, energy-saving smart ventilation fan for buildings and houses, heating fans, etc.
Automation – Industrial Automation	Industrial automation solutions provide the factories a set of automatic and integrated systems during the production and manufacturing processes, which can be used to automate production processes and procedures.
Automation – Building Automation	Delta Energy Online – Cloud Version is a set of comprehensive cloud energy analysis platforms, which can present energy consumption and environment collection data by graphics and analysis reports and provide the users with real-time, reliable and stable energy consumption volume and monitoring of energy consumption index, abnormal alarming and suggestions for improvement of the operational status of the equipment, customize reports/ graphical and tabular tools. Moreover, it ensures the preservation and information security of assets containing important energy consumption data from the clients by performing big data integration on the cloud platform. Its generalization and adaptive energy management design can be applied in various scenarios, such as corporate index management for large corporate sites, energy consumption and operation analysis for the air conditioning equipment in commercial buildings, energy consumption monitoring in the public areas of community housing and the real-time production performance management for factories, etc.
Infrastructure – Information and Communication	This mainly provides telecommunication providers or data centers with complete solutions. The system includes communication power, controllers, cabinets, dissipation systems, network communication equipment, uninterrupted power systems and remote monitoring systems.
Infrastructure – Energy	<p>Solar power inverter: An inverter form transforming the variable DC voltage produced by the solar panel into AC with the main frequency, which can be used to return to the commercial power transmission system or provide electricity to the off-grid power grid.</p> <p>Wind power inverter: Wind power inverter is the major energy transformation unit for wind power generation, which is used to transform the voltage frequency and the electrical power with unstable bandwidth into stable electrical power according to the needs of the power grids.</p> <p>Charging devices for electric cars: Charging devices can be divided into two types, AC chargers and DC chargers. Both their purposes are to transmit the AC power from the charging devices into the electrical cars in DC or AC form in order to charge the power batteries on the cars.</p>

6.2.3 Manufacturing processes for the Company's main products

Development process for projects



Manufacturing process for products



6.2.4 Supply situation for the Company's major raw materials

The main materials in Delta's products come from semiconductor components, passive components, and partly mechanism elements. Delta has signed a purchase contract with its main suppliers for the component supply to ensure the stability of the cost. It also requests suppliers to plan the production needs for three months in advance based on its order forecast while keeping several weeks of stock of the said materials to ensure a sufficient supply.

6.2.5 Information on major clients/suppliers who have accounted for at least 10% of sales/procurement in either of the past two years

6.2.5.1 The list of suppliers that had provided more than 10% of total materials purchased for the Company in any of the year over the two most recent fiscal years .

The business operation and the products of Delta vary greatly therefore require a wide array of raw materials and suppliers. During the year 2018, 2019 and the first quarter of 2020, there's no supplier that had provided more than 10% of total materials purchased.

6.2.5.2 The list of buyers that contributed to more than 10% of the total sales of the Company in any of the year over the two most recent fiscal years.

The business operation and the products of Delta vary greatly from the use of power supplies, parts, and automation to infrastructure, therefore the large clientele is quite wide-spread among different industries. During the year 2018, 2019 and the first quarter of 2020, there's no buyer that had made purchases that accounted for more than 10% of the total sales of Delta.

6.2.6 An indication of the production volume and the volume of units sold for the 2 most recent fiscal years

6.2.6.1 Production volume for the last two years

Unit: capacity and quantity in thousands, amount in NT\$1,000

Main Products (or Departments)	Year	2018			2019		
		Capacity (thousands)	Quantity (thousands)	Amount (NT\$1,000)	Capacity (thousands)	Quantity (thousands)	Amount (NT\$1,000)
Power Electronics		99,000,000	98,558,871	104,213,978	138,000,000	137,054,650	131,437,726
Automation		11,000	10,334	23,000,035	11,000	10,190	21,479,666
Infrastructure		30,000	29,268	67,031,425	36,000	35,428	76,146,080
Others		10,000	9,546	443,328	41,000	40,191	1,475,926
Total (Note 1)		99,051,000	98,608,019	194,688,766	138,088,000	137,140,459	230,539,398

Note 1: The 20% change in production capacity and output in the recent two fiscal years were mainly because the Company acquired 42.85% shareholdings of the affiliates, DET, on April 2, 2019 and gained control of it, and acquired 100% ownership and gained control of Amerlux on June 1, 2019.

6.2.6.2 Volume of units sold for the last two years

Unit: quantity in thousands, amount in NT\$1,000

Main Products (or Departments)	Year	2018				2019			
		Domestic Sales		Exports		Domestic Sales		Exports	
		Quantity (thousands)	Amount (NT\$1,000)	Quantity (thousands)	Amount (NT\$1,000)	Quantity (thousands)	Amount (NT\$1,000)	Quantity (thousands)	Amount (NT\$1,000)
Power Electronics		4,366,517	13,413,925	89,835,362	92,835,479	5,382,202	13,199,173	129,433,966	119,484,152
Automation		2,186	2,994,488	8,905	30,805,316	2,760	3,107,246	19,790	33,510,782
Infrastructure		1,631	5,474,662	44,093	83,483,577	1,345	5,799,631	48,347	87,280,622
Others		189	4,063	381,134	1,357,867	174	2,521	429,762	622,756
Total (Note 2)		4,370,523	21,887,138	90,269,494	208,482,239	5,386,481	22,108,571	129,931,865	240,898,312

Note 2: The 20% change in sales in the recent two fiscal years were mainly because the Company acquired 42.85% shareholdings of the affiliates, DET, on April 2, 2019 and gained control of it, and acquired 100% ownership and gained control of Amerlux on June 1, 2019.

► 6.3 Information of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

April 29, 2020

Fiscal Year		2018	2019	January 1, 2019 to April 29, 2020 (Note)
Number of Employees	Technical staffs (Engineering)	4,672	5,352	5,418
	Management and sales staff (including production line collaboration staffs)	1,664	1,908	2,002
	Operators (including production line collaboration staffs)	708	1,516	1,564
	Total	7,044	8,776	9,047
Average age		38	37	37
Average years of service		8.0	7.7	7.6
Distribution of education (%)	PhD	2.6%	2.0%	2.0%
	Master	49.4%	45.0%	45.4%
	Bachelor's Degree	35.0%	34.1%	34.4%
	Senior High school	7.2%	14.4%	14.4%
	Below senior high school	5.9%	3.6%	3.8%

Note: information of current fiscal year is provided up to the date of publication of the annual report.

► 6.4 Disbursements for environmental protection

6.4.1 List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company has not experienced any loss or imposed a fine by the environmental agencies due to environmental pollution related incidents

6.4.2 An explanation of the measures and possible disbursements

In relation to the environmental contributions of Delta, please see “Devoted to the environmental and energy savings” in Chapter Four

6.4.3 Corrective measures

In relation to the environmental contributions of Delta, please see “Devoted to the environmental and energy savings” in Chapter Four

6.4.4 Environmental-related expenditures for the next 3 years

For pollution prevention, energy saving and carbon emission reduction in factory sites, the projected major expenses on environmental protection for the next 3 fiscal years are as follows:

Units: Thousand New Taiwanese Dollars

Project items	Estimated expenses for environmental protection	Expected outcomes
Exhaust gas treatment	2,667	Maintain the operational performance of treatment facilities to properly process exhaust gas and reduce the emission of toxic components from the exhaust gas to achieve environmental protection.
Wastewater treatment	12,685	Maintain the operational performance of the wastewater treatment plant to monitor water quality of discharged wastewater and satisfy effluent standards

Project items	Estimated expenses for environmental protection	Expected outcomes
Waste treatment	27,059	Ensure proper treatment of production waste to reduce its impacts on the environment
Energy saving equipment installation	15,756	Lower the use of energy to reduce the emission of greenhouse gas
Other environmental protection expenses	7,355	Lessen environmental impacts to improve the quality of the environment

6.4.5 Information Regarding EU Restriction of Hazardous Substances (RoHS) Directive

Even before the topic of restricting the use of hazardous substances in products had attracted widespread attention, Delta sensed that environmental issues were bound to be an important trend for the future. For a greater contribution to environmental protection, Delta introduced its first lead-free soldering production line in 2000 and formulated the Delta Management Standard for Environment-related Substances (10000-0162) in 2002. The management standard covers the EU RoHS Directive, recent REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), HF (Halogen Free), PFOS (Perfluorooctane sulfonic acid), and PAHs (polycyclic aromatic hydrocarbons) and is modified in accordance with the latest international developments when the need arises.

Delta has taken the initiative to understand customer environmental requirements. The Company optimizes the management of environment-related substances to ensure all Delta products are in full compliance with relevant regulations or requirements, including the QC080000 Hazardous Substance Process Management System and the Delta Green Product Management (GPM) information system. In addition, Delta has established management systems and standards via discussions between the materials, quality, procurement and other department personnel from each business unit and the "Environment-Related Substance Management Working Group" of major production plants.

As for the construction of a green supply chain, not only does Delta implement the GPM, but it also executes feed management, especially for suppliers, based on material risk level. Suppliers are strictly required to comply with the following rules:

- Suppliers shall fully comply with relevant local laws and regulations, and define their risk control mechanisms.
- Suppliers shall establish environmental, employee health and safety as well as hazardous substances free management systems.
- Meet Delta's relevant environmental standards (e.g. 10000-0162 Management Standard for Environment-related Substances, and others.).
- Delta conducts supply chain environmental, social and governance (ESG) assessment surveys regularly and identifies high-risk suppliers to perform audits and provide counseling in order to achieve the goal of supply chain sustainability.

With GPM serving as a common platform for supply chain environmental information, Delta can simultaneously relay to supplier-partners the latest international environmental requirements, such as EU RoHS 2.0, REACH SVHC, and the latest controlled substances, as reference materials for regulatory compliance and the establishment of management over a material supply system. Moreover, inspection and guidance teams for environment-related substances of products have been established at Delta's main plants to continuously assist key suppliers in improving their environment-related substances management systems.

► 6.5 Labor relations

6.5.1 List any employee benefits plans, continuing education, training, retirement systems, and the status of their implementation as well as labor-management agreements, and measures for preserving employee rights and interests

6.5.1.1 Employee benefits

The Company is committed to putting employee health and benefits first by continuing to provide comprehensive care for employees and promote workplace health. Its core values are based on the 4S: Say, Stay, Strive, and Social, while its focus point is gradually adjusted every year through analysis of employee health check, survey on employee needs, and analysis of feedback on past events and performance. The Company also integrates health management into health promotion resource plans. In the first “CHR Corporate Health Responsibility” in 2019, Delta placed first in the “health and digest category”. It created a health management solution to promote a healthy diet that is “safe to eat, safe for health, safe for life”. In addition, its Taipei and Tainan factories were recognized for implementing a healthy workplace and received two awards (i.e., “Excellent Healthy Workplace” with “Health Model” and “Health Management”) from the Health Promotion Administration, of the Ministry of Health and Welfare. This demonstrates the commitment of the Company in building a friendly workplace.

Picture: 4“S” Core Values



Welfare measures based on the 4S are as follows:

“Say”: Multiple communication channels, improving employee recognition

- (1) Public and transparent labor-management communication channels - Set up a physical comment box and email, hold regular meetings, etc., to facilitate communication with employees.
- (2) Public and transparent labor-management communication channels - Set up a physical comment box and email, hold regular meetings, etc., to facilitate communication with employees.
- (3) Delta online Management System (DMS) - 50 communities were created to improve information exchange and communication. Over 5,000 people had used the service.

“Stay”: Healthy work environment, job retention and involvement

- (1) Comprehensive health management
 - a. Healthcare: The Company provides comprehensive health checks, health consultation with professional doctors, physical fitness assessment, all-inclusive gym facilities, etc.
 - b. Insurance: The Company provides group insurance for employees and family members; additional self-pay coverage options are also available.

- c. Protection against injury and sickness: The Company covers the full amount of insurance fees for injured or sick employees on a leave of absence in the first three months.

(2) Work-life balance

- a. Workplace assistance: Employee Assistance Program (EAP), assistance to new employees, thematic consultations and assistance, workplace equality sessions, etc.
- b. Mental health and wellness: stress relief seminars, free psychological examinations, etc.
- c. Personal days/leave: The company provides a better system for sick leaves and national working days compared to labor regulations. A tourism subsidy and golden-week holiday are given to employees as well.
- d. Diverse services: on site group insurance service and on site bank services, festivals and exhibitions, book exhibition tours, etc.
- e. Thematic seminars: money management seminars, tax consultation sessions, Valentine's day soft skills workshops, art seminars, etc.
- f. Emergency assistance: 24-hour free consultation hotline.
- g. Health and Lohas: farmers' market selling toxic-free vegetables and fruits, weekend movie night, exercise and health seminars, tourism exhibitions in Travel week.

(3) Gender equality and women's rights in the workplace

- a. Organize a website and related courses on "Caring for working mothers and infants". The percentage of employees who continue to work after returning from parental leave is 91%.
- b. Offer Valentine's Day courses for developing better communication skills and fashion styling to engineers who are single.
- c. Offer management training courses: healthy work environment and skills training for employees and occupational health nurses; legal knowledge and management skills in preventing violations for direct managers.

"Strive": Teambuilding, increasing participation rate

- (1) A variety of group activities: Delta Cup Sports Day, Delta Baseball Day, Delta Lohas Day, Chang-hua road trip plus marathon and environmental activities, Delta exclusive train journey, family trip.
- (2) Various clubs: Set up a club fund to encourage employees to get involved in activities and sports clubs such as running club, volleyball club, basketball club, badminton club, etc. Not only can this provide physical fitness opportunities and stress relief for employees to help them attain better health, but it can also facilitate interaction between employees from different departments and factories.

"Social": Caring for the community

- (1) Apply Delta's philosophy of "To provide innovative, clean and energy-efficient solutions for a better tomorrow" in activities such as running and beach cleaning, which coincide with "Earth Day" and "Ocean Day" initiatives..
- (2) Caring for minority groups through Company events: Help minorities by organizing activities such as Purchase of charity Christmas gift, Christmas fundraising, and charity sale.

6.5.1.2 Continuing education, training and development

Delta expects to see its employees attain professional growth and contribute to the Company's success. The Company has been investing more resources and strengthening its development mechanism while expanding internal learning channels. Delta encourages employees to actively take courses through different training sessions. After receiving the National Talent Development Award in 2018, Delta was nominated for the HR Distinction Award thanks to its four key advantages; namely, "Complete Operation Process", "Contributions of Top Management and Skilled Individuals", "Support in Strategic Transformation", and "Self-regulated Learning and Social Platform" in 2019.

Delta is proactively transforming from an OEM manufacturer to a business brand and solution provider. In order for its skilled personnel to access learning and development resources while working towards organizational expansion, transformation, and technology improvement, Delta has successfully helped its employees improve their capabilities through "Evaluation and Cultivation of Highly Skilled Personnel", "Focused Training in Solution Business for Young Talents", and "three major strategies in focused training".

- (1) Continuous investment in employees' professional development: The total training expense reached 16.83 million in 2019 and attained a 22% growth compared to 2018. Through proper training, employees are more likely to contribute to the workforce and discover their potential of helping the Company to develop and grow.

- (2) Three major strategies in focused training: Delta has classified its company strategies into three learning points: “leadership”, “technology”, and “business branding”. The Company has formed an occupational committee to clearly define the roles, responsibilities and qualifications for each position so that the training and development system can be properly developed.
- Leadership: promote Delta’s management philosophy worldwide as well as six major management functions and development, and 14 management requirements; a Delta exclusive course was designed by top managers along with external consultants through a case study. CEO Mr. Ping Cheng was invited to teach a CEO Workshop in Taiwan and Japan, sharing his knowledge about managerial psychology and prospects.
 - Technology: specify skill requirements for each position and hire internal and external experts or professors to conduct lectures about technology in power electronics, mechanism design, as well as software and hardware design, and quality management to help employees improve their skills and career prospects.
 - Business branding: achieve knowledge transformation through a series of marketing, sales, contractual and communication courses, invite top management with expertise in strategic marketing and consultant groups to conduct related studies and share their experiences in support of Delta’s new business development (NBD) and marketing strategies going forward.
- (3) Provide diverse learning resources: Delta provides physical and online learning resources that are flexible through its website according to the needs of its employees.
- Technical conference: invite local and international scholars for discussions and technical exchange with employees.
 - Online learning platform: build a global learning platform (i.e., Delta Academy), which combines domestic and international master management courses and self-directed online learning; over 800 courses offered globally.
 - Knowledge sharing platform: create an internal knowledge platform and Delta Management System (DMS) including data storage, file management, expert community, and smart lookup function; has significantly improved the management ability of internal knowledge, cross-department information exchange, and better communication channels.
 - Professional learning sources: integrate external open learning resources from universities, DeltaMOOCx, Delta course materials and professional forums while setting up 6 professional learning sources to allow easy access to professional development for employees.
 - External learning resources: Delta covers all training and course fees for employees, enabling them to undergo external training so as to acquire knowledge from external sources.
- (4) Improve training quality: Delta continues to strengthen and integrate training resources to improve the quality of all training sessions.
- Training session, total hours of individual (internal sessions) training and related costs continued to grow in 2019. The average training time slightly decreased due to continuous increase in the number of employees.

Year	Amount of training sessions (internal sessions)	Amount of trained individuals (internal sessions)	Amount of trained individuals (external sessions)	Average training hours per person	Total cost of training sessions(NT\$)
2019	1202	114,238	12,518	13.62	16.83 million
2018	1076	111,607	10,713	14.91	13.79 million
2017	746	83,505	9,560	14.79	13.31 million

- (5) Succession planning for the board members and top management: Holding regular discussions for talent selection, development planning and succession review of senior executives (including CEO and COO) through Executive Meetings, attended by the chairman, vice chairman, CEO, and COO. Since 2008, the Company has launched a talent development plan with the establishment of the “Leadership Development Committee (LDC). Through regular meetings held twice a year, the Company passes resolutions for talent selection, promotion decisions, transfers and career development plans with respect to senior management succession and confirms the full implementation of resolutions. CEO, COO and general managers of the business groups with great performance are also in the list of consideration for the succession plan of the board members.

In addition, each business group and region has established a "Talent Development Committee (TDC)" in

which top executives of every business group along with HR partners and unit managers discuss and decide on the method of developing talents. A variety of training methods for LDC succession planning is provided, which includes high-level assessment through one-on-one feedback delivered by external consultants and mentoring provided by top supervisors. In 2019, Delta selected dozens of young talents to provide development activities for Solution Business including 360-degree assessment and feedback, internationally certified leadership evaluation, global leadership workshop, major strategic capacity improvement courses, (i.e., famous Sweden business capacity stimulation course and reputable consulting company Logical Selling Process) online training courses and so on.

Aside from the trainings mentioned above, major tasks and job rotation are carried out to increase experience which accelerates development. There is corresponding improvement in the readiness of key talents and succession is given priority to relevant position vacancies. For example, in 2019, given the company's strategic transformation, business units were reorganized and key management vacancies were open. The recent promotion to general management level in regions overseas came from key management talents whose leadership competencies contribute to the Company.

3. Implementation of the retirement system

- (1) The criteria for retirement application and payment are based on the "Labor Standards Act" and "Labor Pension Act". The Company will withdraw 2% of the monthly salaries and wages from the pension reserve/special account of employees who qualify as retirees and seniors under the Labor Standards Act. It will also withdraw 6% of the total salaries and wages based on the "Monthly Contribution and Wages Classification of Labor Pension" from employees' individual pension accounts. Employees who were hired beginning July 1, 2005 shall be covered under the "Labor Pension Act". Employees who were hired after July 1, 2005 may choose to avail the retirement system covered by either the "Labor Standards Act" or the "Labor Pension Act" within 5 years. If an employee fails to make a decision before the deadline, the retirement system under the "Labor Standards Act" shall remain effective. As for overseas subsidiaries, the pension system is a defined contribution plan which allows withdrawal of funds on a monthly basis to be used for retirement, medical, and other social security benefits according to local government regulations.
- (2) The Company has appointed an actuary to provide details about the labor pension reserve fund in the actuarial report every year. By the end of each fiscal year, an estimation of the labor pension reserve fund balance will be calculated. If the balance is insufficient to pay employees who are expected to retire in the next fiscal year, the Company will compensate for the difference and deposit the amount to the special trust account in the Bank of Taiwan by the end of March next year.

Criteria for retirement application:

Voluntary retirement: (The same regulations apply to employees subject to the Labor Pension Act.)

a. The employee attains the age of 55 and has worked for 15 years. b. The employee has worked for more than 25 years. c. The employee attains the age of 60 and has worked for 10 years.

Compulsory retirement:

a. The employee attains the age of 65. b. The employee is unable to perform his/ her duties due to disability.

Criteria for payment of workers' pension:

Qualified employees under the Labor Standards Act:

a. A base salary equivalent to 2 pay periods is given for each full year of service rendered, but one base pay is provided for the remaining period which is over 15 years for each full year of service rendered. The total number of base salary shall be no more than 45. The length of service is calculated based on half a year if less than 6 months and 1 year if more than 6 months. b. An additional 20% on top of the amount mentioned in the preceding subparagraph shall be given to workers who are forced to retire due to disability for performance of duty. The retirement pension base specified in Subparagraph 1 of the preceding paragraph shall be equivalent to an employee's 1 month's average wage at the time the retirement is approved.

Qualified employees under the Labor Pension Act:

The service period for employees covered under the Labor Standards Act shall be retained. Until the above criteria for retirement is met based on the total service period, the pension shall be paid according to the retained service period.

Retirement application procedure and payment:

Employees who have met the above criteria for retirement should fill out an application form and obtain approval before undergoing the retirement procedure. The Company shall pay the pension within 30 days

from the date of employee retirement.

6.5.1.4 Working environment and employee safety protection measures

Delta considers the importance of providing a safe and healthy working environment as one of its basic corporate social responsibility. The company has formed occupational safety and health management units and personnel, and has established workplace safety and health protocols according to the Occupation Safety and Health Act and operational status of its factories. By implementing construction control, daily checks and cross-checking between factories, training and promotional campaign for workplace safety and health, monitoring of operational environment, employee health checks, health management and improvement of information communication, there have been significant and systematic improvements in workplace safety and health performance. Since 2006 when Delta's new office building and factories were being built, safety has been considered the first priority for the design. The buildings were also constructed using green building techniques aimed at creating "ecological, energy-saving, waste-reducing and healthy" work environments. Delta's main manufacturing plants in Taiwan, China, and Thailand have occupational safety and health standard OHSAS 18001 certification. Taiwan Taoyuan Plant 1 and Tainan plant also received the Taiwan CNS 15506 TOSHMS certification.

6.5.1.5 Human rights and employee policy, employee code of conduct

Human Rights Policy: Human rights are based on shared values and applied in the full scope of our operation. Delta adheres to international labor and human rights standards stated in "The UN Global Compact", "Universal Declaration of Human Rights", "UN Guiding Principles on Business and Human Rights", "The OECD Guidelines for Multinational Enterprises", "Social Accountability International", "Responsible Business Alliance (RBA)", and local operating guidelines in amending its human rights and employee policies in 2019 to reflect the value of international human rights. It develops RBA digital learning material to promote labor rights, ethics, health, environment, and management system standard.

Human Rights Principles: (1). Diversity and anti-discrimination, (2). Work hours, wages, and benefits, (3). Employment freedom, (4). Anti-forced labor and human trafficking, (5). Anti-child labor and employment of minors to perform jobs that endanger health and safety, (6). Humane treatment, (7). Freedom of assembly, (8). Workplace health and safety, (9). Ethics, (10). Value chain responsibility:

Specific Management Plan:

- (1). To implement internal review mechanisms of human rights, an annual internal evaluation and external audit are conducted. Mitigation measures are adopted based on the risk assessment. In areas such as labor, ethical regulations, and management systems, improvements will be made for deficiencies found in internal reviews to ensure the Company complies with the local laws and regulations and international standards.
- (2). The Company sets the highest standard for itself and its suppliers. It follows the RBA code of conduct in a standard beyond industrial expectations, and conducts training courses for its suppliers from time to time to improve the suppliers' employees' lives and further improve Delta factory and suppliers' performance in social and environmental responsibilities. A "Delta Integrity Commitment" is required from all qualified suppliers. Propaganda of Delta's anti-corruption policy and training are conducted via email and purchasing platform. A supply chain ESG Committee is established to effectively promote sustainable management of the supply chain and integrate Delta's global purchasing systems. Regular committee meetings are conducted for project discussion and review.
- (3). To ensure the policy is followed, formal reporting channels are established for employees, Delta suppliers, and other external stakeholders to report illegal behavior and violations of human rights, code of conduct, and integrity management code.
- (4). In order to let every Delta member, understand the human rights policy, there will be a training for all the new employees. The number of participants in the human rights policy training for 2019 was 10,901 with a total of 5,324 hours.

Employee Code of Conduct

In order to provide better company performance and more comprehensive products for our clients, Delta strictly follows legal and moral codes in maintaining company assets, rights and its image to ensure its sustainable operations and development. "Delta employee code of conduct" was amended in 2019 and applied to all members of Delta Electronics Inc., its affiliates, and subsidiaries including managers and employees. The number of participants in the new employee orientation and code of conduct training courses for 2019 was 2,366 with a total of 4,456 hours.

Code of Conduct:

(1). “Applicable objects and basic behavior requirements”, (2). “Avoiding conflict of interest”, (3). “Receiving gifts, service, and commissions”, (4). “Business integrity”, (5). “Business activity with integrity”, (6). “Political contributions, campaign contributions, and charitable donations”, (7). “Insider trading”, (8). “Fair competition”, (9). “Trade secrets, intellectual property rights, and confidential information”, (10). “Respect for personal privacy”, (11). “Diversity, equal opportunity for employment, and respect”, (12). “Anti-discrimination and harassment”, (13). “Safe and healthy work environment”, (14). “Use of company resources”, (15). “Compliance with environmental policies”, (16). “Educational training, promotion, disciplinary procedures and complaint channel”.

6.5.2 List any losses suffered by the Company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company expects employees to live by the corporate culture of “innovation, customer satisfaction, agility, cooperation, and quality”. It maintains a good relationship with its workforce and complies with labor regulations. However, a penalty of NT\$20,000 was imposed last August 2019 for violating the Labor Standards Act Article 24 Item 1 for not paying for extended working hours. Please see below table for related information:

Issuer	Taoyuan City Government
Disciplinary date and issue number	August 1, 2019, Labor Act No. 1080190137
Regulations applicable to the violation	<p>Article 24 Item 1</p> <p>An employer shall pay worker overtime wages using the following basis:</p> <ol style="list-style-type: none"> 1. When the overtime work does not exceed two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one-third of the regular hourly rate. 2. When the overtime work is over two hours, but the total overtime work does not exceed four hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional two-thirds of the regular hourly rate. 3. When the overtime work requested is governed by Paragraph 4 of Article 32, the worker shall be paid two times the regular hourly rate.
Violation	During a labor inspection last July 2019, it was discovered an employee with extended working hours in March 2019 did not get paid in accordance with the regulations as of the inspection date.
Disciplinary	Disciplinary fine: NT\$20,000
Corresponding measure of the Company	It is due to employee’s neglect to apply for extended working hours in a timely manner. Therefore, the Company has revised the system to automatically send out reminders to employees with extended working hours on a weekly basis and instill in them the habit of applying for overtime promptly.

► 6.6 Important Contracts

Nature of the Contracts	Contracting Parties	Commencement and Expiration Dates	Major Content	Restrictive Clauses
Construction Contract	Toppal Engineering Co., Ltd.	From April 22, 2019 to Expiration Date of Warranty	Delta commissions Toppal Engineering to handle its factory's air-conditioning and ventilation systems.	None
Construction Contract	AD Engineering Co., Ltd.	From March 5, 2019 to Expiration Date of Warranty	Delta commissions AD Engineering to handle its factory's electromechanical engineering.	None
Construction Contract	Acter Co., Ltd.	From March 5, 2019 to Completion of Construction	Delta's new construction at the Southern Taiwan Science Park Phase III facility (Electromechanical engineering) (NT\$ 352 million)	None
Construction Contract	Taiwan High Speed Rail Corp.	From November 6, 2018 to Expiration Date of Warranty	Delta and Syscom Group jointly undertake the first-step bidding process of the PIS improvement plan.	Delta and Syscom Group are mutually responsible for the contract with THSR.
Construction Contract	Taiwan High Speed Rail Corp.	From May 2, 2019 to Expiration Date of Warranty	Delta and Syscom Group jointly undertake the second-step bidding process of the PIS improvement plan.	Delta and Syscom Group are mutually responsible for the contract with THSR.
Construction Contract	Fubon Stadium Co., Ltd.	From February 12, 2019 to Completion before March 22, 2019.	Delta undertakes the LED screen renewal project at Fubon Stadium.	None
Real Estate Sale and Purchase Contract	Kenmec Mechanical Engineering Co., Ltd.	From April 17, 2019 to Completion of Contract	Delta acquires land from Kenmec for business (office) and industrial (factory) purposes.	None
Distribution Contract	NSS Technology Co., Ltd.	From May 18, 2019 to May 18, 2021	Delta and NSS Technology sign an agreement to distribute and sell Delta's programmable AC power supply and DC power supply products.	Only sold in the Republic of China (Taiwan)
Development Contract	National Tsing Hua University	From September 1, 2019 to August 31, 2024	Delta and National Tsing Hua University jointly establish the Smart Manufacturing Technology Research Plan.	None
Development Contract	Show Chwan Health Care System	From October 1, 2019 to September 30, 2030	Delta and Show Chwan Health Care System collaborate on the management and analysis system of cloud-based digital pathology image.	None
Development Contract	National Tsing Hua University	From May 1, 2019 to April 30, 2030	Delta and National Tsing Hua University jointly conduct research on AI Application in Screw Machine Technology.	None
Development Contract	Industrial Research Center of Ching-Lin Yan Industrial Development Foundation & National Taiwan University	From March 1, 2019 to February 28, 2020	Delta and the Industrial Research Center of Ching-Lin Yan Industrial Development Foundation & National Taiwan University collaborate on a project involving harmonic suppression of high speed motor current with resonant circuit technology development.	None
Development Contract	Industrial Research Center of Ching-Lin Yan Industrial Development Foundation & National Taiwan University	From August 1, 2019 to July 31, 2020	Delta and the Industrial Research Center of Ching-Lin Yan Industrial Development Foundation & National Taiwan University collaborate on a project regarding unmanned vehicles.	None
Development Contract	National Chung Cheng University	From March 1, 2019 to Completion of Contract	Delta and National Chung Cheng University jointly conduct research on microgrid hardware in instant stimulation system.	None
Authorization Contract	Monotype Hong Kong Limited	From February 19, 2019 to February 18, 2022	Delta receives authorization for business font from Monotype.	None

7. Financial Highlights and Analysis

■ 7.1 Financial statement for the most recent fiscal year

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants as described in the Other Matter - Scope of the Audit section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and Generally Accepted Auditing Standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Assessment of the reasonableness of the purchase price allocation for business combination

Description

In April 2019, the Group publicly acquired 42.85% of Delta Electronics (Thailand) Public Company Limited through a tender offer and obtained control over the Company. The value of intangible assets, inclusive of goodwill and identifiable intangible assets-premium on customer relationship, etc., acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, "Business Combination". For details of purchase price allocation, refer to Note 6(30).

As the allocation of goodwill and the net fair value of identifiable assets and liabilities are based on management's estimation and involve accounting estimations and assumptions, we consider the above equity price allocation transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Group. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and gross margin with historical data, economic and industry forecasts; and

C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rate of returns of similar assets.

Impairment assessment of goodwill

Description

As at December 31, 2019, the recognised goodwill as a result of acquisitions of Delta Electronics (Thailand) Public Company Limited, Eltek AS, Cynotec Co., Ltd., Delta Controls Inc., Delta Greentech (China) Co., Ltd. and Loy Tec electronics GmbH amounted to NT\$51,555,322 thousand, constituting 16.58% of consolidated total assets. Refer to Notes 5(2) and 6(12) for details.

As the balance of goodwill acquired from the merger is material, the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment assessment of goodwill a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of goodwill, obtained an understanding of the process in determining the expected future cash flows based on each cash generating unit, and performed the following audit procedures:

- A. Assessing whether the valuation models adopted by the Group are reasonable for the industry, environment and the valued assets of the Group;
- B. Confirming whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessing the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate and operating margin with historical data, economic and industrial forecast documents; and
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rate of returns of similar assets.

Other matter – Scope of the Audit

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under equity method that are included in the consolidated financial statements. Total assets of the subsidiaries amounted to NT\$56,952,036 thousand and NT\$9,917,275 thousand, constituting 18.31% and 3.79% of consolidated total assets as at December 31, 2019 and 2018, respectively, and operating revenue was NT\$45,582,501 thousand and NT\$10,568,370 thousand, constituting 17.00% and 4.46% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method was NT\$0 thousand and NT\$8,154,777 thousand, constituting 0% and 3.11% of consolidated total assets as at December 31, 2019 and 2018, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method was NT\$429,060 thousand and NT\$204,169 thousand, constituting 1.80% and 1.06% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Delta Electronics, Inc. as at and for the years ended December 31, 2019 and 2018.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. 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;
- B. 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;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- E. 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; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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 consolidated financial statements of Delta Electronics, Inc. and subsidiaries as at and for the year ended December 31, 2019 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$29.98 to US\$1.00 at December 31, 2019. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the Financial Supervisory Commission.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2020

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

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2018
Current assets					
Cash and cash equivalents	6(1)	\$ 1,466,311	\$ 43,960,001	\$ 59,618,697	
Financial assets at fair value through profit or loss - current	6(2)	37,440	1,122,458	1,000,116	
Financial assets at fair value through other comprehensive income - current	6(3)	10,668	319,823	57,656	
Contract assets - current		36,274	1,087,489	1,708,291	
Notes receivable, net	6(5)	127,306	3,816,628	4,091,231	
Accounts receivable, net	6(5)	1,766,348	52,955,106	52,053,496	
Accounts receivable - related parties	7	8,794	263,644	1,722,114	
Other receivables		49,354	1,479,625	757,008	
Other receivables - related parties	7	18	532	99,389	
Current income tax assets		12,430	372,654	293,394	
Inventories	6(7)	1,311,422	39,316,423	34,301,866	
Prepayments		80,078	2,400,734	1,151,065	
Other current assets	8	15,445	463,074	451,583	
Total current assets		<u>4,921,888</u>	<u>147,558,191</u>	<u>157,305,906</u>	
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	74,224	2,225,239	2,392,799	
Financial assets at fair value through other comprehensive income - non-current	6(3)	59,950	1,797,301	2,920,338	
Contract assets - non-current		10,151	304,338	495,875	
Investments accounted for under equity method	6(8)	37,989	1,138,920	9,393,716	
Property, plant and equipment	6(9) and 8	2,121,113	63,590,981	46,428,874	
Right-of-use assets	6(10)	103,864	3,113,833	-	
Investment property, net	6(11)	469	14,070	1,644,728	
Intangible assets	6(12)	2,749,588	82,432,653	32,628,388	
Deferred income tax assets	6(27)	222,795	6,679,405	6,179,485	
Other non-current assets	6(13) and 8	72,795	2,182,359	2,545,315	
Total non-current assets		<u>5,452,938</u>	<u>163,479,099</u>	<u>104,629,518</u>	
Total assets		<u>\$ 10,374,826</u>	<u>\$ 311,037,290</u>	<u>\$ 261,935,424</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2018
Current liabilities					
Short-term borrowings	6(14)	\$ 252,700	\$ 7,575,932	\$ 6,259,062	
Financial liabilities at fair value through profit or loss - current	6(2)	531	15,929	8,544	
Contract liabilities - current	6(21)	111,815	3,352,208	2,643,318	
Notes payable		723	21,669	7,955	
Accounts payable		1,316,827	39,478,462	39,016,773	
Accounts payable - related parties	7	1,074	32,197	1,484,335	
Other payables		961,620	28,829,379	24,786,588	
Current income tax liabilities		72,951	2,187,076	2,712,106	
Other current liabilities	6(15)	141,204	4,233,308	3,710,299	
Total current liabilities		<u>2,859,445</u>	<u>85,726,160</u>	<u>80,628,980</u>	
Non-current liabilities					
Long-term borrowings	6(15)	925,578	27,748,839	25,232,787	
Deferred income tax liabilities	6(27)	467,274	14,008,861	11,569,432	
Lease liabilities - non-current		47,407	1,421,265	-	
Other non-current liabilities	6(16)	259,430	7,777,723	5,043,317	
Total non-current liabilities		<u>1,699,689</u>	<u>50,956,688</u>	<u>41,845,536</u>	
Total liabilities		<u>4,559,134</u>	<u>136,682,848</u>	<u>122,474,516</u>	
Equity					
Share capital					
Share capital - common stock	6(17)	866,425	25,975,433	25,975,433	
Capital surplus					
Capital surplus	6(18)	1,637,870	49,103,331	48,397,067	
Retained earnings					
Legal reserve	6(19)	834,915	25,030,754	23,211,444	
Special reserve		252,203	7,561,032	7,088,143	
Unappropriated retained earnings		1,337,837	40,108,361	33,160,104	
Other equity interest					
Other equity interest		(254,237)	(7,622,034)	(7,561,032)	
Equity attributable to owners of the parent		4,675,013	140,156,877	130,271,159	
Non-controlling interest	4(3) and 6(20)	1,140,679	34,197,565	9,189,749	
Total equity		<u>5,815,692</u>	<u>174,354,442</u>	<u>139,460,908</u>	
Significant contingent liabilities and unrecorded contract commitments	9				
Significant subsequent events	11				
Total liabilities and equity		<u>\$ 10,374,826</u>	<u>\$ 311,037,290</u>	<u>\$ 261,935,424</u>	

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2019	2018
Sales revenue	6(21) and 7	\$ 8,943,676	\$ 268,131,397	\$ 237,017,809	
Operating costs	6(7)(25) (26) and 7	(6,458,815)	(193,635,252)	(173,463,422)	
Gross profit		<u>2,484,861</u>	<u>74,496,145</u>	<u>63,554,387</u>	
Operating expenses	6(25)(26)				
Selling expenses		(661,682)	(19,837,224)	(16,553,772)	
General and administrative expenses		(380,864)	(11,418,313)	(9,714,466)	
Research and development expenses		(796,794)	(23,887,886)	(19,257,915)	
Expected credit impairment gain	12(2)	<u>1,870</u>	<u>56,068</u>	<u>138,489</u>	
Total operating expenses		<u>(1,837,470)</u>	<u>(55,087,355)</u>	<u>(45,387,664)</u>	
Operating profit		<u>647,391</u>	<u>19,408,790</u>	<u>18,166,723</u>	
Non-operating income and expenses					
Other income	6(22)	134,662	4,037,166	4,373,591	
Other gains and losses	6(23)	210,288	6,304,445	(134,572)	
Finance costs	6(24)	(24,611)	(737,869)	(548,704)	
Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>4,732</u>	<u>141,877</u>	<u>943,990</u>	
Total non-operating income and expenses		<u>325,071</u>	<u>9,745,619</u>	<u>4,634,305</u>	
Profit before income tax		<u>972,462</u>	<u>29,154,409</u>	<u>22,801,028</u>	
Income tax expense	6(27)	(174,338)	(5,226,653)	(4,152,444)	
Profit for the year		<u>\$ 798,124</u>	<u>\$ 23,927,756</u>	<u>\$ 18,648,584</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2019	2018
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		(\$ 11,220)	(\$ 336,375)	(\$ 34,508)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	6,674	200,079	(820,308)	
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		550	16,500	15,249	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	203	6,088	(61,234)	
Other comprehensive income (loss) that will not be reclassified to profit or loss		(3,793)	(113,708)	(900,801)	
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(98,697)	(2,958,933)	2,184,566	
Gain on hedging instrument		90	2,700	47,162	
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		117,914	3,535,054	(771,659)	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(27)	(17,583)	(527,130)	42,768	
Other comprehensive income that will be reclassified to profit or loss		1,724	51,691	1,502,837	
Other comprehensive income (loss) for the year		(\$ 2,069)	(\$ 62,017)	\$ 602,036	
Total comprehensive income for the year		\$ 796,055	\$ 23,865,739	\$ 19,250,620	
Profit attributable to:					
Owners of the parent		\$ 771,107	\$ 23,117,797	\$ 18,193,093	
Non-controlling interest		\$ 27,017	\$ 809,959	\$ 455,491	
Comprehensive income attributable to:					
Owners of the parent		\$ 739,334	\$ 22,165,228	\$ 18,813,838	
Non-controlling interest		\$ 56,721	\$ 1,700,511	\$ 436,782	
Earnings per share					
Basic earnings per share	6(28)	\$ 0.30	\$ 8.90	\$ 7.00	
Diluted earnings per share	6(28)	\$ 0.30	\$ 8.85	\$ 6.96	

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to owners of the parent										
	Retained earnings					Other equity interest					
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total
<u>2018 New Taiwan Dollars</u>											
Balance at January 1, 2018	\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	\$ (5,911,839)	\$ -	\$ (1,256,841)	\$ 80,537	\$ -	\$ 124,556,969
Effects of retrospective application and retrospective restatement	-	-	-	-	1,118,916	-	(2,375,757)	1,256,841	(80,537)	-	-
Balance after retrospective restatement at January 1, 2018	25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	(5,911,839)	-	-	-	-	124,556,969
Profit for the year	-	-	-	-	18,193,093	-	-	-	-	-	18,193,093
Other comprehensive income (loss) for the year	-	-	-	-	(15,946)	1,489,814	(903,738)	-	50,615	-	620,745
Comprehensive income (loss) for the year	-	-	-	-	18,177,147	1,489,814	(903,738)	-	50,615	-	18,813,838
Distribution of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,838,056	-	(1,838,056)	-	-	-	-	-	-
Special reserve	-	-	-	4,320,394	(4,320,394)	-	-	-	-	-	-
Cash dividends	-	-	-	(12,987,717)	-	-	-	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries	-	(49,251)	-	-	(62,680)	-	-	-	-	-	(111,931)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(9,336)	-	9,336	-	-	-	-
Balance at December 31, 2018	\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	\$ (4,422,025)	\$ (3,270,159)	\$ -	\$ 131,152	\$ -	\$ 130,271,159
<u>2019 New Taiwan Dollars</u>											
Balance at January 1, 2019	\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	\$ (4,422,025)	\$ (3,270,159)	\$ -	\$ 131,152	\$ -	\$ 130,271,159
Effects of retrospective application and retrospective restatement	-	-	-	-	1,943	-	-	-	-	-	1,943
Balance after retrospective restatement at January 1, 2019	25,975,433	48,397,067	23,211,444	7,088,143	33,162,047	(4,422,025)	(3,270,159)	-	131,152	-	130,273,102
Profit for the year	-	-	-	-	23,117,797	-	-	-	-	-	23,117,797
Other comprehensive income (loss) for the year	-	-	-	-	(255,785)	(912,967)	200,079	-	16,104	-	(952,569)
Comprehensive income (loss) for the year	-	-	-	-	22,862,012	(912,967)	200,079	-	16,104	-	22,165,228
Distribution of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,819,310	-	(1,819,310)	-	-	-	-	-	-
Special reserve	-	-	-	472,889	(472,889)	-	-	-	-	-	-
Cash dividends	-	-	-	(12,987,717)	-	-	-	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries	-	34,941	-	-	-	-	-	-	-	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	671,323	-	-	-	-	-	-	-	-	671,323
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	(635,782)	-	635,782	-	-	-	-
Balance at December 31, 2019	\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	\$ (5,334,992)	\$ (2,434,298)	\$ -	\$ 147,256	\$ -	\$ 140,156,877

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXRESSED IN THOUSANDS OF DOLLARS)

Items	Notes	Equity attributable to owners of the parent												
		Retained earnings					Other equity interest							
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments	Total	Non-controlling interest	Total equity
2019 US Dollars														
Balance at January 1, 2019		\$ 866,425	\$ 1,614,312	\$ 774,231	\$ 236,429	\$ 1,106,074	\$ 147,499	\$ 109,078	\$ -	\$ -	\$ 4,375	\$ 4,345,269	\$ 306,529	\$ 4,651,798
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	65	-	-	-	-	-	65	-	65
Balance after retrospective restatement at January 1, 2019		866,425	1,614,312	774,231	236,429	1,106,139	147,499	109,078	-	-	4,375	4,345,334	306,529	4,651,863
Profit for the year		-	-	-	-	771,107	-	-	-	-	-	771,107	27,017	798,124
Other comprehensive income (loss) for the year		-	-	-	-	(8,531)	(30,453)	6,674	-	537	(537)	(31,773)	(29,704)	(2,069)
Comprehensive income (loss) for the year		-	-	-	-	762,576	(30,453)	6,674	-	537	(537)	739,334	(56,721)	796,055
Distribution of 2018 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	60,684	-	(60,684)	-	-	-	-	-	-	-	-
Special reserve		-	-	-	15,774	(15,774)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(433,213)	-	-	-	-	(433,213)	-	-	(433,213)
Changes in ownership interests in subsidiaries		-	1,166	-	-	-	-	-	-	-	-	1,166	-	1,166
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(31)	-	22,392	-	-	-	-	-	-	-	-	22,392	(165,032)	(142,640)
Changes in non-controlling interests	6(20)	-	-	-	-	-	-	-	-	-	-	-	942,461	942,461
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(21,207)	-	21,207	-	-	-	-	-	-
Balance at December 31, 2019		\$ 866,425	\$ 1,637,870	\$ 834,915	\$ 252,203	\$ 1,337,837	\$ 177,952	\$ 81,197	\$ -	\$ 4,912	\$ 4,675,013	\$ 1,140,679	\$ 5,815,692	

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Consolidated profit before tax for the year		\$ 972,462	\$ 29,154,409	\$ 22,801,028	
Adjustments to reconcile net income to net cash generated from operating activities					
Income and expenses having no effect on cash flows					
Depreciation	6(9)(10)(11)(25)	363,996	10,912,594	8,939,275	
Amortization	6(12)(25)	102,497	3,072,851	2,203,617	
Expected credit impairment gain	12(2)	(1,870)	(56,068)	(138,489)	
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(23)	(12,207)	(365,965)	(202,545)	
Interest expense	6(24)	24,408	731,745	545,804	
Interest income	6(22)	(29,571)	(886,537)	(851,185)	
Dividend income	6(22)	(9,416)	(282,302)	(181,942)	
Share-based payments	6(29)	1,373	41,176	(5,282)	
Share of profit of associates accounted for under equity method	6(8)	(4,732)	(141,877)	(943,990)	
Loss (gain) on disposal of property, plant and equipment	6(23)	1,883	56,441	(274,921)	
Gain on disposal of investments	6(23)	(200,197)	(6,001,894)	-	
Reversal of impairment loss on non-financial assets	6(23)	(3,009)	(90,215)	-	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		9,470	283,898	240,966	
Contract assets		27,096	812,339	(533,977)	
Notes receivable		9,160	274,603	(80,786)	
Accounts receivable		277,066	8,306,424	(3,501,951)	
Accounts receivable - related parties		94,511	2,833,432	(402,645)	
Other receivables	(	( 3,890)	(116,634)	(42,452)	
Other receivables - related parties		3,632	108,894	(29,208)	
Inventories		188,188	5,641,877	(3,476,464)	
Prepayments	(	( 10,740)	(321,976)	(580,341)	
Other current assets	(	( 11)	(328)	(240,631)	
Other non-current assets		4,348	130,389	50,370	
Net changes in operating liabilities relating to operating activities					
Contract liabilities		23,645	708,890	949,545	
Notes payable		457	13,714	(1,837)	
Accounts payable	(	( 224,254)	(6,723,132)	(2,307,949)	
Accounts payable - related parties	(	( 79,424)	(2,381,143)	(278,138)	
Other payables	(	( 4,269)	(127,974)	(422,895)	
Other current liabilities	(	( 22,669)	(679,602)	(1,828,485)	
Other non-current liabilities		22,765	682,490	821,714	
Cash inflow generated from operations		1,520,698	45,590,519	27,445,414	
Interest received		31,427	942,187	781,652	
Dividends received		9,416	282,302	714,031	
Interest paid	(	( 24,323)	(729,218)	(536,989)	
Income taxes paid	(	( 139,260)	(4,175,022)	(4,732,398)	
Net cash flows from operating activities		1,397,958	41,910,768	23,671,710	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars 2019	New Taiwan Dollars 2019	New Taiwan Dollars 2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through other comprehensive income		(\$ 373)	(\$ 11,190)	(\$ 439,188)
Disposal of financial assets at fair value through other comprehensive income	6(3)	37,187	1,114,871	733
Acquisition of investments accounted for under equity method		(405)	(12,154)	(210,950)
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(30)	(801,135)	(24,018,015)	-
Acquisition of property, plant and equipment	6(9)	(562,581)	(16,866,186)	(11,340,871)
Proceeds from disposal of property, plant and equipment		15,763	472,561	676,924
Acquisition of investment properties		-	-	(15,448)
Disposal of investment properties		-	-	38
Acquisition of intangible assets	6(12)	(22,247)	(666,967)	(503,457)
(Increase) decrease in other financial assets		(1,714)	(51,359)	4,820
(Increase) decrease in other non-current assets		(16,327)	(489,479)	151,465
Net cash flows used in investing activities		(1,351,832)	(40,527,918)	(11,675,934)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Increase (decrease) in short-term borrowings	6(32)	43,925	1,316,870	(11,204,447)
Proceeds from long-term debt	6(32)	80,316	2,407,888	14,138,799
Lease principal repayment		(19,555)	(586,249)	-
Cash dividends paid	6(19)	(433,213)	(12,987,717)	(12,987,717)
Cash dividends paid to minority share interests	6(20)	(77,391)	(2,320,171)	(369,183)
Acquisition of ownership interests in subsidiaries	6(20)(31)	(142,638)	(4,276,338)	(94,355)
Net cash flows used in financing activities		(548,556)	(16,445,717)	(10,516,903)
Effects due to changes in exchange rate		(19,875)	(595,829)	773,207
Net (decrease) increase in cash and cash equivalents		(522,305)	(15,658,696)	2,252,080
Cash and cash equivalents at beginning of year		1,988,616	59,618,697	57,366,617
Cash and cash equivalents at end of year		<u>\$ 1,466,311</u>	<u>\$ 43,960,001</u>	<u>\$ 59,618,697</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Delta Electronics, Inc. (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the Group) are global leaders in power and thermal management solutions and are primarily engaged in the research and development, design, manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc. The Group's mission statement, to provide innovative, clean and energy-efficient solutions for a better tomorrow, focuses on addressing key environmental issues such as global climate change. With the concern for the environment, the Group continues to develop innovative energy-efficient products and solutions. In recent years, the Group has transformed from a product provider towards a solution provider and the Group's business is segregated into power electronics business, automation business, and infrastructure business.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the

Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

- A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a 'lease liability' (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset', 'lease liability' and 'retained earnings' by \$2,749,997, \$1,695,257 and \$1,943, respectively, and decreased other non-current assets by \$1,052,797 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - The use of hindsight in determining the lease term where the contract contains options to extend the lease.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.19%.
- E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as at January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	1,858,381
Less: Short-term leases	(	189,770)
Add: Adjustments as a result of a different treatment of extension options		<u>232,621</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		1,901,232
Incremental borrowing interest rate at the date of initial application		<u>1.19%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$	<u><u>1,695,257</u></u>

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All

amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
1	Delta International Holding Limited (DIH)	Equity investments	Delta Electronics, Inc.	100	94	Note 1
2	Delta Networks Holding Limited (DNH)	"	"	100	100	
3	Delta Electronics (Netherlands) B.V. (DEN)	Sales of power products, display solution products, electronic components, industrial automation products and materials	"	100	100	
4	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	Delta Electronics, Inc. and DIH	100	100	
5	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuits and information software services	Delta Electronics, Inc.	-	98.17	Note 2
6	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	"	100	100	
7	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	"	100	100	
8	Delta Electronics Capital Company (DECC)	Equity investments	"	100	100	
9	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	"	100	100	Note 3
10	Allied Material Technology Corp. (AMT)	Lease services, etc.	"	99.97	99.97	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
11	Delta America Ltd. (DAL)	Equity investments	Delta Electronics, Inc., DEN, Castle Horizon Limited and Energy Dragon Global Limited	100	100	
12	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	DEN/DIH	100	100	Note 4
13	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	DIH	100	100	
14	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and materials	"	100	100	
15	DAC Holding (Cayman) Limited (DAC)	Equity investments	"	-	100	Note 5
16	Ace Pillar Holding Co., Ltd. (Ace)	"	"	-	100	Note 2
17	Drake Investment (HK) Limited (Drake-HK)	"	DEN/DIH	100	100	Note 4
18	Delta Greentech (China) Co., Ltd. (DGC)	Sales of uninterruptible power systems	DGSG、Drake-HK、Boom/ DIH、Ace、Drake-HK、DGSG、Boom	95.91	95.91	Note 6
19	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	DIH	100	100	
20	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	DEN/DIH	100	100	Note 4
21	Delta Electronics Europe Limited (DEU)	Repair centre and providing support services	DIH	100	100	
22	Boom Treasure Limited (Boom)	Equity investments	DEN/DIH	100	100	Note 4
23	Apex Investment (HK) Limited (Apex-HK)	"	DIH	100	100	Note 26

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
24	Galaxy Star Investment (HK) Limited (Galaxy Star-HK)	Equity investments	DIH	100	100	Note 26
25	Jade Investment (HK) Limited (Jade-HK)	"	"	100	100	Note 26
26	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and thermal products	DHK	100	100	
27	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of power supplies	"	100	100	
28	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design, management consulting service and distribution of electronic products	"	100	100	
29	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	DHK/DHK, Apex-HK, Galaxy Star-HK and Jade-HK	100	100	Note 7
30	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	"	100	100	Note 7
31	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	"	100	100	Note 7
32	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of LED light source, power supplies and others	DHK	100	100	
33	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of transformers	"	100	100	
34	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management system of industrial automation product and telecommunications equipment	"	100	100	
35	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	"	-	100	Note 8

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
36	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers	DHK	100	100	
37	Delta Electronics (Pingtan) Co., Ltd. (Delta Pingtan)	Wholesale and retail of electronic products and energy-saving equipment	"	100	100	
38	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	PHK	-	100	Note 9
39	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	DEJ	100	100	
40	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	"	100	100	
41	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	DAC	-	100	Note 10
42	Delta Video Technology Limited (DVT)	Sales of electronic products	"	-	100	Note 11
43	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of transformers	DWH	-	100	Note 12
44	Chenzhou Delta Technology Co., Ltd. (CDT)	"	DCZ	100	100	
45	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Research and development of energy-saving technology, energy-saving equipment and energy management system as well as technology consulting service	DDG and DPEC	100	100	Note 25

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
46	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	Energy performance contracting, development of energy-saving technology, energy-saving equipment and energy management system as well as consulting service, installation, sales, etc.	DPEC and DGC	100	100	
47	Delta Networks, Inc. (DNI Cayman)	Equity investments	DNH	100	100	
48	Delta Networks, Inc. (Taiwan) (DNIT)	Research, development, design, manufacturing and sales of networking system and peripherals	Delta Electronics, Inc.	-	99.98	Note 13
49	DNI Logistics (USA) Corporation (ALN)	Trading of networking system and peripherals	DNI Cayman	-	100	Note 14
50	Delta Networks (H.K.) Limited (DNHK)	Equity investments	"	100	100	
51	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	DNHK	100	100	
52	Fairview Assets Ltd. (Fairview)	Equity investments	Cyntec	100	100	
53	Grandview Holding Ltd. (Grandview)	"	Fairview	100	100	
54	Cyntec Holding (H.K.) Ltd. (CHK)	"	Grandview	100	100	
55	Cyntec International Ltd. -Labuan (CIL-Labuan)	Trading	"	100	100	
56	Cyntec Electronics (Suzhou) Co., Ltd. (CES)	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	CHK	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
57	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	DelBio	100	100	
58	ELTEK AS	Research, development and sales of power supplies and others	DIH/DEN	100	100	Note 4
59	Castle Horizon Limited	Equity investments	DEN	100	100	
60	Energy Dragon Global Limited	"	"	100	100	
61	Delta Controls Inc. (DCI)	Provide resolution of building management and control	DIH/DEN	100	100	Note 4
62	DELTA ELECTRONICS HOLDING (USA) INC.	Equity investments	"	100	100	Note 4
63	ELTEK PAKISTAN (PRIVATE) LIMITED	Sales of power supplies and others	ELTEK AS	100	100	
64	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	"	100	100	
65	ELTEK AUSTRALIA PTY LIMITED	"	"	100	100	
66	Eltek Egypt for Power Supply S.A.E.	Sales of power supplies and others	"	95	95	
67	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	"	100	100	
68	Eltek SGS Mechanics Pvt Ltd.	Sales of power supplies and others	ELTEK AS and Eltek SGS Pvt Ltd.	51	51	
69	ELTEK POWER PTE. LTD.	Sales of power supplies and others and system installation	DELI-SG/ELTEK-AS	-	100	Note 3
70	Eltek Polska Sp. z o. o.	"	ELTEK AS	51.04	51.04	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
71	ELTEK POWER FRANCE SAS	Sales of power supplies and others and system installation	ELTEK AS	100	100	
72	ELTEK LIMITED	Equity investments and trading	"	100	100	
73	ELTEK MEA DMCC	Sales of power supplies and others	"	100	100	
74	ELTEK KENYA LIMITED	Sales of power supplies	ELTEK MEA DMCC and ELTEK AS	100	100	
75	ELTEK WEST AFRICA LIMITED	"	"	100	100	
76	Eltek Italia S.r.l.	Sales of power supplies and others	ELTEK AS	100	100	
77	Eltek Power Sweden AB	Sales of power supplies and equity investments	"	100	100	
78	Eltek Power (UK) Ltd.	Sales of power supplies	"	100	100	
79	Eltek Power Oy	Sales of power supplies and others	"	100	100	
80	OOO Eltek	Sales of power supplies and others and system installation	"	100	100	
81	ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	Sales of power supplies and others	"	100	100	
82	Eltek Montage GmbH	Installation and maintenance of power supplies	Eltek Deutschland GmbH	100	100	
83	E.V.I Electronics Sp. z o. o.	Trading and construction of power supply model	"	-	100	Note 15
84	ELTEK POWER INCORPORATED	Sales of power supplies and others	DEIL-SG/ELTEK POWER PTE. LTD.	100	100	Note 16
85	ELTEK POWER CO., LTD.	"	"	100	100	Note 16 Note 17
86	ELTEK POWER (CAMBODIA) LTD.	"	"	100	100	Note 16

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
87	ELTEK POWER (MALAYSIA) SDN. BHD.	Sales of power supplies and others	DEIL-SG/ELTEK POWER PTE. LTD.	100	100	Note 16 Note 18
88	ELTEK CVI LIMITED	Equity investments	ELTEK LIMITED	100	100	
89	Eltek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sales of intelligent power equipment and system for supporting access networking system, and manufacturing and sales of intelligent power equipment for supporting renewable energy	DHK/ELTEK CVI LIMITED	100	100	Note 19
90	DELTA ELECTRONICS (USA) INC.	Manufacturing and sales of power supplies	DELTA ELECTRONICS HOLDING (USA) INC.	100	100	
91	DELTA ELECTRONICS (ARGENTINA) S.R.L.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC.	100	100	
92	Eltek Sistemas de Energia Industria e Comercio S.A.	Manufacturing and sales of power supplies	"	100	100	
93	DELTA ELECTRONICS (PERU) INC. S.R.L.	Sales of power supplies and others	"	100	100	
94	DELTA ELECTRONICS (COLOMBIA) S.A.S.	"	"	100	100	
95	Eltekenegy Services, S.A. de C.V.	"	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	100	100	
96	Eltekenegy International de México, S. de R.L. de C.V.	"	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
97	Delta Electronics (Americas) Ltd.	Sales of electronic components	DAL	100	100	
98	Delta Solar Solutions LLC	Equity investments	"	100	100	
99	2009 PPA LLC	Sales of power supplies	Delta Electronics (Americas) Ltd.	100	100	
100	DSS-CI LLC	Rental of solar power systems	Delta Solar Solution LLC	100	100	
101	DSS-USF LLC	"	"	100	100	
102	Power Forest Technology Corporation	IC design of power management	Cyntec	59.03	59.03	
103	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	DET-SH	100	100	
104	Loy Tec electronics GmbH (Loy Tec)	Consulting service of building management and control solutions	DEIL-SG	100	85	Note 20
105	LOYTEC Americas, Inc.	"	Loy Tec	100	100	
106	Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	DHK	100	100	
107	Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral and software	"	100	100	
108	Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	Delta Electronics (Beijing) Co., Ltd.	-	80	Note 21
109	UNICOM SYSTEM ENG. CORP. (UNICOM)	Design and sales of computer, peripheral and information system (software and hardware)	Delta Electronics, Inc.	100	100	
110	Unicom (Nanjing) System Eng. Corp	"	UNICOM	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
111	Delta Electronics (Switzerland) AG (DES)	Equity investments, research, development and sales of electronic products	Delta Greentech (Netherlands) B.V. and DIH/DEN and Delta Greentech (Netherlands) B.V.	100	51	Note 4 Note 22
112	Delta Greentech Electronics Industry LLC	Marketing and sales of electronic products	DEN \ Delta Greentech (Netherlands) B.V.	100	51	Note 22
113	Delta Greentech (Brasil) S.A. (DGB)	Manufacturing and sales of electronic products	DEN	100	100	
114	Delta Electronics (Czech Republic), spol. s.r.o.	Sales of electronic products	DES	100	100	
115	Delta Electronics (Italy) S.r.l.	"	"	100	100	
116	Delta Electronics (Poland) Sp. z o. o.	"	"	100	100	
117	Delta Solutions (Finland) Oy	"	"	100	100	
118	Delta Electronics Solutions (Spain) SL	"	"	100	100	
119	Delta Electronics (France) SA	"	"	100	100	
120	Delta Energy Systems (Sweden) AB	"	"	100	100	
121	Vivotek Inc. (Vivotek)	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	Delta Electronics, Inc.	49.87	50.13	Note 23
122	Vatics Inc.	Designing and sales of multimedia integrated circuits	Vivotek and Realwin	54.41	54.41	
123	Vivotek Holdings, Inc.	Holding company	Vivotek	100	100	
124	Realwin Investment Inc. (Realwin)	Investment in the network communications industry	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
125	Vivotek Netherlands B.V.	Sales service	Vivotek	100	100	
126	Vivotek (Japan) Inc.	"	"	100	100	
127	Vivotek USA, Inc.	Sales of webcams and related components	Vivotek Holdings, Inc.	100	100	
128	Wellstates Investment, LLC	Investment and commercial lease of real estate	Realwin	100	100	
129	Otus Imaging, Inc.	Sales of webcams and related components	Vivotek	100	100	
130	Aetek Inc.	"	Realwin	56.21	56.21	
131	Vivotek Middle East FZCO	"	"	89.99	89.99	
132	Lidlight Inc.	Sales of lighting equipment	"	51	51	
133	DELTA ELECTRONICS BRASIL LTDA.	Manufacturing and sales of electronic products	DEN	100	100	
134	Delta Electronics (Thailand) Public Company Limited (DET)	Manufacturing and exporting power supplies, other electronic parts and components	Delta Electronics, Inc., DEIL-SG and DIH	63.78	-	Note 24
135	DET International Holding Limited	Equity investments	DET	100	-	Note 24
136	Delta Energy Systems (Singapore) PTE. LTD.	Equity investments, trading, management and consultancy	"	100	-	Note 24
137	Delta Green Industrial (Thailand) Co., Ltd.	Integration, sales, trading, installation and providing services of uninterruptible power supply, photovoltaic inverter, electric cars charger and data center	"	100	-	Note 24
138	DET Logistics (USA) Corporation	Providing logistics services in USA	DET International Holding Limited	100	-	Note 24
139	Delta Energy Systems (Germany) GmbH	Development, marketing and sales of electronic products	"	100	-	Note 24

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
140	Delta Energy Systems (India) Private Ltd.	Marketing and sales of electronic products	DET International Holding Limited	100	-	Note 24
141	Delta Electronics (Slovakia) s.r.o.	Manufacturing and sales of power supplies, power system and OEM power system	DET International Holding Limited and Delta Energy Systems (Singapore) PTE. LTD.	100	-	Note 24
142	Delta Energy Systems (Romania) S.R.L.	Research and development	DET International Holding Limited	100	-	Note 24
143	Delta Energy Systems Property (Germany) GmbH	Property rights business	Delta Energy Systems (Germany) GmbH	100	-	Note 24
144	Delta Electronics (Australia) Pty. Ltd.	Marketing and sales of renewable energy products	Delta Energy Systems (Singapore) PTE. LTD.	100	-	Note 24
145	Delta Electronics India Pvt. Ltd.	Manufacturing and marketing of non-telecom power system and uninterruptible power supply, and sales of uninterruptible power supply	"	100	-	Note 24
146	Delta Electronics (Myanmar) Co., Ltd.	Manufacturing of electronic products used in CMP manufacturing process and machinery	"	100	-	Note 24
147	Delta Energy Systems (UK) Ltd.	Research and development of electronic products	"	100	-	Note 24
148	Delta PBA Engineering Solutions Co., Ltd.	Providing solution for industrial automation	"	51	-	Note 24
149	Delta Greentech (Netherlands) Cooperatie U.A.	Equity investments	"	100	-	Note 24
150	Delta Greentech (Netherlands) B.V.	"	Delta Greentech (Netherlands) Cooperatie U.A.	100	-	Note 24
151	Delta Energy Systems LLC	Marketing and sales of power systems	Delta Greentech (Netherlands) B.V.	100	-	Note 24
152	Eltek s.r.o.	Manufacturing of telecom power system	"	100	-	Note 24

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2019	December 31, 2018	
153	Delta Electronics (Automotive) Americas Inc.	Research and development of automotive power and traction inverter	Delta Greentech (Netherlands) B.V.	100	-	Note 24
154	Amerlux, LLC	Design and producing of dedicated lighting system and facilities	DEN	100	-	Note 24
155	Amerlux Lighting Asia, LLC	Equity investments	Amerlux, LLC	100	-	Note 24
156	Amerlux Lighting Hong Kong Limited	"	Amerlux Lighting Asia, LLC	100	-	Note 24
157	Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	Amerlux Lighting Hong Kong Limited	100	-	Note 24

Note 1: In December 2019, DIH repurchased and cancelled 6% of its own equity interest from non-controlling interest, and the Company held 100% equity interest of DIH after the cancellation.

Note 2: This company had been liquidated in October 2019.

Note 3: In March 2019, ELTEK AS sold ELTEK POWER PTE. LTD. to DEIL-SG, and ELTEK POWER PTE. LTD. merged into DEIL-SG in May 2019. Under the merger, DEIL-SG was the surviving company while ELTEK POWER PTE. LTD. was the dissolved company.

Note 4: In November 2019, due to the reorganisation of the Group, DEN exchanged 100% equity interests of its subsidiaries, ELTEK AS, DCI, and DELTA ELECTRONICS HOLDING (USA) INC. and a 51% equity interest of its subsidiary, DES, for 100% equity interests of the DIH' subsidiaries, DHK, Drake-HK, DGSG and BOOM.

Note 5: This company had been liquidated in November 2019.

Note 6: In July 2019, Drake-HK acquired 10.38% and 3.81% equity interest of DGC held by DIH and Ace, respectively.

Note 7: In July 2019, DHK acquired 15% equity interest of DWV, DWC and DWJ held by Apex-HK, Galaxy Star-HK and Jade-HK, respectively.

Note 8: This company had been liquidated in April 2019.

Note 9: In October 2019, PHK sold a 100% equity interest of its subsidiary, PJS.

Note 10: This company had been liquidated in March 2019.

Note 11: This company had been liquidated in August 2019.

Note 12: This company had been liquidated in December 2019.

Note 13: Merged with the Company on April 1, 2019.

Note 14: In August 2019, DNI Cayman sold this company to DIH, and this company merged into its subsidiary-ALI. Under the merger, ALI was the surviving company while ALN was the dissolved company.

Note 15: This company had been liquidated in September 2019.

Note 16: Relative to the merger described in Note 3, the investee was changed from ELTEK POWER PTE. LTD. to DEIL-SG.

Note 17: 55% of shares are held through others due to local regulations.

Note 18: 71% of shares are held through others due to local regulations.

Note 19: In July 2019, this company was sold to DHK by ELTEK CVI LIMITED.

Note 20: In May 2019, DEIL-SG acquired a 15% equity interest in Loy Tec electronics GmbH, and the total shareholding ratio is 100%.

Note 21: This company had been liquidated in July 2019.

Note 22: The Group obtained control over Delta Electronics (Thailand) Public Company Limited through merger. The Group holds a 100% equity interest in Delta Electronics (Switzerland) AG and Delta Greentech Electronics Industry LLC through the Delta Electronics (Thailand) Public Company Limited 100% held subsidiary, Delta Greentech (Netherlands) B.V.

Note 23: Because most of the shares were held by the company and other shareholdings are disaggregated, it was included in the consolidated financial statements.

Note 24: Companies were established or acquired through merger during 2019.

Note 25: In September 2019, the company began liquidation process and was dissolved, but has not yet been completed as at December 31, 2019.

Note 26: In December 2019, the company began liquidation process and was dissolved, but has not yet been completed as at December 31, 2019.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As at December 31, 2019 and 2018, the non-controlling interest amounted to \$34,197,565, \$9,189,749, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2019		December 31, 2018	
		Amount	Ownership (%)	Amount	Ownership (%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ -	-	\$ 4,216,092	6.00%
Vivotek Inc. (Vivotek)	Taiwan	3,932,420	50.13%	3,975,977	49.87%
Delta Electronics (Thailand) Public Company limited (DET)	Thailand	29,761,580	36.22%	-	-

Summarised financial information of the subsidiary:

Balance sheet

	DET		DIH	
	December 31, 2019		December 31, 2018	
Current assets	\$ 32,696,207		\$ 87,627,784	
Non-current assets	62,551,578		34,384,761	
Current liabilities	(10,944,593)		(46,922,159)	
Non-current liabilities	(2,134,279)		(2,693,084)	
Total net assets	\$ 82,168,913		\$ 72,397,302	

	Vivotek	
	December 31, 2019	December 31, 2018
Current assets	\$ 3,106,290	\$ 3,003,380
Non-current assets	6,452,452	6,575,800
Current liabilities	(1,307,013)	(1,207,012)
Non-current liabilities	(407,284)	(399,485)
Total net assets	\$ 7,844,445	\$ 7,972,683

Statement of comprehensive income

	DET	DIH
	Years ended December 31,	
	2019	2018
Revenue	\$ 50,644,767	\$ 162,343,089
Profit before income tax	1,754,400	12,993,455
Income tax expense	(18,582)	(2,661,380)
Profit for the year from continuing operations	1,735,818	10,332,075
Other comprehensive (loss) income, net of tax	(1,006,786)	8,732,215
Total comprehensive income for the year	<u>\$ 729,032</u>	<u>\$ 19,064,290</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 153,674)</u>	<u>\$ 523,933</u>
Dividends paid to non-controlling interest	<u>\$ 2,184,585</u>	<u>\$ 203,351</u>

	Vivotek	
	Years ended December 31,	
	2019	2018
Revenue	\$ 6,573,617	\$ 5,235,966
Profit before income tax	118,133	133,780
Income tax expense	(66,991)	(52,832)
Profit for the year from continuing operations	51,142	80,948
Other comprehensive (loss) income, net of tax	(9,853)	10,647
Total comprehensive income for the year	<u>\$ 41,289</u>	<u>\$ 91,595</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 1,442</u>	<u>\$ 19,508</u>
Dividends paid to non-controlling interest	<u>\$ 104,890</u>	<u>\$ 165,720</u>

Statements of cash flows

	DET	DIH
	Years ended December 31,	
	2019	2018
Net cash provided by operating activities	\$ 5,112,438	\$ 14,952,859
Net cash used in investing activities	(4,915,661)	(4,113,982)
Net cash used in financing activities	(2,839,443)	(3,779,613)
Effect of exchange rates on cash and cash equivalents	280,456	(5,125,165)
(Decrease) increase in cash and cash equivalents	(2,362,210)	1,934,099
Cash and cash equivalents, beginning of year	14,877,311	31,677,068
Cash and cash equivalents, end of year	<u>\$ 12,515,101</u>	<u>\$ 33,611,167</u>

	Vivotek	
	Years ended December 31,	
	2019	2018
Net cash provided by operating activities	\$ 810,131	\$ 73,673
Net cash used in investing activities	(220,047)	(422,373)
Net cash used in financing activities	(365,874)	(37,419)
Effect of exchange rates on cash and cash equivalents	(8,709)	8,289
Increase (decrease) in cash and cash equivalents	215,501	(377,830)
Cash and cash equivalents, beginning of year	807,712	1,185,542
Cash and cash equivalents, end of year	<u>\$ 1,023,213</u>	<u>\$ 807,712</u>

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits

associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost. The cost of finished goods and work in process comprises raw materials, direct labour, other director costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under equity method

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or

indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of loss in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in associates' equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Cash surrender value of life insurance

Premium paid for life insurance with saving nature belonging to cash surrender value is recognised as a deduction to insurance premium expense in current period and is added to the carrying amount of cash surrender value.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2~15 years except for buildings, the estimated life of which is 5~55 years.

(16) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is

recognised as an adjustment to the right-of-use asset.

(17) Leased assets/ operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 7~50 years.

(19) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Acquisition prices in the business combination are calculated by the price of acquisition plus related direct costs. Goodwill is recognised at the difference of the acquisition prices less net fair value of identifiable assets acquired. The amortisation duration of acquisition prices may not exceed one year after the acquisition.

B. Trademarks

(a) Separately acquired trademarks with finite useful lives are stated at acquisition cost and are amortised on a straight-line basis over their estimated useful lives.

(b) Certain trademarks which are assessed to generate net cash inflows and have indefinite useful lives are recorded at actual cost. These are not amortised and instead, are tested for impairment annually.

C. Intangible assets other than goodwill and trademarks, mainly computer software, patents, customer relationship and technology authorisation fees, are amortised on a straight-line basis over their estimated useful lives of 2~22 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An

impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

(23) Financial liabilities at fair value through profit or loss

A. Derivatives are categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in

profit or loss.

- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(27) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the hedging relationship as follows:
 - (a) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.
 - (b) Hedge of a net investment in a foreign operation.
- C. Cash flow hedges
 - (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - ii. The cumulative change in fair value of the hedged item from inception of the hedge.
 - (b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.
 - (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting

is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.

- ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
- iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

D. Hedges of a net investment in a foreign operation

- (a) It is accounted for similarly to cash flow hedges.
- (b) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised in profit or loss.
- (c) The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment.

(28) Employee benefits

A. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit

credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

B. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(29) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Group has the right to repurchase the stocks for a fee and cancel these stocks. No distribution rights for dividends and capital reserves before the vesting conditions are met.

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate

and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(31) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(32) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(33) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells computers, information technology, electrical machines, power supply, automation equipment and related components products. Sales are recognised when control of the products has transferred, being when the products are delivered to the

customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Sales revenue is recognised based on the price specified in the contract, net of the estimated discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Sales are usually made with a credit term of 30 to 90 days after acceptance. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Installation of software and module services

- (a) The Group provides installation of some software and module services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification.
- (c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in

circumstances.

C. Revenue from licencing intellectual property

The Group is entitled to collect usage-based royalty in return for licencing patented technologies and intellectual property rights to subsidiaries and associates under agreements. The Group recognises revenue when the performance obligation has been satisfied and the subsequent usage occurs.

D. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(35) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(36) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for less than 20% of the property.

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information on goodwill impairment.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand	\$ 6,941	\$ 5,635
Checking accounts and demand deposits	30,808,159	37,506,087
Time deposits	13,144,901	22,106,975
	<u>\$ 43,960,001</u>	<u>\$ 59,618,697</u>

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Financial assets/liabilities at fair value through profit or loss

<u>Asset Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 541,143	\$ 561,989
Emerging stocks	-	56,102
Derivatives	142,668	37,047
Hybrid instrument	87,578	119,074
	<u>771,389</u>	<u>774,212</u>
Valuation adjustment	<u>351,069</u>	<u>225,904</u>
	<u>\$ 1,122,458</u>	<u>\$ 1,000,116</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 499,290	\$ 501,639
Emerging stocks	81,000	107,037
Unlisted stocks	2,247,846	2,371,304
	<u>2,828,136</u>	<u>2,979,980</u>
Valuation adjustment	<u>(602,897)</u>	<u>(587,181)</u>
	<u>\$ 2,225,239</u>	<u>\$ 2,392,799</u>
<u>Liability Items</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Valuation adjustment of derivatives	<u>\$ 15,929</u>	<u>\$ 8,544</u>

A. The Group has recognised financial assets and liabilities at fair value through profit or loss of \$365,965 and (\$202,545) for the years ended December 31, 2019 and 2018, respectively.

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Group does not adopt hedge accounting are as follows:

December 31, 2019		
Financial instruments	Contract amount (nominal principal) (in thousands)	Contract period
Forward exchange contracts:		
- Sell AUD / Buy NOK	AUD 600	2019.12.04~2020.01.07
- Sell AUD / Buy USD	AUD 1,500	2019.09.12~2020.04.28
- Sell BRL / Buy USD	BRL 32,622	2019.11.06~2020.02.07
- Sell EUR / Buy GBP	EUR 1,000	2019.12.05~2020.02.07
- Sell EUR / Buy NOK	EUR 8,000	2019.10.07~2020.07.03
- Sell EUR / Buy USD	EUR 28,500	2019.09.18~2020.04.03
- Sell GBP / Buy NOK	GBP 2,600	2019.10.07~2020.02.07
- Sell HKD / Buy USD	HKD 151,000	2019.09.05~2020.03.03
- Sell INR / Buy USD	INR 1,266,206	2019.11.11~2020.01.21
- Sell JPY / Buy USD	JPY 889,565	2019.09.25~2020.03.19
- Sell SGD / Buy USD	SGD 7,000	2019.12.25~2020.02.04
- Sell THB / Buy USD	THB 9,060	2019.12.24~2020.01.23
- Sell USD / Buy CZK	USD 300	2019.12.24~2020.01.21
- Sell USD / Buy HKD	USD 770	2019.12.26~2020.03.03
- Sell USD / Buy JPY	USD 3,100	2019.11.08~2020.02.25
- Sell USD / Buy NOK	USD 6,000	2019.10.07~2020.04.03
- Sell USD / Buy RMB	USD 217,181	2019.09.27~2020.03.23
Sell USD / Buy SGD	USD 14,092	2019.09.25~2020.04.03
Sell USD / Buy THB	USD 121,700	2019.09.26~2020.04.03
Cross currency swap:		
- Sell EUR / Buy NOK	EUR 13,000	2019.09.04~2020.06.05
- Sell EUR / Buy RUB	EUR 500	2019.12.05~2020.02.07
- Sell GBP / Buy NOK	GBP 500	2019.10.07~2020.01.07
Sell USD / Buy EUR	USD 1,113	2019.11.06~2020.01.07
Sell USD / Buy NOK	USD 5,000	2019.11.06~2020.03.05

December 31, 2018

Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy RMB	USD	123,654	2018.12.19~2019.01.22
- Sell USD / Buy NTD	USD	2,000	2018.12.10~2019.01.04
- Sell USD / Buy JPY	USD	4,200	2018.11.09~2019.02.25
- Sell USD / Buy CZK	USD	470	2018.12.17~2019.01.18
- Sell JPY / Buy USD	JPY	622,097	2018.11.05~2019.04.18
- Sell USD / Buy SGD	USD	11,750	2018.04.03~2019.03.04
- Sell AUD / Buy USD	AUD	18,430	2018.08.24~2019.03.26
- Sell EUR / Buy USD	EUR	23,800	2018.09.14~2019.04.25
- Sell EUR / Buy NOK	EUR	5,000	2018.10.08~2019.02.07
- Sell GBP / Buy NOK	GBP	1,500	2018.12.21~2019.02.07
- Sell SGD / Buy USD	SGD	2,050	2018.12.28~2019.01.29
- Sell THB / Buy USD	THB	91,276	2018.12.21~2019.02.26
- Sell THB / Buy SGD	THB	67,556	2018.12.21~2019.02.26
- Sell USD / Buy RUB	USD	500	2018.11.08~2019.01.09
- Sell USD / Buy EUR	USD	1,940	2018.11.09~2019.01.07
- Sell USD / Buy AUD	USD	800	2018.12.12~2019.02.05
- Sell BRL / Buy USD	BRL	41,666	2018.11.05~2019.02.07
- Sell INR / Buy USD	INR	71,220	2018.12.05~2019.02.07
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	6,000	2018.09.04~2019.01.07
- Sell EUR / Buy SEK	EUR	500	2018.12.10~2019.02.07
- Sell EUR / Buy SGD	EUR	11,653	2018.11.13~2019.01.07
- Sell GBP / Buy NOK	GBP	1,000	2018.12.06~2019.01.07
- Sell SGD / Buy EUR	SGD	6,000	2018.11.05~2019.01.07
- Sell RUB / Buy USD	RUB	166,900	2018.11.05~2019.01.09
- Sell USD / Buy NOK	USD	2,000	2018.11.09~2019.01.07
- Sell USD / Buy SGD	USD	5,000	2018.12.06~2019.01.07

The Group entered into forward exchange contracts and cross currency swap to manage exposures to foreign exchange rate fluctuations of import or export sales and dividend distribution between subsidiary and second-tier subsidiary. However, the forward exchange transactions did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	\$ 1,559,472	\$ 871,492
Valuation adjustment	(1,239,649)	(813,836)
	\$ 319,823	\$ 57,656
Non-current items:		
Equity instruments		
Listed stocks	\$ 2,301,004	\$ 4,301,090
Unlisted stocks	690,945	1,008,088
	2,991,949	5,309,178
Valuation adjustment	(1,194,648)	(2,388,840)
	\$ 1,797,301	\$ 2,920,338

- A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,117,124 and \$2,977,994 as at December 31, 2019 and 2018, respectively.
- B. For the years ended December 31, 2019 and 2018, the Group sold listed stocks whose fair value were \$1,114,871 and \$733, respectively, to adjust the stock position, resulting to an accumulated loss on disposal of \$635,782 and \$9,336, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2019	2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 200,079	(\$ 844,089)
Cumulative gain (loss) reclassified to retained earnings due to derecognition	(\$ 635,782)	(\$ 9,336)

- D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$2,117,124 and \$2,977,994, respectively.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk is provided in Note 12(2).

(4) Hedging financial assets and liabilities

A. As at December 31, 2019 and 2018, the balances of financial assets and liabilities used for hedging were all \$0.

B. Information on cash flow hedges and hedges of net investments in foreign operations recognised as profit or loss and other comprehensive income:

	<u>Cash flow hedges</u>	<u>Hedges of net investments in foreign operations</u>
<u>Other equity</u>		
At January 1, 2019	\$ -	\$ 131,152
Add: (Loss) gain on hedge effectiveness- amount recognised in other comprehensive income	(6,124)	16,104
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	<u>6,124</u>	<u>-</u>
At December 31, 2019	<u>\$ -</u>	<u>\$ 147,256</u>

	<u>Cash flow hedges</u>	<u>Hedges of net investments in foreign operations</u>
<u>Other equity</u>		
At January 1, 2018	\$ 7,061	\$ 73,476
Add: (Loss) gain on hedge effectiveness- amount recognised in other comprehensive income	(4,161)	57,676
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	<u>(2,900)</u>	<u>-</u>
At December 31, 2018	<u>\$ -</u>	<u>\$ 131,152</u>

(a) The purpose of hedge accounting is that the hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in other comprehensive income as at December 31, 2019 and 2018 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

(b) Hedges of net investments in foreign operations

In the first quarter of 2018, due to the reorganisation of the Group, the risk of USD exchange rate fluctuating by fair value initially designated as hedged items of hedges of net investments in foreign operations was no longer material. Consequently, the hedge relationship did not meet the conditions of hedge accounting. The effective portion of hedges of net investments in foreign operations was accumulated in other equity previously. Since the foreign operations was not disposed, it was not reclassified from equity to profit or loss.

(5) Notes and accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ 3,816,628	\$ 4,091,231
Accounts receivable	\$ 53,964,299	\$ 53,014,340
Less: Allowance for uncollectible accounts	(1,009,193)	(960,844)
	<u>\$ 52,955,106</u>	<u>\$ 52,053,496</u>
Overdue receivables (shown as other non-current assets)	\$ 213,405	\$ 271,439
Less: Allowance for uncollectible accounts	(213,405)	(271,439)
	<u>\$ -</u>	<u>\$ -</u>

A. The aging analysis of accounts receivable is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Not past due	\$ 46,818,016	\$ 46,402,442
1 to 90 days	5,540,091	5,270,339
91 to 180 days	324,836	228,796
181 to 365 days	249,331	125,428
Over 366 days	22,832	26,491
	<u>\$ 52,955,106</u>	<u>\$ 52,053,496</u>

The above aging analysis was based on past due date.

B. As at December 31, 2019 and 2018, there was no notes receivable past due.

C. As at December 31 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2018, the balance of receivables from contracts with customers amounted to \$53,393,658.

D. The Group has no notes receivable and accounts receivable pledged to others as collateral.

E. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Group's notes receivable were \$3,816,628 and \$4,091,231, and accounts receivable were \$52,955,106 and \$52,053,496, respectively.

F. Information relating to credit risk is provided in Note 12(2).

(6) Transfer of financial assets

The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not required to bear the default risk of the accounts receivable and the percentage of advance payments is zero, but is liable for the losses incurred on any business dispute. As at December 31, 2019 and 2018, the relevant information on unsettled accounts receivable that were sold is set forth below:

December 31, 2019

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced
Taishin International Bank	\$ 57,743	\$ -	\$ 299,800	\$ -	\$ -	\$ -

December 31, 2018

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced
Taishin International Bank	\$ 70,948	\$ -	\$ 307,150	\$ -	\$ -	\$ -

(7) Inventories

December 31, 2019

	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 13,734,404	(\$ 2,978,189)	\$ 10,756,215
Work in process	4,205,155	(11,299)	4,193,856
Finished goods	27,482,584	(3,634,975)	23,847,609
Inventory in transit	518,743	-	518,743
	<u>\$ 45,940,886</u>	<u>(\$ 6,624,463)</u>	<u>\$ 39,316,423</u>

December 31, 2018

	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 12,622,276	(\$ 1,701,414)	\$ 10,920,862
Work in process	3,065,158	(13,027)	3,052,131
Finished goods	22,686,380	(2,510,049)	20,176,331
Inventory in transit	152,542	-	152,542
	<u>\$ 38,526,356</u>	<u>(\$ 4,224,490)</u>	<u>\$ 34,301,866</u>

The Group recognised as expense or loss:

	Years ended December 31,	
	2019	2018
Cost of goods sold	\$ 187,469,554	\$ 169,043,616
Loss on market value decline and obsolete and slow-moving inventories	1,794,257	556,111
Others	(647,439)	(129,078)
	<u>\$ 188,616,372</u>	<u>\$ 169,470,649</u>

(8) Investments accounted for under equity method

A. Details of investments accounted for under the equity method are set forth below:

Name of associates	December 31, 2019		December 31, 2018	
	Ownership % (Note 1)	Book value	Ownership % (Note 1)	Book value
Optovue, Inc.	29.50	\$ 842,043	29.50	\$ 959,816
Digital Projection International Ltd. (DPI)	41.00	240,059	41.00	241,333
Delta Electronics (Thailand) Public Company Limited (DET)	(Note 2)	(Note 2)	20.93	8,154,777
Others		56,818		37,790
		<u>\$ 1,138,920</u>		<u>\$ 9,393,716</u>

Note 1: The shareholding ratio in associates represent the ratio of common shares held by the Group.

Note 2: On April 2, 2019, the subsidiary, DEIL-SG acquired 42.85% equity interests in DET, and the total equity interest of DET held by the Group is 63.78%. Therefore, the Group has control over DET, and DET is included in the consolidated financial statements.

B. For the years ended December 31, 2019 and 2018, the share of profit (loss) of associates were \$141,877 and \$943,990, respectively.

C. The financial statements of investments under equity method were audited by other independent accountants. The share of profit (loss) and other comprehensive income (loss) of associates was \$429,060 and \$204,169 for the years ended December 31, 2019 and 2018, respectively, and the balance of investments accounted for under equity method was \$0 and \$8,154,777 as at December 31, 2019 and 2018, respectively.

D. The summarised financial information of the associates that are material to the Group is shown below:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio (Note)</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2019</u>	<u>December 31, 2018</u>		
DET	Thailand	Not applicable	20.93%	Holds more than 20% of voting rights	Equity method

Note: The shareholding ratio in associates represent the ratio of common shares held by the Group.

Balance sheet

	<u>DET</u>
	<u>December 31, 2018</u>
Current assets	\$ 36,209,901
Non-current assets	9,734,999
Current liabilities	(11,779,439)
Non-current liabilities	(1,812,976)
Total net assets	<u>\$ 32,352,485</u>
Share in associate's net assets	\$ 6,771,375
Unrealised upstream and sidestream transactions	(8,719)
Others	1,392,121
Carrying amount of the associate	<u>\$ 8,154,777</u>

Statement of comprehensive income

	<u>DET</u>
	<u>Year ended</u>
	<u>December 31, 2018</u>
Revenue	<u>\$ 50,003,204</u>
Profit for the year from continuing operations	\$ 4,767,009
Loss attributable to non-controlling interests	(9,827)
Other comprehensive loss, net of tax	(849,094)
Total comprehensive income	<u>\$ 3,908,088</u>
Dividends received from associates	<u>\$ 532,089</u>

E. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As at December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to \$1,138,920 and \$1,238,939, respectively.

	Years ended December 31,	
	2019	2018
Loss for the year from continuing operations	(\$ 100,862)	(\$ 41,160)
Other comprehensive income, net of tax	17,156	14,515
Total comprehensive loss	<u>(\$ 83,706)</u>	<u>(\$ 26,645)</u>

F. The Group's investment in DET has quoted market price. The fair value of DET as at December 31, 2018 was \$17,298,030.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2019</u>							
Cost	\$ 9,387,791	\$ 35,410,148	\$ 34,306,477	\$ 15,133,753	\$ 13,323,988	\$ 1,426,294	\$ 108,988,451
Accumulated depreciation and impairment	(12,228)	(14,756,380)	(24,800,888)	(12,254,047)	(10,736,034)	-	(62,559,577)
	\$ 9,375,563	\$ 20,653,768	\$ 9,505,589	\$ 2,879,706	\$ 2,587,954	\$ 1,426,294	\$ 46,428,874
<u>2019</u>							
Opening net book amount	\$ 9,375,563	\$ 20,653,768	\$ 9,505,589	\$ 2,879,706	\$ 2,587,954	\$ 1,426,294	\$ 46,428,874
Additions	2,642,719	1,013,780	4,303,311	2,225,498	2,523,680	4,157,198	16,866,186
Acquired through business combinations	1,937,962	2,891,051	2,408,419	372,027	1,190,607	1,184,235	9,984,301
Disposal	(347)	(41,898)	(280,720)	(51,258)	(154,652)	(127)	(529,002)
Transfer	-	82,483	906,706	166,922	198,636	(1,354,747)	-
Reclassifications (Note 1)	465,686	1,164,972	-	-	-	-	1,630,658
Depreciation charge	-	(1,874,482)	(4,218,490)	(1,993,308)	(2,200,977)	-	(10,287,257)
Reversal of impairment loss (Note 2)	-	86,246	2,925	-	1,044	-	90,215
Net exchange differences	(67,727)	(776,702)	(161,154)	(80,016)	165,015	327,590	(592,994)
Closing net book amount	\$ 14,353,856	\$ 23,199,218	\$ 12,466,586	\$ 3,519,571	\$ 4,311,307	\$ 5,740,443	\$ 63,590,981
<u>At December 31, 2019</u>							
Cost	\$ 14,365,775	\$ 43,455,591	\$ 43,103,641	\$ 17,246,547	\$ 19,083,533	\$ 5,740,443	\$ 142,995,530
Accumulated depreciation and impairment	(11,919)	(20,256,373)	(30,637,055)	(13,726,976)	(14,772,226)	-	(79,404,549)
	\$ 14,353,856	\$ 23,199,218	\$ 12,466,586	\$ 3,519,571	\$ 4,311,307	\$ 5,740,443	\$ 63,590,981

(Note 1) The investment property was reclassified to property, plant and equipment as the percentage of the investment property for its own use exceeded 20% from the first quarter of 2019.

(Note 2) For the year ended December 31, 2019, the Group recognised a reversal of impairment loss of \$90,215 for certain buildings and structures machinery and equipment and other equipment that were assessed for reuse in the future. Such reversal of impairment loss was recognised in other operating income and expenses.

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2018</u>							
Cost	\$ 6,200,330	\$ 34,716,148	\$ 32,147,803	\$ 14,124,840	\$ 12,529,075	\$ 1,266,620	\$ 100,984,816
Accumulated depreciation and impairment	(11,617)	(13,243,559)	(22,629,430)	(11,118,300)	(9,643,282)	-	(56,646,188)
	<u>\$ 6,188,713</u>	<u>\$ 21,472,589</u>	<u>\$ 9,518,373</u>	<u>\$ 3,006,540</u>	<u>\$ 2,885,793</u>	<u>\$ 1,266,620</u>	<u>\$ 44,338,628</u>
<u>2018</u>							
Opening net book amount	\$ 6,188,713	\$ 21,472,589	\$ 9,518,373	\$ 3,006,540	\$ 2,885,793	\$ 1,266,620	\$ 44,338,628
Additions	3,301,909	587,685	2,528,091	1,533,392	1,153,924	2,235,870	11,340,871
Disposals	(136,450)	(77,982)	(113,358)	(26,971)	(47,242)	-	(402,003)
Transfer	-	385,297	810,492	192,354	321,697	(1,709,840)	-
Reclassifications (Note)	6,159	105,843	3,274	11,757	15,708	-	142,741
Depreciation charge	-	(1,748,510)	(3,457,862)	(1,860,959)	(1,724,851)	-	(8,792,182)
Net exchange differences	15,232	(71,154)	216,580	23,593	(17,076)	(366,356)	(199,181)
Closing net book amount	<u>\$ 9,375,563</u>	<u>\$ 20,653,768</u>	<u>\$ 9,505,590</u>	<u>\$ 2,879,706</u>	<u>\$ 2,587,953</u>	<u>\$ 1,426,294</u>	<u>\$ 46,428,874</u>
<u>At December 31, 2018</u>							
Cost	\$ 9,387,791	\$ 35,410,148	\$ 34,306,477	\$ 15,133,753	\$ 13,323,988	\$ 1,426,294	\$ 108,988,451
Accumulated depreciation and impairment	(12,228)	(14,756,380)	(24,800,888)	(12,254,047)	(10,736,034)	-	(62,559,577)
	<u>\$ 9,375,563</u>	<u>\$ 20,653,768</u>	<u>\$ 9,505,589</u>	<u>\$ 2,879,706</u>	<u>\$ 2,587,954</u>	<u>\$ 1,426,294</u>	<u>\$ 46,428,874</u>

(Note) The reclassifications resulted from the reallocation of the purchase price relative to the acquisition of Vivotek Inc.

- A. The Group's property, plant and equipment are mainly owner-occupied.
- B. No interest expense was capitalised on property, plant and equipment.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessee

Effective 2019

A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 21 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>Year ended December 31, 2019</u>
	<u>Book value</u>	<u>Depreciation charge</u>
Land	\$ 1,683,784	\$ 49,250
Buildings and structures	1,321,468	476,602
Transportation equipment	86,200	90,444
Other equipment	22,381	9,041
	<u>\$ 3,113,833</u>	<u>\$ 625,337</u>

C. For the year ended December 31, 2019, the additions to right-of-use assets was \$335,118.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	<u>\$ 23,962</u>
Expense on short-term lease contracts	<u>\$ 397,481</u>

E. For the year ended December 31, 2019, the Group's total cash outflow for leases was \$1,007,692.

F. Extension options

(a) Extension options are included in the Group's lease contracts pertaining to certain land. These terms and conditions are the lessor's general practice and for the Group to effectively utilise the assets.

(b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(11) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 479,756	\$ 4,299,554	\$ 4,779,310
Accumulated depreciation and impairment	-	(3,134,582)	(3,134,582)
	<u>\$ 479,756</u>	<u>\$ 1,164,972</u>	<u>\$ 1,644,728</u>
<u>2019</u>			
Opening net book amount	\$ 479,756	\$ 1,164,972	\$ 1,644,728
Reclassifications (Note)	(465,686)	(1,164,972)	(1,630,658)
Closing net book amount	<u>\$ 14,070</u>	<u>\$ -</u>	<u>\$ 14,070</u>
<u>At December 31, 2019</u>			
Cost	\$ 14,070	\$ -	\$ 14,070
Accumulated depreciation and impairment	-	-	-
	<u>\$ 14,070</u>	<u>\$ -</u>	<u>\$ 14,070</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	(2,987,489)	(2,987,489)
	<u>\$ 465,724</u>	<u>\$ 1,310,687</u>	<u>\$ 1,776,411</u>
<u>2018</u>			
Opening net book amount	\$ 465,724	\$ 1,310,687	\$ 1,776,411
Additions	14,070	1,378	15,448
Disposal	(38)	-	(38)
Depreciation charge	-	(147,093)	(147,093)
Closing net book amount	<u>\$ 479,756</u>	<u>\$ 1,164,972</u>	<u>\$ 1,644,728</u>
<u>At December 31, 2018</u>			
Cost	\$ 479,756	\$ 4,299,554	\$ 4,779,310
Accumulated depreciation and impairment	-	(3,134,582)	(3,134,582)
	<u>\$ 479,756</u>	<u>\$ 1,164,972</u>	<u>\$ 1,644,728</u>

(Note) The investment property was reclassified to property, plant and equipment as the percentage of a portion of the investment property for its own use exceeded 20% from the first quarter of 2019.

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,	
	2019	2018
Rental revenue from the lease of the investment property	\$ <u>6,747</u>	\$ <u>52,162</u>
Direct operating expenses of investment property that generated rental revenue during the year	\$ <u>-</u>	\$ <u>68,280</u>
Direct operating expenses of investment property that did not generate rental revenue during the year	\$ <u>-</u>	\$ <u>105,587</u>

B. The fair value of the investment property held by the Group as at December 31, 2019 and 2018 was \$14,070 and \$3,106,112, respectively, which was revalued by the Group.

(12) Intangible assets

	Customer		Technical		Total		
	Trademarks	Patents	Goodwill	Relationship	Skill	Others	Total
<u>At January 1, 2019</u>							
Cost	\$ 3,677,160	\$ 1,587,354	\$ 19,987,587	\$ 11,055,632	\$ 4,010,083	\$ 3,220,854	\$ 43,538,670
Accumulated amortisation and impairment	(835,968)	(1,148,612)	(7,291)	(5,629,871)	(1,082,984)	(2,205,556)	(10,910,282)
	<u>\$ 2,841,192</u>	<u>\$ 438,742</u>	<u>\$ 19,980,296</u>	<u>\$ 5,425,761</u>	<u>\$ 2,927,099</u>	<u>\$ 1,015,298</u>	<u>\$ 32,628,388</u>
<u>2019</u>							
Opening net book amount	\$ 2,841,192	\$ 438,742	\$ 19,980,296	\$ 5,425,761	\$ 2,927,099	\$ 1,015,298	\$ 32,628,388
Additions - acquired separately	-	44,596	-	-	-	622,371	666,967
Additions - acquired through business combinations	436,080	254,419	37,943,596	7,803,373	8,357,715	318,530	55,113,713
Amortisation	(232,379)	(138,311)	-	(1,376,775)	(649,386)	(676,000)	(3,072,851)
Net exchange differences	(64,763)	(51,623)	(1,390,229)	(627,372)	(807,628)	38,051	(2,903,564)
Closing net book amount	<u>\$ 2,980,130</u>	<u>\$ 547,823</u>	<u>\$ 56,533,663</u>	<u>\$ 11,224,987</u>	<u>\$ 9,827,800</u>	<u>\$ 1,318,250</u>	<u>\$ 82,432,653</u>
<u>At December 31, 2019</u>							
Cost	\$ 4,048,477	\$ 1,834,746	\$ 56,540,954	\$ 18,231,633	\$ 11,560,170	\$ 4,199,806	\$ 96,415,786
Accumulated amortisation and impairment	(1,068,347)	(1,286,923)	(7,291)	(7,006,646)	(1,732,370)	(2,881,556)	(13,983,133)
	<u>\$ 2,980,130</u>	<u>\$ 547,823</u>	<u>\$ 56,533,663</u>	<u>\$ 11,224,987</u>	<u>\$ 9,827,800</u>	<u>\$ 1,318,250</u>	<u>\$ 82,432,653</u>

	Customer		Technical		Total	
	Trademarks	Patents	Goodwill	Relationship		Skill	Others
<u>At January 1, 2018</u>						
Cost	\$ 2,928,120	\$ 1,138,472	\$ 19,684,246	\$ 9,770,892	\$ 3,713,854	\$ 5,304,729
Accumulated amortisation and impairment	(622,233)	(1,037,322)	(7,291)	(4,548,881)	(776,556)	(1,714,382)
	<u>\$ 2,305,887</u>	<u>\$ 101,150</u>	<u>\$ 19,676,955</u>	<u>\$ 5,222,011</u>	<u>\$ 2,937,298</u>	<u>\$ 3,590,347</u>
<u>2018</u>						
Opening net book amount	\$ 2,305,887	\$ 101,150	\$ 19,676,955	\$ 5,222,011	\$ 2,937,298	\$ 3,590,347
Additions - acquired separately	-	12,127	-	-	207,851	283,479
Reclassifications (Note)	691,811	379,787	(25,421)	912,736	-	(2,100,982)
Amortisation	(213,735)	(111,290)	-	(1,080,990)	(306,428)	(491,174)
Net exchange differences	57,229	56,968	328,762	372,004	88,378	(266,372)
Closing net book amount	<u>\$ 2,841,192</u>	<u>\$ 438,742</u>	<u>\$ 19,980,296</u>	<u>\$ 5,425,761</u>	<u>\$ 2,927,099</u>	<u>\$ 1,015,298</u>
<u>At December 31, 2018</u>						
Cost	\$ 3,677,160	\$ 1,587,354	\$ 19,987,587	\$ 11,055,632	\$ 4,010,083	\$ 3,220,854
Accumulated amortisation and impairment	(835,968)	(1,148,612)	(7,291)	(5,629,871)	(1,082,984)	(2,205,556)
	<u>\$ 2,841,192</u>	<u>\$ 438,742</u>	<u>\$ 19,980,296</u>	<u>\$ 5,425,761</u>	<u>\$ 2,927,099</u>	<u>\$ 1,015,298</u>

(Note) The reclassifications resulted from the reallocation of the purchase price relative to the acquisition of Vivotek Inc.

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2019	2018
Operating costs	\$ 54,977	\$ 12,506
Selling expenses	1,619,163	1,301,728
Administrative expenses	227,735	206,226
Research and development expenses	1,170,976	683,157
	<u>\$ 3,072,851</u>	<u>\$ 2,203,617</u>

B. The Group acquired registered or under-application trademark rights such as



Trademarks are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortised but are tested for impairment annually.

C. Goodwill and trademarks with indefinite useful lives are allocated as follows to the Group's cash-generating units identified according to operating segment:

	December 31, 2019	December 31, 2018
Goodwill:		
DET	\$ 35,646,502	\$ -
Eltek	5,165,460	5,292,098
Cyntec	5,146,053	5,146,053
Vivotek Inc.	3,232,954	3,232,954
DCI	2,487,284	2,548,263
DGC	1,723,340	1,780,775
Loy Tec	1,386,683	1,420,680
Amerlux	1,189,170	-
Others	556,217	559,473
	<u>\$ 56,533,663</u>	<u>\$ 19,980,296</u>
Trademarks:		
Automation business	\$ 691,811	\$ 691,811
Power electronics business	386,823	386,823
	<u>\$ 1,078,634</u>	<u>\$ 1,078,634</u>

Acquisition prices in business combination are calculated based on the price of acquisition and direct costs for related acquisition. The amount of goodwill recognised is the difference of the acquisition price less net fair value of identifiable assets acquired. The amortisation duration of acquisition price may not exceed one year after the acquisition.

D. As at December 31, 2019, the Group's goodwill arose from business combinations amounting to \$56,533,663 in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows and the impairment of goodwill is calculated based on value in use and carrying amount of net assets of each company.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are operating profit margin growth rate and discount rate.

Management determined budgeted operating profit margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Other non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayments for business facilities	\$ 1,101,540	\$ 605,154
Guarantee deposits paid	333,011	314,517
Prepayments for long-term investments	72,259	90,833
Cash surrender value of life insurance	53,953	60,780
Long-term prepaid rent	-	1,052,797
Others	621,596	421,234
	<u>\$ 2,182,359</u>	<u>\$ 2,545,315</u>

(14) Short-term borrowings

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unsecured bank loans	\$ 7,575,932	\$ 6,259,062
Credit lines	<u>\$ 73,937,712</u>	<u>\$ 78,523,480</u>
Interest rate range	<u>0.40%~9.15%</u>	<u>0.40%~7.13%</u>

(15) Long-term borrowings

Type of borrowings	December 31, 2019	December 31, 2018
Credit loans	\$ 27,439,702	\$ 25,013,145
Collateral loans	374,673	393,342
	27,814,375	25,406,487
Less: Current portion (shown as other current liabilities)	(65,536)	(173,700)
	\$ 27,748,839	\$ 25,232,787
Credit lines	\$ 78,477,044	\$ 72,776,669
Interest rate range	0.38%~6.23%	0.37%~6.23%

A. As at December 31, 2019, the revolving loans of \$26,995,000 can be drawn down during the period from May 30, 2019 to May 30, 2024 and are payable before the due date under the agreement.

B. Information in relation to the assets pledged to others as collateral for bank borrowings is provided in Note 8.

(16) Pensions

A. Defined benefit plans

(a) The Group has a defined benefit pension plan as follows:

- i. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

- ii. Certain subsidiaries located in Mainland China maintain defined benefit retirement (resignation) plans with relative contribution scheme. The employees and the subsidiaries contribute an amount relatively based on a certain percentage of the monthly basic salary depending on the employee's position. When an employee retires or resigns, the total contribution from the employee is reimbursed based on the accumulated contribution (without interest) less withdrawals made by the employee in advance during the service period. The employee is also entitled to receive benefits calculated based on the accumulated contribution (without interest) from the related subsidiary multiplied by the approved benefit percentage for the employee's service years less withdrawals made by the employee in advance during the service period. The scheme mentioned above ceased on August 1, 2004. The amount contributed before was archived, and the payment scheme was not changed.
- iii. The subsidiaries in Thailand has an obligation to pay certain retirement benefits when employees retire based on labor regulations.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	(\$ 5,702,536)	(\$ 4,176,649)
Fair value of plan assets	<u>1,910,802</u>	<u>1,603,757</u>
Net defined benefit liability	<u>(\$ 3,791,734)</u>	<u>(\$ 2,572,892)</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance at January 1	(\$ 4,176,649)	\$ 1,603,757	(\$ 2,572,892)
Current service cost	(83,801)	-	(83,801)
Interest (expense) revenue	(74,784)	18,728	(56,056)
Past service cost	(107,552)	-	(107,552)
	<u>(4,442,786)</u>	<u>1,622,485</u>	<u>(2,820,301)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	45,397	45,397
Change in demographic assumptions	(144,134)	-	(144,134)
Change in financial assumptions	(110,010)	-	(110,010)
Experience adjustments	7,694	-	7,694
	<u>(246,450)</u>	<u>45,397</u>	<u>(201,053)</u>
Pension fund contribution	-	300,457	300,457
Paid pension	165,491	(94,164)	71,327
Exchange difference	27,798	(493)	27,305
Effect of business combination	(1,206,589)	37,120	(1,169,469)
Balance at December 31	<u><u>(\$ 5,702,536)</u></u>	<u><u>\$ 1,910,802</u></u>	<u><u>(\$ 3,791,734)</u></u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2018</u>			
Balance at January 1	(\$ 4,213,525)	\$ 1,360,130	(\$ 2,853,395)
Current service cost	(36,684)	-	(36,684)
Interest (expense) revenue	(58,972)	16,740	(42,232)
Effect of plan amendment	(6,557)	-	(6,557)
Effect of plan curtailment	4,854	-	4,854
	<u>(4,310,884)</u>	<u>1,376,870</u>	<u>(2,934,014)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	39,382	39,382
Change in demographic assumptions	(5,541)	-	(5,541)
Change in financial assumptions	(121,114)	-	(121,114)
Experience adjustments	1,986	-	1,986
	<u>(124,669)</u>	<u>39,382</u>	<u>(85,287)</u>
Pension fund contribution	-	384,691	384,691
Paid pension	253,601	(197,186)	56,415
Exchange difference	5,303	-	5,303
Balance at December 31	<u>(\$ 4,176,649)</u>	<u>\$ 1,603,757</u>	<u>(\$ 2,572,892)</u>

- (d) On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette which will take effect on May 5, 2019. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation based on the latest wage rate. This change is considered a post-employment benefits plan amendment. The Group reflected the effect of the change by recognising past service costs as expense in the income statement of the current year.
- (e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered

by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as at December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(f) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2019	2018
Discount rate	0.75%~7.7%	1%~3.5%
Future salary increases	2.3%~9.0%	3%~3.5%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%-1%	Decrease 0.25%-1%	Increase 0.25%-1%	Decrease 0.25%-1%
<u>December 31,2019</u>				
Effect on present value of defined benefit obligation	(\$ 210,467)	\$ 270,232	\$ 184,828	(\$ 132,454)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31,2018</u>				
Effect on present value of defined benefit obligation	(\$ 119,638)	\$ 124,611	\$ 115,753	(\$ 111,798)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to \$136,361.

(h) As at December 31, 2019, the weighted average duration of that retirement plan is 9~22 years.

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2019 and 2018 were \$465,201 and \$416,363, respectively.

(b) Other overseas companies have defined contribution plans in accordance with the local regulations. Other than the periodic contribution, the overseas companies have no further obligations.

(17) Share capital

A. In accordance with the Company’s Articles of Incorporation, the total authorised common stock is 4 billion shares (including 100 million shares for stock warrants conversion). As at December 31, 2019, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share.

B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 million units of global depository receipts (GDRs), represented by 80 million shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg on March 29, 2005, with total proceeds of US\$134,666 thousand. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares’ equity. The main terms and conditions of the GDRs are as follows:

(a) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Redemption of GDRs

For sales and redemption of the underlying common shares represented by the GDRs when the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell

the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.

(c) Distribution of dividends, preemptive rights and other rights

Distribution of dividends, preemptive rights and other rights and interests of GDR units bear the same rights as common shares.

(d) After considering the stock dividend distribution year by year, as at December 31, 2019, there were 603 thousand units outstanding, representing 3,015 thousand common shares of the Company's common stock.

(18) Capital surplus

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

(19) Retained earnings

A. Under the Company's Articles of Incorporation approved by the shareholders on June 8, 2016, the current year's earnings, if any, shall be distributed in the following order:

(a) Payment of all taxes and dues.

(b) Offset against prior years' operating losses, if any.

(c) Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company.

(d) Setting aside or reversing a special reserve according to relevant regulations when necessary.

(e) The remainder along with beginning unappropriated earnings shall be stockholders' bonus. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders. As the Company is in the growth stage, and taking into consideration the shareholders' benefits, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the current period. Cash dividends shall be at least 15% of the bonus distributed to shareholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal

reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2018 and 2017 earnings had been approved by the shareholders during their meeting on June 10, 2019 and June 11, 2018, respectively. Details are summarised below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,819,310		\$ 1,838,056	
Special reserve appropriated	472,889		4,320,394	
Cash dividends	12,987,717	\$ 5.0	12,987,717	\$ 5.0

Information about the appropriation of earnings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. The appropriations of 2019 earnings had been proposed by the Board of Directors on March 10, 2020. Details are summarised below:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 2,311,780	
Special reserve appropriated	61,002	
Cash dividends	12,987,717	\$ 5.0

As at March 10, 2020, the abovementioned 2019 earnings appropriation has not yet been approved by the stockholders.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(26).

(20) Non-controlling interest

	Years ended December 31,	
	2019	2018
At January 1	\$ 9,189,749	\$ 9,216,505
Share attributable to non-controlling interest:		
Profit for the year	809,959	455,491
Currency translation differences	890,552 (	18,709)
Dividends paid to minority interest	(2,320,171) (	369,183)
Increase in non-controlling interest (Note 1)	30,575,137	-
Decrease in non-controlling interest (Note 2)	(4,947,661) (	94,355)
At December 31	<u>\$ 34,197,565</u>	<u>\$ 9,189,749</u>

(Note 1) The increase in non-controlling interest is mainly due to the acquisition of share capital of DET in 2019.

(Note 2) The decrease in non-controlling interest is mainly due to the acquisition of additional equity interest in Loy Tec, DIH and Vivotek Inc. during the years ended December 31, 2019 and 2018, respectively. Details are provided in Note 6(31).

(21) Operating revenue

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers	<u>\$ 268,131,397</u>	<u>\$ 237,017,809</u>

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2019				
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	<u>\$ 133,069,546</u>	<u>\$ 37,605,027</u>	<u>\$ 96,724,182</u>	<u>\$ 732,642</u>	<u>\$ 268,131,397</u>
Timing of revenue recognition					
At a point in time	132,559,649	33,397,404	91,506,014	693,223	258,156,290
Over time	509,897	4,207,623	5,218,168	39,419	9,975,107
	<u>\$ 133,069,546</u>	<u>\$ 37,605,027</u>	<u>\$ 96,724,182</u>	<u>\$ 732,642</u>	<u>\$ 268,131,397</u>

	Year ended December 31, 2018				
	<u>Power electronics</u>	<u>Automation</u>	<u>Infrastructure</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 107,376,799</u>	<u>\$ 35,177,393</u>	<u>\$ 92,956,980</u>	<u>\$ 1,506,637</u>	<u>\$ 237,017,809</u>
Timing of revenue recognition					
At a point in time	106,523,370	30,039,610	86,866,945	1,456,724	224,886,649
Over time	<u>853,429</u>	<u>5,137,783</u>	<u>6,090,035</u>	<u>49,913</u>	<u>12,131,160</u>
	<u>\$ 107,376,799</u>	<u>\$ 35,177,393</u>	<u>\$ 92,956,980</u>	<u>\$ 1,506,637</u>	<u>\$ 237,017,809</u>

B. Contract assets and liabilities

The Group has recognised the revenue-related contract assets primarily from automation equipment contracts and resolution of communication equipment power resource system; contract liabilities primarily pertain to advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.

Revenue recognised that was included in the contract liability balance at the beginning of the period is as follows:

	Years ended December 31,	
	<u>2019</u>	<u>2018</u>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.	<u>\$ 2,643,318</u>	<u>\$ 1,693,773</u>

(22) Other income

	Years ended December 31,	
	<u>2019</u>	<u>2018</u>
Interest income:		
Interest income from bank deposits	\$ 886,537	\$ 851,185
Rental income	132,678	114,844
Dividend income	282,302	181,942
Others	<u>2,735,649</u>	<u>3,225,620</u>
	<u>\$ 4,037,166</u>	<u>\$ 4,373,591</u>

(23) Other gains and losses

	Years ended December 31,	
	2019	2018
(Loss) gain on disposal of property, plant and equipment	(\$ 56,441)	\$ 274,921
Gain on disposal of investments (Note)	6,001,894	-
Net currency exchange gain	454,685	534,511
Gain (loss) on financial assets/liabilities at fair value through profit or loss	365,965	(202,545)
Reversal of impairment loss:		
Reversal of impairment loss on property, plant and equipment	90,215	-
Miscellaneous disbursements	(551,873)	(741,459)
	<u>\$ 6,304,445</u>	<u>(\$ 134,572)</u>

(Note) The Group recognised a gain as a result of measuring at fair value its 20.93% equity interest in DET held before the business combination. Please refer to Note 6(30) for more information.

(24) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense	\$ 731,745	\$ 545,804
Loss on hedging instruments	6,124	2,900
	<u>\$ 737,869</u>	<u>\$ 548,704</u>

(25) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	\$ 55,884,650	\$ 47,419,926
Depreciation charges on property, plant and equipment	10,287,257	8,792,182
Depreciation charges on right-of-use assets	625,337	-
Amortisation charges on intangible assets	3,072,851	2,203,617
	<u>\$ 69,870,095</u>	<u>\$ 58,415,725</u>

(26) Employee benefit expense

	Years ended December 31,	
	2019	2018
Post-employment benefits		
Defined contribution plans	\$ 955,204	\$ 737,060
Defined benefit plans	247,409	80,619
	<u>1,202,613</u>	<u>817,679</u>
Other employee benefits	54,682,037	46,602,247
	<u>\$ 55,884,650</u>	<u>\$ 47,419,926</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$2,347,652 and \$2,297,672, respectively; while directors' remuneration was accrued at \$59,902 and \$45,376, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2019, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as prescribed by the Company's Articles of Incorporation. The employees' compensation of \$1,763,122 and directors' remuneration of \$29,400 for 2019 were resolved by the Board of Directors on March 10, 2020.

The employees' compensation of \$1,728,344 and directors' remuneration of \$29,400 for 2018 were resolved by the Board of Directors on March 11, 2019. Employees' compensation as resolved by the Board of Directors was in agreement with the amount recognised in the 2018 financial statements. For directors' compensation of \$39,144, the difference of \$9,744 between the amount resolved at the Board meeting and the amount recognised in the 2018 financial statements had been adjusted in the profit or loss for 2019.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 4,263,471	\$ 4,663,669
Effect from Alternative Minimum Tax	9,188	612
Prior year income tax (overestimation) underestimation	(794,471)	448,246
Tax on undistributed surplus earnings	204,850	3,349
Total current tax	<u>3,683,038</u>	<u>5,115,876</u>
Deferred tax:		
Origination and reversal of temporary differences	1,543,615	(1,579,877)
Impact of change in tax rate	-	616,445
Total deferred tax	<u>1,543,615</u>	<u>(963,432)</u>
	<u>\$ 5,226,653</u>	<u>\$ 4,152,444</u>

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

	Years ended December 31,	
	2019	2018
Currency translation differences	\$ 540,534	\$ 186,751
Gain or loss on hedging instruments	(13,404)	(10,625)
Remeasurement of defined benefit obligations	(6,088)	(17,833)
Unrealised gain or loss on financial assets measured at fair value through other comprehensive income	-	86,244
Impact of change in tax rate	-	(226,071)
	<u>\$ 521,042</u>	<u>\$ 18,466</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 8,895,739	\$ 6,392,592
Effect from items disallowed by tax regulation	(2,330,177)	(2,861,011)
Effect from investment tax credits	(467,938)	(449,194)
Effect from taxable loss	(290,538)	(41,921)
Prior year income tax (overestimation) underestimation	(794,471)	448,246
Change in assessment of realisation of deferred tax assets	-	43,326
Effect from Alternative Minimum Tax	9,188	612
Tax on undistributed surplus earnings	204,850	3,349
Impact of change in tax rate	-	616,445
Tax expenses	<u>\$ 5,226,653</u>	<u>\$ 4,152,444</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2019					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquired through business combination	December 31
Deferred tax assets:						
-Temporary differences:						
Allowance for inventory obsolescence	\$ 571,917	\$ 212,398	\$ -	\$ -	\$ -	\$ 784,315
Pension liability	445,400	46,834	6,088	-	-	498,322
Assets impairment	200,743	(16,786)	-	-	-	183,957
Depreciation difference between tax and financial basis	1,391,168	(140,398)	-	-	-	1,250,770
Others	3,264,169	(49,482)	-	-	244,895	3,459,582
Tax losses	306,088	196,371	-	-	-	502,459
	<u>6,179,485</u>	<u>248,937</u>	<u>6,088</u>	<u>-</u>	<u>244,895</u>	<u>6,679,405</u>
Deferred tax liabilities:						
-Temporary differences:						
Long-term equity investments	(9,280,608)	(1,451,256)	(540,534)	123	-	(11,272,275)
Land value increment tax	(119,862)	-	-	-	-	(119,862)
Others	(2,168,962)	(341,296)	13,404	-	(119,870)	(2,616,724)
	<u>(11,569,432)</u>	<u>(1,792,552)</u>	<u>(527,130)</u>	<u>123</u>	<u>(119,870)</u>	<u>(14,008,861)</u>
	<u>(\$ 5,389,947)</u>	<u>(\$ 1,543,615)</u>	<u>(\$ 521,042)</u>	<u>\$ 123</u>	<u>\$ 125,025</u>	<u>(\$ 7,329,456)</u>

2018

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for inventory obsolescence	\$ 559,686	\$ 12,231	\$ -	\$ -	\$ 571,917
Pension liability	414,995	8,209	22,196	-	445,400
Assets impairment	307,330	(106,587)	-	-	200,743
Depreciation difference between tax and financial basis	1,648,197	(257,029)	-	-	1,391,168
Others	2,420,107	844,062	-	-	3,264,169
Tax losses	486,280	(180,192)	-	-	306,088
	<u>5,836,595</u>	<u>320,694</u>	<u>22,196</u>	<u>-</u>	<u>6,179,485</u>
Deferred tax liabilities:					
-Temporary differences:					
Long-term equity investments	(10,010,951)	759,137	39,315	(68,109)	(9,280,608)
Land revaluation increment tax	(119,862)	-	-	-	(119,862)
Others	(1,972,586)	(116,399)	(79,977)	-	(2,168,962)
	<u>(12,103,399)</u>	<u>642,738</u>	<u>(40,662)</u>	<u>(68,109)</u>	<u>(11,569,432)</u>
	<u>(\$ 6,266,804)</u>	<u>\$ 963,432</u>	<u>(\$ 18,466)</u>	<u>(\$ 68,109)</u>	<u>(\$ 5,389,947)</u>

D. Expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2004-2019	\$ 6,015,563	\$ 5,993,504	\$ 5,605,653	2035
2010-2016	\$ 3,087,022	\$ 3,087,022	\$ 1,579,274	indefinitely usable

December 31, 2018				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2003-2018	\$ 6,450,211	\$ 6,146,359	\$ 3,836,320	2028
2006-2014	\$ 580,924	\$ 580,924	\$ 87,996	indefinitely usable

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	\$ 4,039,284	\$ 180,764

F. The Group has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As at December 31, 2019 and 2018, the amounts of temporary differences unrecognised as deferred tax liabilities were \$9,690,116 and \$8,752,128, respectively.

G. The status of the Company and its domestic subsidiaries' assessed and approved income tax returns are as follows:

	Latest year assessed by Tax Authority
The Company, DNIT, DECC, Vivotek, Lidlight Inc., AMT, DelBio, Cyntec, UNICOM SYSTEM ENG. CORP., Power Forest Technology Corporation, Vatics Inc., Realwin Investment Inc., Otus Imaging, Inc. and Aetek Inc.	2017

H. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(28) Earnings per share

Year ended December 31, 2019			
Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 23,117,797	2,597,543	\$ 8.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 23,117,797	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	13,840	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 23,117,797	2,611,383	\$ 8.85
Year ended December 31, 2018			
Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	\$ 7.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	15,964	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,193,093	2,613,507	\$ 6.96

(29) Share-based payment

A. For the years ended December 31, 2019 and 2018, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Power Forest - Employee stock options	2017.3.3	1,000,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
"	2018.3.30	500,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
Vatics Inc. - Employee stock options	2016.11.8	2,116,000	3 years	1~3 years' service
Vivotek Inc. - Plan of restricted stocks to employees	2017.11.20	700,000	2 years	1~2 years' performance
"	2019.8.19	800,000	2 years	1~2 years' performance

B. Details of the share-based payment arrangements are as follows:

(a) Employee share options

	<u>Years ended December 31,</u>			
	<u>2019</u>		<u>2018</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding opening balance at January 1	1,960,000	\$ 15.72	2,742,000	\$ 15.95
Options granted	-	-	500,000	15.00
Options forfeited	(227,000)	15.00	(241,000)	15.00
Options exercised	-	-	(242,000)	15.00
Options expired	(61,000)	16.50	(799,000)	16.50
Options outstanding at December 31	<u>1,672,000</u>	<u>\$ 15.79</u>	<u>1,960,000</u>	<u>\$ 15.72</u>
Options exercisable at December 31	<u>1,267,000</u>	<u>\$ 16.04</u>	<u>807,250</u>	<u>\$ 16.31</u>

(b) Restricted stocks to employees

	Years ended December 31,	
	2019	2018
	No. of shares	No. of shares
January 1	345,500	700,000
Granted during the year	800,000	-
Vested during the year	-	(280,412)
Expired during the year	(347,500)	(74,088)
December 31	<u>798,000</u>	<u>345,500</u>

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2019	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2019	882,000	\$ 16.50
March 3, 2017	March 2, 2023	430,000	15.00
March 30, 2018	March 29, 2024	360,000	15.00

		December 31, 2018	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2019	943,000	\$ 16.50
March 3, 2017	March 2, 2023	577,000	15.00
March 30, 2018	March 29, 2024	440,000	15.00

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (years)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Power Forest- Employee stock options	2017.3.3	\$ 18.38	\$ 15.00	32.08%~ 33.22% (Note)	3.5~4.5	5%	0.79%~ 0.88%	4.0053~ 4.0960
"	2018.3.30	16.42	15.00	32.43%~ 33.08% (Note)	3.5~4.5	5%	0.63%~ 0.68%	3.0262~ 3.0767
Vatics Inc.- Employee stock options	2016.11.8	14.60	16.50	36.37%~ 37.25% (Note)	2.5~3.5	Not applicable	0.57%~ 0.67%	2.7995~ 3.3727

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility</u>	<u>Expected option life (years)</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (in dollars)</u>
Vivotek Inc.- Plan of restricted stocks to employees	2017.11.20	97.20	-	Not applicable	1~2	Not applicable	Not applicable	97.2000
"	2019.8.19	102.50	-	Not applicable	1~2	Not applicable	Not applicable	102.5000

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Expenses incurred on share-based payment transactions are shown below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Equity-settled	<u>\$ 41,176</u>	<u>(\$ 5,282)</u>

(30) Business combinations

- A. On April 2, 2019, the Group acquired 42.85% of the share capital of the Group's associate, DET, for \$36,874,645 and obtained control over DET. As a result of the acquisition, the Group is expected to decrease its risk on global trade and extend global business. On June 1, 2019, the Group acquired 100% of the share capital of Amerlux for \$2,844,498 and obtained control over Amerlux. As a result of the acquisition, the Group is expected to improve the product mix of lighting fixture and provide completed solutions to customers. The amortisation duration of acquisition price for Amerlux will complete in one year after the acquisition.
- B. The following table summarises the consideration paid for DET and Amerlux and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>December 31, 2019</u>
Purchase consideration	
Cash	\$ 39,719,143
Contingent consideration	<u>271,048</u>
	39,990,191
Fair value of equity interest in DET Company held before the business combination	18,057,035
Fair value of the non-controlling interest	<u>30,575,137</u>
	<u>88,622,363</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	15,701,128
Other current assets	22,719,840
Property, plant and equipment	9,984,301
Intangible assets	17,170,117
Deferred tax assets	244,895
Other non-current assets	281,247
Other current liabilities	(13,250,975)
Deferred tax liabilities	(119,870)
Other non-current liabilities	(2,051,916)
Total identifiable net assets	<u>50,678,767</u>
Goodwill	<u>\$ 37,943,596</u>

C. The fair value of Amerlux of the acquired identifiable intangible assets and goodwill of \$979,600 and \$1,253,428 is provisional pending receipt of the final valuations for those assets.

D. The Group originally held 20.93% of share ownership in DET before the business combination. Gain on remeasurement of fair value amounted to \$5,925,521.

E. The operating revenue included in the consolidated statement of comprehensive income since April 2, 2019 and June 1, 2019 contributed by DET and Amerlux were \$29,052,688 and \$1,658,205, respectively. DET and Amerlux also contributed profit before income tax amounting to \$290,505 and \$116,978 over the same period, respectively. Had the companies been consolidated from January 1, 2019, the consolidated statement of comprehensive income would show operating revenue of \$278,665,788 and profit before income tax of \$29,561,067.

(31) Transactions with non-controlling interest - Acquisition of additional equity interest in a subsidiary

In March and December 2019, the Group acquired an additional 15% and 6% of shares of Loy Tec and DIH for a total cash consideration of \$372,338 and \$3,904,000, respectively. The effect of changes in interests attributable to owners of the parent for the year ended December 31, 2019 is shown below:

	Year ended December 31, 2019		
	Loy Tec	DIH	Total
Carrying amount of non-controlling interest acquired	\$ 369,887	\$ 4,577,774	\$ 4,947,661
Consideration paid to non-controlling interest	(372,338)	(3,904,000)	(4,276,338)
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	(\$ 2,451)	\$ 673,774	\$ 671,323

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2019	\$ 6,259,062	\$ 25,406,487	\$ 31,665,549
Changes in cash flow from financing activities	1,316,870	2,407,888	3,724,758
At December 31, 2019	\$ 7,575,932	\$ 27,814,375	\$ 35,390,307

	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2018	\$ 17,463,509	\$ 11,267,688	\$ 28,731,197
Changes in cash flow from financing activities	(11,204,447)	14,138,799	2,934,352
At December 31, 2018	\$ 6,259,062	\$ 25,406,487	\$ 31,665,549

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names and relationship of related parties	Relationship with the Group
Delta Electronics (Thailand) Public Company Limited	It is an associate before April 2, 2019, and has been a subsidiary since April 2, 2019
Delta Electronics (Slovakia) s.r.o.	"
Delta Electronics India Pvt. Ltd.	"
Delta Energy Systems (Singapore) PTE. LTD.	"
Delta Energy Systems (Australia) Pty. Ltd.	"
Eltek s.r.o.	"

Names and relationship of related parties	Relationship with the Group
Delta Power Solutions (India) Pvt. Ltd.	Merged with Delta Electronics India Pvt. Ltd. in February 2019
Digital Projection Ltd.	Associate
Digital Projection Inc.	"

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2019	2018
Sales of goods:		
Associates	\$ 1,973,449	\$ 4,631,945
Sales of services:		
Associates	426,003	1,672,968
	<u>\$ 2,399,452</u>	<u>\$ 6,304,913</u>

The sales terms, including prices and collections, were negotiated based on cost, market, competitors and other factors. Sales of services are negotiated with related parties on a cost-plus basis.

B. Purchases of goods

	Years ended December 31,	
	2019	2018
Purchases of goods:		
Associates	\$ 1,515,592	\$ 7,004,953

The purchase terms, including prices and payments, were negotiated based on cost, market, competitors and other factors.

C. Period-end balances arising from sales of goods

	December 31, 2019	December 31, 2018
Receivables from related parties:		
Associates	\$ 263,644	\$ 1,722,114

The receivables from related parties arise mainly from sales transactions. The receivables are due 75 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Period-end balances arising from purchases of goods

	December 31, 2019	December 31, 2018
Payables to related parties:		
Associates	\$ 32,197	\$ 1,484,335

The payables to related parties arise mainly from purchase transactions and are due 70 days after

the date of purchase. The payables bear no interest.

E. Period-end balances arising from other transactions

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other receivables-related parties		
Associates	\$ 532	\$ 99,389

The above pertain mainly to payments on behalf of others.

F. Disposal of other assets

	<u>Items</u>	<u>Year ended December 31, 2018</u>	
		<u>Proceeds</u>	<u>Gain</u>
Associates	Other equipment	\$ 53,048	\$ 17,465

For the year ended December 31, 2019, the Group has not disposed equipment to related parties.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 278,719	\$ 450,556
Post-employment benefits	920	3,204
	<u>\$ 279,639</u>	<u>\$ 453,760</u>

8. PLEGGED ASSETS

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

<u>Pledged assets</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>Pledge purpose</u>
Demand deposits (shown as other current assets)	\$ 44,856	\$ 127,251	Performance bonds
Time deposits (shown as other current assets)	232,150	147,901	Performance bonds, customs deposits and other guarantee deposits
Time deposits (shown as other non-current assets)	49,505	-	Customs deposits
Property, plant and equipment	578,606	588,052	Long-term borrowings and credit line
	<u>\$ 905,117</u>	<u>\$ 863,204</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Property, plant and equipment	\$ 8,309,363	\$ 2,482,368
Costs of computer software	\$ 163,391	\$ 285,000

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. Information about the appropriations of 2019 earnings of the Company is provided in Note 6(19)E.

B. Due to the impact of the spread of COVID-19, the Group postponed the plans to resume the production of its plants in China after the Lunar New Year holiday to February 10, 2020 in line with the local regulations. As the coronavirus epidemic continues to evolve, the Group has prudently and flexibly adjusted the Group's resources, labour and supply chain to mitigate the impact on its operation. The extent to which the Group's operating revenue is affected by the delay of production resumption depends on the subsequent control of coronavirus epidemic situation.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to maintain an integrity credit rating and good capital structure to support operating and maximum stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,347,697	\$ 3,392,915
Financial assets at fair value through other comprehensive income		
Selected designated investments in equity instruments	\$ 2,117,124	\$ 2,977,994
Financial assets at amortised cost		
Cash and cash equivalents	\$ 43,960,001	\$ 59,618,697
Notes receivable	3,816,628	4,091,231
Accounts receivable	53,218,750	53,775,610
Other receivables	1,480,157	856,397
Guarantee deposits paid	333,011	314,517
Other financial assets	326,511	275,152
	<u>\$ 103,135,058</u>	<u>\$ 118,931,604</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities designated as at fair value through profit or loss	\$ 15,929	\$ 8,544
Financial liabilities at amortised cost		
Short-term borrowings	\$ 7,575,932	\$ 6,259,062
Notes payable	21,669	7,955
Accounts payable	39,510,659	40,501,108
Other accounts payable	28,829,379	24,786,588
Lease liability (including current portion)	1,946,635	-
Long-term borrowings (including current portion)	27,814,375	25,406,487
Guarantee deposits received	387,488	87,287
	<u>\$ 106,086,137</u>	<u>\$ 97,048,487</u>

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, foreign exchange swap contracts and options, transacted with Group treasury.
- iii. The Group adopts the derivative financial instruments like forward exchange contracts / forward exchange transactions, etc. to hedge the fair value risk and cash flow risk due to foreign exchange rate fluctuations. The Group monitors at any time and pre-sets a “stop loss” amount to limit its foreign exchange risk.
- iv. The Group’s businesses involve some non-functional currency operations (the Company’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2019

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 376,392	29.98	\$ 11,284,239
EUR:USD (Note)	76,590	1.1204	2,572,651
RMB:USD (Note)	1,264,427	0.1436	5,442,070
USD:RMB (Note)	417,948	6.9756	12,530,081
USD:THB (Note)	160,067	29.69	4,798,813
<u>Non-monetary items</u>			
USD:NTD	\$ 4,761,343	29.98	\$ 142,745,063
THB:USD (Note)	48,841,876	0.0337	49,320,526
RMB:USD (Note)	7,144,181	0.1436	30,748,410
NOK:USD (Note)	3,740,486	0.1137	12,748,138
THB:NTD	4,544,178	1.0098	4,588,711
ERU:USD (Note)	73,212	1.1204	2,459,179
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 331,831	29.98	\$ 9,948,281
RMB:USD (Note)	1,816,382	0.1436	7,817,670
USD:RMB (Note)	242,021	6.9756	7,255,785
USD:THB (Note)	183,394	29.69	5,498,147

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

December 31, 2018

(Foreign currency: functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 97,782	30.7150	\$ 3,003,374
RMB:USD (Note)	1,392,537	0.1456	6,228,957
USD:RMB (Note)	340,946	6.8666	10,472,156
EUR:NOK (Note)	42,704	10.0329	1,503,181
EUR:USD (Note)	62,091	1.1460	2,185,603
<u>Non-monetary items</u>			
USD:NTD	\$ 4,178,234	30.7150	\$ 128,334,451
RMB:USD (Note)	6,716,680	0.1456	30,044,381
NOK:USD (Note)	3,479,516	0.1142	12,207,741
THB:USD (Note)	6,908,111	0.0310	6,584,811
EUR:USD (Note)	61,261	1.1460	2,156,379
THB:NTD	1,647,048	0.9532	1,569,966
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 1,170,089	30.7150	\$ 35,939,284
EUR:NTD	30,378	35.2000	1,069,306
RMB:USD (Note)	1,938,334	0.1456	8,670,362
USD:RMB (Note)	273,578	6.8666	8,402,948
EUR:NOK (Note)	48,333	10.0329	1,701,322
EUR:USD (Note)	38,062	1.1460	1,339,782

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

- v. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to \$454,685 and \$534,511, respectively.

Year ended December 31, 2019			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 112,842	\$ -
EUR : USD (Note)	1%	25,727	-
RMB : USD (Note)	1%	54,421	-
USD : RMB (Note)	1%	125,301	-
USD : THB (Note)	1%	47,988	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 99,483	\$ -
RMB : USD (Note)	1%	78,177	-
USD : RMB (Note)	1%	72,558	-
USD : THB (Note)	1%	54,981	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

Year ended December 31, 2018			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 30,034	\$ -
RMB : USD (Note)	1%	62,290	-
USD : RMB (Note)	1%	104,722	-
EUR : NOK (Note)	1%	15,032	-
EUR : USD (Note)	1%	21,856	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 359,393	\$ -
EUR : NTD	1%	10,693	-
RMB : USD (Note)	1%	86,704	-
USD : RMB (Note)	1%	84,029	-
EUR : NOK (Note)	1%	17,013	-
EUR : USD (Note)	1%	13,398	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group

shall consider these items when disclosing the above information.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$15,240 and \$13,901, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$21,171 and \$16,325, respectively, as a result of other comprehensive income classified equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings mainly bear fixed and variable interest rate. During the years ended December 31, 2019 and 2018, the Group's borrowings at variable rate were denominated in NTD, USD and JPY.
- ii. On December 31, 2019 and 2018, if the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the years ended December 31, 2019 and 2018 would have decreased by \$55,629 and \$50,811, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only well rated parties are accepted.
- v. The Group adopts the assumption under IFRS 9, that is, if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are not expected to be recovered and are transferred to overdue receivables.
- vii. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- viii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2019</u>			
Expected loss rate	0.02%	1.05%	22.00%
Total book value	\$ 46,827,565	\$ 5,598,752	\$ 416,452
Loss allowance	<u>\$ 9,549</u>	<u>\$ 58,661</u>	<u>\$ 91,616</u>
	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	45.50%	96.56%	
Total book value	\$ 457,455	\$ 664,075	\$ 53,964,299
Loss allowance	<u>\$ 208,124</u>	<u>\$ 641,243</u>	<u>\$ 1,009,193</u>
	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.00%	1.15%	23.39%
Total book value	\$ 46,402,866	\$ 5,331,599	\$ 298,633
Loss allowance	<u>\$ 424</u>	<u>\$ 61,260</u>	<u>\$ 69,837</u>
	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	49.81%	96.38%	
Total book value	\$ 249,925	\$ 731,317	\$ 53,014,340
Loss allowance	<u>\$ 124,497</u>	<u>\$ 704,826</u>	<u>\$ 960,844</u>

- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable, contract assets and overdue

receivables are as follows:

	2019				
	Notes receivable	Accounts receivable	Contract assets	Overdue receivables	Total
At January 1	\$ -	\$ 960,844	\$ -	\$ 271,439	\$ 1,232,283
Reversal of impairment loss	-	(2,747)	-	(53,321)	(56,068)
Acquired from business combinations	-	99,556	-	-	99,556
Write-offs during the year	-	(2,257)	-	(4,484)	(6,741)
Effect of foreign exchange	-	(46,203)	-	(229)	(46,432)
At December 31	<u>\$ -</u>	<u>\$ 1,009,193</u>	<u>\$ -</u>	<u>\$ 213,405</u>	<u>\$ 1,222,598</u>
	2018				
	Notes receivable	Accounts receivable	Contract assets	Overdue receivables	Total
At January 1_IAS 39	\$ -	\$ 1,166,495	\$ -	\$ 238,283	\$ 1,404,778
Adjustments under new standards	-	-	-	-	-
At January 1-IFRS 9	-	1,166,495	-	238,283	1,404,778
(Reversal of) provision for impairment loss	-	(166,297)	-	27,808	(138,489)
Effect of foreign exchange	-	(39,354)	-	5,348	(34,006)
At December 31	<u>\$ -</u>	<u>\$ 960,844</u>	<u>\$ -</u>	<u>\$ 271,439</u>	<u>\$ 1,232,283</u>

For provisioned loss for the years ended December 31, 2019 and 2018, the reversal of impairment loss arising from customers' contracts amounted to \$56,068 and \$138,489, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities:

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 7,575,932	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	39,532,328	-	-	-
Other payables	28,829,379	-	-	-
Lease liabilities (including current portion)	525,370	372,557	506,528	542,180
Long-term borrowings (including current portion)	65,536	25,045,203	2,225,817	477,819

Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 6,259,062	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	40,509,063	-	-	-
Other payables	24,786,588	-	-	-
Long-term borrowings (including current portion)	173,700	24,585,550	116,969	530,268

Derivative financial liabilities:

As at December 31, 2019 and 2018, the Group's derivative financial liabilities are due within 1 year.

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings,

notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,523,977	\$ -	\$ 1,581,800	\$ 3,105,777
Hybrid instruments	99,252	-	-	99,252
Derivative instruments	-	142,668	-	142,668
Financial assets at fair value through other comprehensive income				
Equity instruments	1,426,179	-	690,945	2,117,124
	<u>\$ 3,049,408</u>	<u>\$ 142,668</u>	<u>\$ 2,272,745</u>	<u>\$ 5,464,821</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 15,929	\$ -	\$ 15,929
	<u>\$ -</u>	<u>\$ 15,929</u>	<u>\$ -</u>	<u>\$ 15,929</u>
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,390,101	\$ -	\$ 1,842,693	\$ 3,232,794
Hybrid instruments	54,000	-	69,074	123,074
Derivative instruments	-	37,047	-	37,047
Financial assets at fair value through other comprehensive income				
Equity instruments	1,632,492	-	1,345,502	2,977,994
	<u>\$ 3,076,593</u>	<u>\$ 37,047</u>	<u>\$ 3,257,269</u>	<u>\$ 6,370,909</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 8,544	\$ -	\$ 8,544
	<u>\$ -</u>	<u>\$ 8,544</u>	<u>\$ -</u>	<u>\$ 8,544</u>

D. The methods and assumptions that the Group used to measure fair value are as follows:

- (a) The instruments that the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Convertible (exchangeable)</u>
Market quoted price	Closing price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are approved for financial management.
- (c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty.
- E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ 69,074	\$ 3,188,195	\$ 3,257,269
Loss recognised in profit or loss	-	(147,181)	(147,181)
Acquired during the year	-	463,571	463,571
Transferred from convertible bonds	(69,074)	69,074	-
Disposals during the year	-	(1,289,621)	(1,289,621)
Net exchange differences	-	(11,293)	(11,293)
At December 31	<u>\$ -</u>	<u>\$ 2,272,745</u>	<u>\$ 2,272,745</u>

	2018		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ -	\$ 1,580,428	\$ 1,580,428
Transfers from prepayments for investment	-	58,869	58,869
Effect of IFRS 9 adjustment	-	1,147,672	1,147,672
Loss recognised in profit or loss	-	(14,215)	(14,215)
Gains and losses recognised in other comprehensive income	-	337,414	337,414
Acquired during the year	69,074	419,585	488,659
Proceeds from capital reduction	-	(12,930)	(12,930)
Disposals during the year	-	(353,201)	(353,201)
Net exchange differences	-	24,573	24,573
At December 31	<u>\$ 69,074</u>	<u>\$ 3,188,195</u>	<u>\$ 3,257,269</u>

G. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical review. Investment property is evaluated regularly by the Group's financial treasury based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau.

The capital department establishes valuation policies, valuation processes and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 2,007,345	Most recent non-active market price	Not applicable	-	Not applicable
"	265,400	Market comparable companies	Price to book ratio multiple	1.96~19.97	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 2,994,240	Most recent non-active market price	Not applicable	-	Not applicable
"	193,955	Market comparable companies	Price to book ratio multiple	0.97~3.8	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
Hybrid instruments:					
Convertible bonds	\$ 69,074	Market comparable companies	Enterprise value to EBITDA	9.02	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

- I. The Group's valuation techniques are based on the most recent non-active market price after carefully assessing the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 1%	\$ -	\$ -	\$ 3,275	(\$ 3,275)
			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Discount for lack of marketability	± 1%	\$ -	\$ -	\$ 2,411	(\$ 2,411)
Hybrid instruments	Discount for lack of marketability	± 1%	\$ 1,040	(\$ 1,040)	\$ -	\$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in

capital or more: Please refer to table 6.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(4) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 6, 7 and 8 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the year ended December 31, 2019.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group's management has determined the reportable segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group considers the business from a product perspective. The Group's business is segregated into power electronics business, automation business and infrastructure business. Breakdown of the revenue from all sources is as follows:

A. Power electronics: Component, Embedded Power, Fans and Thermal Management, Automotive Electronics, Merchant & Mobile Power and Vivitek Projectors.

B. Automation: Industrial Automation and Building Automation.

C. Infrastructure: ICT Infrastructure and Energy Infrastructure.

Because of the change of product classification, the Group's internal business segment restructured accordingly. The prior period information was restated for comparison.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments

is as follows:

	Year ended December 31, 2019			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	\$ 133,069,546	\$ 37,605,027	\$ 96,724,182	\$ 267,398,755
Segment income (Note)	\$ 15,511,770	\$ 3,283,965	\$ 6,411,617	\$ 25,207,352
	Year ended December 31, 2018			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	\$ 107,376,799	\$ 35,177,393	\$ 92,956,980	\$ 235,511,172
Segment income (Note)	\$ 11,563,105	\$ 4,304,910	\$ 6,876,648	\$ 22,744,663

Note: Segment income represents income after eliminating inter-segment transactions.

(4) Reconciliation information for segment income (loss)

- A. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that of the statement of comprehensive income.
- B. A reconciliation of reportable segments income or loss to income (loss) before tax from continuing operations for the years ended December 31, 2019 and 2018 is provided as follows:

	Years ended December 31,	
	2019	2018
Reportable segments income	\$ 25,207,352	\$ 22,744,663
Other segments' loss	(5,798,562)	(4,577,940)
Non-operating income and expenses	9,745,619	4,634,305
Income before tax from continuing operations	\$ 29,154,409	\$ 22,801,028

(5) Information on products and services

As the Group considered the business from a product perspective, the reportable segments were based on different products and services. Revenues from external customers are the same as in Note 14(3).

(6) Geographical information

Information about geographic areas for the years ended December 31, 2019 and 2018 were as follows:

	Years ended December 31,			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Mainland China	\$ 106,559,016	\$ 26,739,482	\$ 129,527,991	\$ 27,608,438
U.S.A.	69,568,497	4,764,583	31,582,755	2,879,059
Taiwan	8,387,683	26,387,992	7,387,094	31,566,486
Tailand	1,733,577	41,987,260	1,901,354	-
Others	81,882,624	51,454,579	66,618,615	21,193,322
	<u>\$ 268,131,397</u>	<u>\$ 151,333,896</u>	<u>\$ 237,017,809</u>	<u>\$ 83,247,305</u>

(7) Major customer information

There are no customers accounting for more than 10% of the Group's operating revenues for the years ended December 31, 2019 and 2018.

Delta Electronics, Inc. and Subsidiaries

Loans to others

Year ended December 31, 2019

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 2)	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	\$ 10,193,200	\$ 10,193,200	\$ 10,193,200	0.50%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 29,928,831	Note 5	
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables - related parties	Yes	3,237,840	2,998,000	2,008,660	0.50%	2	-	Additional operating capital	-	None	-	29,928,831	Note 5	
1	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	8,994,000	8,139,570	8,139,570	0.50%	2	-	Additional operating capital	-	None	-	29,928,831	Note 5	
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	6,593,600	2,398,400	2,398,400	0.50%	2	-	Additional operating capital	-	None	-	5,522,502	Note 5	
2	Delta Networks Holding Limited	Delta Electronics (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	869,420	869,420	869,420	0.50%	2	-	Additional operating capital	-	None	-	5,522,502	Note 5	
3	Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	839,440	-	-	0.50%	2	-	Additional operating capital	-	None	-	17,387,743	Note 5	
3	Delta Electronics (H.K.) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	5,996,000	-	-	0.50%	2	-	Additional operating capital	-	None	-	17,387,743	Note 5	
4	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	8,904,060	8,004,660	8,004,660	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
4	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	18,347,760	14,750,160	14,750,160	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
4	Delta International Holding Limited	Drake Investment (HK) Limited	Other receivables - related parties	Yes	1,109,260	989,340	989,340	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
4	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Other receivables - related parties	Yes	3,897,400	1,388,074	938,374	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
5	ELTEK AS	Eltek Italia S.r.l.	Other receivables - related parties	Yes	26,872	26,872	26,773	1.90%	2	-	Additional operating capital	-	None	-	2,233,058	Note 5	
6	Delta Electronics (Wuhu) Co., Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	172,159	-	-	4.35%	2	-	Additional operating capital	-	None	-	4,414,992	Note 5	
6	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables - related parties	Yes	1,291,194	1,291,194	1,075,995	4.35%	2	-	Additional operating capital	-	None	-	4,414,992	Note 5	
7	Vivoetek Inc.	Vatics Inc.	Other receivables - related parties	Yes	200,000	200,000	163,565	1.34%	2	-	Additional operating capital	-	None	-	288,353	Note 6	
7	Vivoetek Inc.	Lidlight Inc.	Other receivables - related parties	Yes	10,000	10,000	-	1.34%	2	-	Additional operating capital	-	None	-	20,000	Note 6	
7	Vivoetek Inc.	Otus Imaging, Inc.	Other receivables - related parties	Yes	15,000	15,000	-	1.34%	2	-	Additional operating capital	-	None	-	60,000	Note 6	
8	Grandview Holding Ltd.	Cyntec Holding (H.K.) Ltd.	Other receivables - related parties	Yes	2,998	2,998	2,998	0.50%	2	-	Additional operating capital	-	None	-	9,240,613	Note 5	
9	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Other receivables - related parties	Yes	386,285	386,285	366,131	0.40%	2	-	Additional operating capital	-	None	-	504,311	Note 5	

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 2)	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
9	Delta Energy Systems (Germany) GmbH	Elitek s.r.o.	Other receivables - related parties	Yes	\$ 50,385	\$ -	\$ -	0.40%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 504,311	\$ 504,311	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2019, which the Company reported to the Securities and Futures Bureau.

Note 3: Limit on loans granted by the Company to a single party is 20% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: Limit on loans granted by subsidiaries to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

Note 5: Limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note 6: The calculation and amount on ceiling of loans of Vivotek Inc. are as follows:

(1) The ceiling on total amount of loans to others shall not exceed 20% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountant.

(2) For the short-term financing, the limit on loans granted to a single party shall not exceed the subsidiary's paid-in capital and 10% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Note 7: Nature of loans:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Delta Electronics, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2019

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/guarantee amount as at December 31, 2019	Outstanding endorsement/guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
		Relationship with the endorser/guarantor (Note 6)	Company name											
1	ELTEK AS	2	Elitek Power Sweden AB	\$ 2,803,138	\$ 16,050	\$ -	\$ -	\$ -	0.00%	\$ 7,007,844	Y	N	N	Footnote 3
1	ELTEK AS	2	ELTEK MEA DMCC	2,803,138	69,937	-	-	-	0.00%	7,007,844	Y	N	N	Footnote 3
1	ELTEK AS	2	ELTEK AUSTRALIA PTY LIMITED	2,803,138	134,910	134,910	134,910	-	0.10%	7,007,844	Y	N	N	Footnote 3
2	Vivotek Inc.	2	Vavies Inc.	576,705	120,000	-	-	-	4.16%	1,153,410	Y	N	N	Footnote 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees," limit on total endorsements is 40% of the Company's net assets based on the latest audited or reviewed financial statements, limit on endorsements to a single company is 20% of the Company's net assets based on the latest audited or reviewed financial statements. Limit on total endorsements granted by the Company and subsidiaries is 50% of the Company's net assets based on the latest audited or reviewed financial statements, limit on total endorsements to a single party is 30% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 3: In accordance with Elitek's "Procedures for Provision of Endorsements and Guarantees," limit on total endorsements is 5% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 2% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: The Company's net assets based on the latest audited or reviewed financial statements were \$140,156,877 thousand (2019/12/31).

Note 5: The limit on total endorsements/guarantees of Vivotek Inc. shall not exceed 40% of the company's net assets value in the latest financial statement which was reviewed or audited by independent accountant, and limit on endorsements to a single party is 20% of Vivotek Inc.'s net assets based on the latest audited or reviewed financial statements.

Note 6: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Delta Electronics, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at December 31, 2019			Footnote
				Number of shares	Book value	Ownership (%)		Fair value
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income	122,980,851	\$ 942,033	4.89	\$ 942,033
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	6,763,845	463,323	5.73	463,323
Delta Electronics, Inc.	WK Technology Fund. common stock, etc.	None	Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	-	217,631	-	217,631
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss	1,683,000	302,099	1.28	302,099
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss	2,472,000	386,868	1.49	386,868
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - current	652,043	180,616	0.22	180,616
Delta Electronics Capital Company	Cystalvue Medical Corporation. common stock	None	Financial assets at fair value through profit or loss - current	1,498,000	117,593	6.17	117,593
Delta Electronics Capital Company	TaskEasy, Inc. common stock	None	Financial assets at fair value through profit or loss - non-current	2,633,872	141,008	7.72	141,008
Delta Electronics Capital Company	Allied Supreme Corp. common stock	None	Financial assets at fair value through profit or loss - non-current	1,000,000	115,000	1.45	115,000
Delta Electronics Capital Company	FineTek Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss	-	1,705,515	-	1,705,515
Cyntec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income - non-current	200,000	104,081	11.53	104,081
Cyntec Co., Ltd.	GaN Systems Inc. preferred stock, etc.	None	Financial assets at fair value through other comprehensive income	-	161,319	-	161,319
Delta International Holding Limited	Mentis Technology, Inc., etc	None	Financial assets at fair value through profit or loss - non-current	-	89,940	-	89,940
Delta Electronics (Japan), Inc.	Macy Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	74,000,000	34,274	19.79	34,274

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta Electronics (Pingian) Co., Ltd.	Pingtan Hi Tech Investment Development Shares Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 32,280	15.00	\$ 32,280	
Delta America Ltd.	VPT Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	860,000	5,247	17.52	5,247	
Unicom System Eng. Corp.	Digi-Hua System Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - non-current	332,556	3,273	3.32	3,273	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, Inc. preferred stock	None	Financial assets at fair value through other comprehensive income - non-current	1,838,235	149,900	10.46	149,900	
Delta Electronics (Netherlands) B.V.	Grace Connection Microelectronics	None	Financial assets at fair value through other comprehensive income - non-current	141,065	119,920	19.90	119,920	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through other comprehensive income - non-current	-	54,921	-	54,921	

Delta Electronics, Inc. and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	Financial assets at fair value through other comprehensive income	Centralized securities exchange market	None	167,145,851	\$ 1,308,752	-	\$ -	44,165,000	\$ 390,802	\$ 1,067,657	(\$ 676,855)	122,980,851	\$ 942,033	
Cyntec Co., Ltd.	LUXTERA, INC. preferred stock	Financial assets at fair value through other comprehensive income	Cisco Systems, Inc.	None	55,029,284	673,609	-	-	55,029,284	656,798	336,195	256,482	-	-	
Delta Electronics Int'l (Singapore) Pte. Ltd	Delta Electronics (Thailand) Public Co., Ltd. common stock	Investments accounted for under equity method	Natural person	None	-	-	534,479,306	36,571,874	-	-	-	-	534,479,306	36,571,874	
Delta Electronics Int'l (Singapore) Pte. Ltd	Loy Tec electronics GmbH common stock	Investments accounted for under equity method	Natural person	None	-	2,156,379	-	302,800	-	-	-	-	-	2,459,179	
ELTEK AS	ELTEK POWER PTE. LTD. common stock	Investments accounted for under equity method	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,000,000	1,078,841	-	14,229	2,000,000	1,292,340	1,093,070	(Note 1)	-	-	(Note 3)
Delta Electronics (Netherlands) B.V.	Amerlux, LLC common stock	Investments accounted for under equity method	The Unicorn Group, Inc.	None	-	-	-	3,027,510	-	-	-	-	-	3,027,510	
Delta International Holding Limited	Delta Greentech (China) Co., Ltd. common stock	Investments accounted for under equity method	Drake Investment (HK) Limited	Affiliated enterprise	58,940,390	512,035	-	(7,142)	58,940,390	825,907	504,893	(Note 1)	-	-	
Ace Pillar Holding Co., Ltd.	Delta Greentech (China) Co., Ltd. common stock	Investments accounted for under equity method	Drake Investment (HK) Limited	Affiliated enterprise	21,646,341	219,339	-	(2,270)	21,646,341	303,073	217,069	(Note 1)	-	-	

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Apex Investment (HK) Limited, Galaxy Star Investment (HK) Limited and Jade Investment (HK) Limited	Delta Electronics (Jiangsu) Ltd. share certificate	Investments accounted for under equity method	Delta Electronics (HK.) Ltd.	Affiliated enterprise	-	\$ 1,257,702	-	(\$ 251,145) (Note 2)	-	\$ 2,450,404	\$ 1,006,557	(Note 1)	-	\$ -	
Apex Investment (HK) Limited, Galaxy Star Investment (HK) Limited and Jade Investment (HK) Limited	Delta Electronics Components (Wujiang) Ltd. share certificate	Investments accounted for under equity method	Delta Electronics (HK.) Ltd.	Affiliated enterprise	-	3,353,616	-	(292,549) (Note 2)	-	7,445,415	3,061,067	(Note 1)	-	-	
Apex Investment (HK) Limited, Galaxy Star Investment (HK) Limited and Jade Investment (HK) Limited	Delta Video Display System (Wujiang) Ltd. share certificate	Investments accounted for under equity method	Delta Electronics (HK.) Ltd.	Affiliated enterprise	-	614,384	-	(61,458) (Note 2)	-	1,318,844	552,926	(Note 1)	-	-	
PreOptix (Hong Kong) Co., Ltd.	PreOptix (Jiang Su) Co., Ltd. share certificate	Investments accounted for under equity method	SMARTWIN ELECTRONICS TECHNOLOGY (HK) LIMITED	None	-	264,796	-	-	-	479,082	270,315		-	-	

Note 1: The transaction resulted from the Group's adjustment in investment structure. There was no gain or loss on disposal pursuant to related ordinances.

Note 2: It reflected the movement in the adjustments in the profit (loss), dividends and net value of investments recognised in this period.

Note 3: Only sales transactions are disclosed.

Note 4: It was retained earnings transferred from other equity.

Note 5: In April 2019, Delta Electronics Int'l (Singapore) Pte. Ltd. increased its investment in Loy Tee electronics GmbH amounting to \$372,338, including investment income (loss) recognised during the period and the movement in the adjustments in the carrying amount.

Note 6: In April 2019, Delta Electronics Int'l (Singapore) Pte. Ltd. increased its investment in Delta Electronics (Thailand) Public Company Limited amounting to \$36,874,645, including investment income (loss) recognised during the period and the movement in the adjustments in the carrying amount.

Note 7: In June 2019, Delta Electronics (Netherlands) B.V. increased its investment in Amerlux, LLC amounting to \$2,844,498, which was including investment income (loss) recognised during the period and the movement in the adjustments in the carrying amount.

Delta Electronics, Inc. and Subsidiaries
 Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
 Year ended December 31, 2019
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Delta Electronics, Inc.	Land and buildings in Zhongli and Neili	April 17, 2019	\$ 2,561,996	Acquired by cash	Kenmec Mechanical Engineering Co., Ltd.	None	-	-	-	\$ -	Appraisal report	For future business development	None

Delta Electronics, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Delta Electronics Inc.	Delta Greentech (China) Co., Ltd.	Subsidiary	Sales and other operating revenue	\$ 147,910	0.31	70 days		\$ 68,769	0.72	
Delta Electronics Inc.	Cyntec Co., Ltd.	Subsidiary	Sales and other operating revenue	122,798	0.24	70 days		13,420	0.14	
Delta Electronics Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales and other operating revenue	326,396	0.68	70 days		133,400	1.41	
Delta Electronics Inc.	Delta Electronics India Pvt. Ltd.	Subsidiary	Sales and other operating revenue	122,431	0.24	70 days		12,890	0.14	Note 5
Delta Electronics Inc.	Delta Electronics (Japan), Inc.	Subsidiary	Sales and other operating revenue	221,881	0.45	70 days		45,591	0.48	
Delta Electronics Inc.	Delta Electronics (Netherlands) B.V.	Subsidiary	Sales and other operating revenue	226,477	0.47	70 days		57,560	0.61	
Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	13,226,927	27.45	70 days		1,721,805	18.06	
Delta Electronics Inc.	Delta Energy Systems (Singapore) PTE. LTD.	Subsidiary	Sales and other operating revenue	256,919	0.51	70 days		68,885	0.73	Note 5
Delta Electronics Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	Sales and other operating revenue	1,252,916	2.59	70 days		207,670	2.18	Note 5
Delta Electronics Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales and other operating revenue	7,150,125	14.79	70 days		2,403,743	25.20	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	Sales and other operating revenue	\$ 571,906	1.20	70 days			\$ 108,971	1.14	
Delta Electronics Inc.	Vivitek Corporation	Subsidiary	Sales and other operating revenue	111,506	0.22	70 days			10,751	0.11	
Delta Electronics Inc.	DELTA ELECTRONICS (USA) INC.	Subsidiary	Sales	689,105	1.45	70 days			62,569	0.66	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Australia) Pty. Ltd.	Affiliated enterprise	Sales and other operating revenue	148,112	0.07	70 days			32,499	0.18	Note 5
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Sales	178,661	0.08	70 days			21,860	0.11	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	Sales	223,823	0.11	70 days			182,237	0.51	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	Sales	1,259,354	0.53	70 days			378,561	58.58	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	5,954,782	2.75	70 days			1,007,970	5.90	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	11,552,172	5.30	70 days			1,829,242	10.65	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	16,805,200	7.70	70 days			1,443,569	7.85	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	11,603,582	5.34	70 days			1,247,026	7.58	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,813,726	1.26	70 days			242,711	1.22	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales and other operating revenue	\$ 10,766,626	4.94	70 days		\$ 1,312,357	7.64		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	6,078,444	2.77	70 days		1,194,038	33.42		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	2,510,641	1.11	70 days		687,149	39.68		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Affiliated enterprise	Sales	209,854	0.12	70 days		48,689	2.83		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Sales	720,535	0.33	70 days		263,106	4.96		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	2,160,719	0.99	70 days		1,050,790	19.85		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Affiliated enterprise	Sales	245,037	0.07	70 days		95,263	1.75		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Solutions (Spain) SL	Affiliated enterprise	Sales	172,250	0.04	70 days		86,300	17.17		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Associate	Sales and other operating revenue	408,251	0.18	70 days		83,269	0.45		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,484,615	0.69	70 days		362,480	0.97		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales and other operating revenue	2,948,357	1.35	70 days		586,949	1.46		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales and other operating revenue	245,886	0.11	70 days		65,280	0.17		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico S.A. DE C.V.	Affiliated enterprise	Sales	\$ 132,610	0.05	70 days			\$ 70,368	0.38		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	2,767,840	1.23	70 days			623,019	13.32		
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	1,280,882	0.59	70 days			181,890	1.03		
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	Sales	150,010	0.06	70 days			37	-		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Sales and other operating revenue	457,211	0.20	70 days			70,393	0.19	Note 5	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	682,877	0.31	70 days			194,886	0.55	Note 5	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green Industrial (Thailand) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	175,397	0.05	70 days			22,866	0.06	Note 5	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	16,664,508	7.66	70 days			7,284,145	17.83		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	553,977	0.26	70 days			-	-		
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	24,064,206	11.06	70 days			6,383,361	15.72		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	2,732,567	1.26	70 days			687,908	2.13		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Sales and other operating revenue	253,690	0.13	70 days			41,169	0.12		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Associate	Sales and other operating revenue	\$ 437,550	0.20	70 days		\$ 134,471	0.72		
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales and other operating revenue	2,599,471	1.18	70 days		437,074	1.23		
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	314,341	17.76	70 days		-	-		
Delta Networks, Inc. (Taiwan)	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	285,829	16.15	70 days		-	-		
Delta Networks, Inc. (Taiwan)	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	1,032,121	58.32	70 days		-	-		
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	14,654,249	98.06	70 days		2,068,258	92.12		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	850,625	8.05	70 days		303,473	12.87		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	8,241,746	77.71	70 days		1,583,437	67.15		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	102,334	0.47	70 days		18,099	0.53		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,839,580	9.10	70 days		572,370	16.77		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	17,812,635	88.26	70 days		2,682,974	78.62		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	232,333	0.54	70 days		63,711	1.25		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 6,179,388	14.14	70 days			\$ 1,723,371	33.68		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	514,930	1.19	70 days			120,953	2.37		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	36,619,932	83.65	70 days			3,185,866	62.26		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	157,896	0.57	70 days			71,749	1.44		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	11,389,974	41.44	70 days			3,051,738	61.43		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	15,602,874	56.96	70 days			1,766,011	35.55		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	137,025	2.57	70 days			28,900	3.49		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	242,882	4.57	70 days			5,442	0.66		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	1,796,481	34.29	70 days			568,651	68.66		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,044,774	57.74	70 days			223,091	26.93		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	214,181	2.24	70 days			53,539	2.72		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	9,336,504	97.46	70 days			1,913,633	97.26		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 548,833	12.64	70 days			\$ 163,519	17.55	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,788,305	87.03	70 days			768,153	82.44	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	1,646,489	70.10	70 days			362,016	67.69	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	229,577	9.79	70 days			77,565	14.50	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	440,193	18.77	70 days			93,948	17.56	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	115,731	0.40	70 days			48,602	0.51	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	13,918,526	48.87	70 days			4,020,275	42.00	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	1,655,401	5.80	70 days			557,637	2.91	
Delta Electronics (Shanghai) Co., Ltd.	Elitek Energy Technology(Dongguan) Ltd.	Affiliated enterprise	Sales	121,971	0.41	70 days			38,956	0.41	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	863,675	3.04	70 days			299,002	3.12	
Cyntec Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales and other operating revenue	527,576	10.16	Note 1	Note 1	Note 1	11,956	1.24	
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	1,269,971	24.50	Note 2	Note 2	Note 2	432,289	44.83	

Purchaser/seller	Counterparty	Relationship with the counterparty enterprise	Transaction				Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	\$ 214,204	4.17	Note 2	Note 2	\$ 27,789	2.88			
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	2,140,364	16.88	Note 3	Note 3	5,580	0.18			
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	10,263,850	83.01	Note 4	Note 4	3,147,932	99.85			
Cyntec International Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Sales	519,847	10.03	Note 1	Note 1	26	-			
ELTEK AS	ELTEK MEA DMCC	Affiliated enterprise	Sales and other operating revenue	294,101	4.35	70 days		70,509	4.34			
ELTEK AS	Eltek Sistemas de Energia Industria e Comercio S.A.	Affiliated enterprise	Sales and other operating revenue	136,498	2.02	70 days		23,918	1.48			
ELTEK AS	Eltek Deutschland GmbH	Affiliated enterprise	Sales and other operating revenue	325,085	4.88	70 days		87,292	5.38			
ELTEK AS	Eltek Egypt for Power Supply S.A.E.	Affiliated enterprise	Sales and other operating revenue	264,675	3.95	70 days		193,938	11.94			
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	Sales and other operating revenue	713,458	10.67	70 days		191,821	11.81			
ELTEK AS	Eltek Power (UK) Ltd.	Affiliated enterprise	Sales and other operating revenue	781,307	11.76	70 days		147,327	9.07			
ELTEK AS	Eltek SGS Pvt Ltd.	Affiliated enterprise	Sales	129,889	1.94	70 days		50,201	3.09			
ELTEK AS	OOO Eltek	Affiliated enterprise	Sales and other operating revenue	203,795	3.06	70 days		5,472	0.33			

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales) other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ELTEK AS	Eltek Power Sweden AB	Affiliated enterprise	Sales and other operating revenue	\$ 104,264	1.54	70 days			\$ 4,755	0.29	
ELTEK AS	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	132,272	2.04	70 days			16,203	1.00	
ELTEK AS	Eltek s.r.o.	Affiliated enterprise	Sales and other operating revenue	485,704	7.27	70 days			84,389	5.20	Note 5
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales and other operating revenue	1,196,560	17.98	70 days			342,774	21.11	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Italy) S.r.l.	Affiliated enterprise	Sales and other operating revenue	174,082	2.84	70 days			29,436	2.71	
Delta Electronics (Netherlands) B.V.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	593,391	9.76	70 days			87,575	8.07	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales and other operating revenue	415,034	6.89	70 days			238,247	21.94	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	933,639	17.11	70 days			170,126	17.33	
Delta Electronics (Japan), Inc.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	231,255	4.25	70 days			36,397	3.71	
Delta Electronics (Americas) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,409,217	18.56	70 days			10,052	1.05	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	454,504	6.02	70 days			67,342	7.04	
Delta Electronics (Americas) Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	138,250	1.86	70 days			19,169	2.00	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	\$ 525,772	8.77	90 days			\$ 152,659	20.21		
Vivotek Inc.	Vaics Inc.	Affiliated enterprise	Purchase	117,769	2.93	30 days			(17,395)	2.57		
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	2,117,776	89.67	70 days			14,540	17.16		
Delta Electronics India Pvt. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	199,511	4.11	70 days			77,945	2.89		
Delta Electronics (Myanmar) Co., Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	104,263	100.01	70 days			7,865	100.00		
Delta Electronics (Slovakia) s.r.o.	Delta Greentech (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	390,839	12.09	70 days			17,634	1.83		
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	541,177	17.11	70 days			144,954	15.05		
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,464,384	46.32	70 days			434,996	22.58		
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	614,666	19.81	70 days			352,467	36.60		
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	Sales and other operating revenue	1,954,077	98.79	70 days			104,395	80.58		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	135,728	0.34	70 days			6,599	0.07		
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Germany) GmbH	Affiliated enterprise	Sales	109,164	0.25	70 days			2,176	0.02		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics (Thailand) Public Company Limited	Delta Power Solutions (India) Pvt. Ltd.	Affiliated enterprise	Sales	\$ 111,360	0.28	70 days		\$ -	-		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Sales and other operating revenue	438,732	1.11	70 days		122,210	1.33		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	240,717	0.61	70 days		60,483	0.66		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	367,752	0.94	70 days		52,527	0.57		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Sales and other operating revenue	229,529	0.54	70 days		25,013	0.27		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics Inc.	Ultimate parent company	Sales	110,979	0.29	70 days		31,674	0.34		
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	14,639,861	36.82	70 days		4,725,070	51.26		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	714,683	1.79	70 days		184,399	2.00		
Delta Electronics (Thailand) Public Company Limited	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	177,251	0.42	70 days		89,169	0.97		

Note 1: Selling price was the same with the third parties. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 2: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30-120 days after monthly billings.

Note 3: For the sales transactions, the amount is calculated by adding costs, fees and all necessary processing costs. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 4: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 5: It initially was the Group's associate, and became the Group's subsidiary since April 2019.

Delta Electronics, Inc. and Subsidiaries
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 December 31, 2019
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	\$ 133,400	3.25	\$ 1,009		\$ 33,681	\$ -
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	2,050,668	8.44	40,430		2,050,668	-
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	207,670	14.55	52,583		182,443	-
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	2,403,743	5.07	6,583		1,554,150	-
Delta Electronics, Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	108,971	7.14	-		108,971	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	182,237	2.38	76,965		56,979	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	378,561	5.08	-		307,867	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,007,970	12.38	37,881		929,380	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	1,829,242	13.36	463,158		1,829,242	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,443,569	22.35	-		1,443,569	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	1,247,026	16.24	-		1,247,026	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	242,711	17.61	-		242,711	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	1,312,357	25.61	15		1,312,357	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	1,194,038	8.47	-		1,194,038	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	687,149	10.47	302,430		428,714	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	263,106	5.31	-		177,346	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec International Ltd.	Affiliated enterprise	1,050,790	3.99	-		637,883	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	362,480	7.95	20,521		239,992	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	586,949	9.54	-		405,352	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Affiliated enterprise	121,700	0.40	112,793		2,206	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 623,019	8.64	-	-	\$ 623,019	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	181,890	13.63	-	-	103,198	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	194,886	6.81	7,474	-	114,826	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	7,432,332	2.95	-	-	2,056,319	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	6,383,361	7.30	573,449	-	3,936,460	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	687,908	7.71	2,896	-	428,175	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Associate	134,471	6.29	70,220	-	70,220	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	437,074	10.28	216,636	-	136,311	-
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,068,258	13.74	-	-	1,753,830	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	163,519	6.48	-	-	105,708	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	768,153	9.52	-	-	704,529	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	362,016	8.75	-	-	314,058	-
Cyntec Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	113,063	14.61	-	-	133,063	-
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	432,289	3.49	-	-	294,345	-
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,147,932	4.63	20,286	-	2,850,236	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	303,473	5.43	-	-	177,460	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,583,437	10.09	-	-	1,558,959	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	572,370	6.22	-	-	368,891	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,682,974	12.88	-	-	2,682,974	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	4,020,275	6.66	-	-	2,499,779	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	557,637	5.73	-	-	332,362	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	299,002	5.59	-	-	130,367	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,913,633	9.41	31	-	1,772,897	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
ELTEK AS	Eltek Egypt for Power Supply S.A.E.	Affiliated enterprise	\$ 193,938	2.56	\$ 154,804		\$ 75,717	\$ -
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	191,821	6.92	-		154,872	-
ELTEK AS	Eltek Power (UK) Ltd.	Affiliated enterprise	147,327	10.23	277		147,327	-
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	342,774	6.72	70		51,259	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,723,371	6.90	-		1,060,982	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	120,953	8.22	-		73,477	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,185,866	22.12	-		3,185,866	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	3,051,738	7.17	-		1,945,745	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,766,011	17.02	-		1,766,011	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	568,651	6.10	-		373,195	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	223,091	26.17	-		223,091	-
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	238,247	1.95	40,716		60,292	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	122,210	6.57	24,980		103,539	-
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	4,725,070	3.24	1,095,477		3,069,585	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	184,399	7.21	-		99,637	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	144,954	5.65	-		84,542	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	434,996	4.93	-		316,715	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	352,467	3.06	-		260,023	-
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	104,395	26.15	989		104,395	-
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	170,126	4.81	-		6,695	-
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	152,659	3.60	-		-	-
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	247,324	-	46		-	-
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	14,874,153	-	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 10,193,200	-	\$ -	-	\$ -	-
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,008,660	-	-	-	-	-
Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	8,139,570	-	-	-	-	-
Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	2,401,405	-	-	-	-	-
Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	870,024	-	-	-	-	-
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	8,014,451	-	-	-	-	-
Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	14,769,307	-	-	-	-	-
Delta International Holding Limited	Drake Investment (HK) Limited	Affiliated enterprise	990,604	-	-	-	-	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,102,648	-	-	-	-	-
Vivotek Inc.	Vatics Inc.	Affiliated enterprise	163,565	-	-	-	-	-
Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Affiliated enterprise	366,131	-	-	-	-	-

Note 1: Including other receivables in excess of \$100,000.

Note 2: The amount represents collections subsequent to December 31, 2019 up to March 10, 2020.

Delta Electronics, Inc. and Subsidiaries
 Significant inter-company transactions during the reporting period
 Year ended December 31, 2019
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount (Note 7)	Transaction terms (Note 4)		
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	\$ 13,226,927	(Note 4)	4.93	
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales and other operating revenue	7,150,125	(Note 4)	2.67	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	5,954,782	(Note 4)	2.22	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	11,552,172	(Note 4)	4.31	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	16,805,200	(Note 4)	6.27	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	11,603,582	(Note 4)	4.33	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,813,726	(Note 4)	1.05	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales and other operating revenue	10,766,626	(Note 4)	4.02	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	6,078,444	(Note 4)	2.27	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales and other operating revenue	2,948,357	(Note 4)	1.10	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	2,767,840	(Note 4)	1.03	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	16,664,508	(Note 4)	6.22	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	24,064,206	(Note 4)	8.97	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	2,732,567	(Note 4)	1.02	
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	14,654,249	(Note 4)	5.47	

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		
					Amount (Note 7)	Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 8,241,746	(Note 4)	3.07
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	17,812,635	(Note 4)	6.64
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	6,179,388	(Note 4)	2.30
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	36,619,932	(Note 4)	13.66
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	11,389,974	(Note 4)	4.25
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	15,602,874	(Note 4)	5.82
7	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,044,774	(Note 4)	1.14
8	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	9,336,504	(Note 4)	3.48
9	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,788,305	(Note 4)	1.41
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	13,918,526	(Note 4)	5.19
11	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	10,263,850	(Note 6)	3.83
12	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	14,639,861	(Note 4)	5.46
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Accounts receivable and other receivables	7,432,332	(Note 4)	2.39
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Accounts receivable	6,383,361	(Note 4)	2.05
11	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Accounts receivable	3,147,932	(Note 4)	1.01
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Accounts receivable	4,020,275	(Note 4)	1.29
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Accounts receivable	3,185,866	(Note 4)	1.02

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 7)	Transaction terms (Note 4)	Percentage of consolidated total operating revenues or total assets (Note 3)
12	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Accounts receivable	\$ 4,725,070	(Note 4)	1.52
13	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	Other receivables	14,874,153	(Note 5)	4.78
14	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables	10,193,200	(Note 5)	3.28
14	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables	8,139,570	(Note 5)	2.62
13	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables	8,014,451	(Note 5)	2.58
13	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables	14,769,307	(Note 5)	4.75

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note 5: Lending of capital

Note 6: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 7: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Delta Electronics, Inc. and Subsidiaries
Information on investees
Year ended December 31, 2019

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	100.00	\$ 71,598,502	\$ 8,372,730	\$ 8,900,336	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,581	29,581	83,800,000	100.00	5,547,216	247,367	180,995	(Note 6)
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	162,376	162,376	5,250,000	39.62	243,787	199,548	79,061	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of film optic-electronic devices	12,067,931	12,067,931	2,341,204,333	100.00	33,929,506	1,140,122	910,629	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	3,253,241	350,000,000	100.00	3,835,853	308,435	308,435	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	34,498	7,270	1,500,000	100.00	24,194,633	9,621,278	9,347,995	(Note 6)
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	21,761,836	100.00	218,817	18,955	18,061	(Note 6)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,769,895	(99,951)	(99,921)	
Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Taiwan	Design and sales of computer, peripheral and information system (software and hardware)	341,695	341,695	570,000	100.00	453,222	21,383	19,350	(Note 6)
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuits and information software services	-	462,442	-	-	-	702	689	(Note 16)
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	4,780,487	114,615	69,128,140	5.54	4,588,711	2,912,485	56,013	(Notes 6 and 13)
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Netherlands	Sales of power products, display solution products, electronic components, industrial automation products and materials	4,529,355	4,247,073	128,492,272	100.00	10,740,522	2,289,934	923,303	(Note 6)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Main business activities: Research, development, design, manufacturing and sales of networking system and peripherals	\$ -	\$ 2,490,390	-	-	\$ -	\$ 44,610	Footnote (Notes 6 and 14)	
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	246,704	20,056	(Notes 6 and 9)	
Delta Electronics, Inc.	Vivotek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	4,039,937	4,039,937	43,404,058	49.87	3,908,920	43,928	(Note 6)	
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	-	9,845,345	-	-	-	3,271,265	(Notes 1 and 17)	
Delta International Holding Limited	DAC Holding (Cayman) Limited	Cayman Islands	Equity investments	-	483,885	-	-	-	109,484	(Notes 1 and 18)	
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and materials	85,712	85,712	5,600	100.00	578,816	78,893	(Note 1)	
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	342,982	342,982	19,249,667	41.00	240,059	(12,973)	(Note 1)	
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	239,840	239,840	8,000,000	60.38	354,973	120,487	(Note 1)	
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	86,072	14,990	1,000,000	100.00	229,496	5,219	(Note 1)	
Delta International Holding Limited	Ace Pillar Holding Co., Ltd.	Samoa	Equity investments	-	409,391	-	-	-	(13,127)	(Notes 1 and 16)	
Delta International Holding Limited	Drake Investment (HK) Limited	Hong Kong	Equity investments	-	5,160,048	-	-	-	191,545	(Notes 1 and 17)	
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	44,970	44,970	9,000,000	100.00	113,956	16,320	(Note 1)	
Delta International Holding Limited	Delta Greentech SGP Pte. Ltd.	Singapore	Equity investments	-	837,361	-	-	-	18,030	(Notes 1 and 17)	
Delta International Holding Limited	Delta Electronics Europe Limited	Britain	Repair centre and providing support services	109,727	109,727	500,000	100.00	58,060	4,429	(Note 1)	
Delta International Holding Limited	Boom Treasure Limited	Hong Kong	Equity investments	-	2,614,486	-	-	-	45,831	(Notes 1 and 17)	
Delta International Holding Limited	Apex Investment (HK) Limited	Hong Kong	Equity investments	-	3,787,800	-	-	-	130,956	(Notes 1 and 19)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta International Holding Limited	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	\$ -	\$ 3,787,800	-	-	\$ -	\$ 130,956	(Notes 1 and 19)	
Delta International Holding Limited	Jade Investment (HK) Limited	Hong Kong	Equity investments	-	3,787,800	-	-	268,214	130,956	(Notes 1 and 19)	
Delta International Holding Limited	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	12,914,701	4,291,709	191,984,450	15.39	12,748,652	104,475	(Note 13)	
Delta International Holding Limited	ELTEK AS	Norway	Research, development and sales of power supplies and others	14,905,081	-	93,531,101	100.00	12,748,652	76,666	(Note 17)	
Delta International Holding Limited	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,047,331	-	1,060,624	100.00	1,973,672	(10,001)	(Note 17)	
Delta International Holding Limited	Delta Controls Inc.	Canada	Provide resolution of building management and control	2,248,500	-	75,000,000	100.00	2,660,140	3,225	(Note 17)	
Delta International Holding Limited	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	230,375	-	5,100	51.00	357,066	(5,492)	(Note 17)	
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico S.A. DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	181,379	181,379	252,002	100.00	140,715	(8,120)	(Note 2)	
Delta Electronics (Netherlands) B.V.	ELTEK AS	Norway	Research, development and sales of power supplies and others	-	14,905,081	-	-	1,185,420	323,381	(Note 17)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	-	2,047,331	-	-	226,967	234,615	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	689,045	689,045	8,179,182	39.95	990,401	109,466	(Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Optovue, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	1,109,260	1,109,260	5,190,330	29.50	842,043	(97,786)		
Delta Electronics (Netherlands) B.V.	Delta Controls Inc.	Canada	Provide resolution of building management and control	-	2,248,500	-	-	107,725	104,470	(Note 17)	
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	169,527	169,527	10,001	100.00	219,815	24,284	(Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	790,742	790,742	471,800	100.00	1,025,336	113,304	(Notes 8 and 9)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	\$ -	\$ 230,375	-	-	\$ -	\$ 48,899	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	115,723	115,723	479,750	51.00	47,389	(39,167)	(Note 8)	
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	213,158	213,158	4,315,657	100.00	161,644	58,758	(Note 8)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA.	Brazil	Manufacturing and sales of electronic products	332,295	332,295	37,000,000	100.00	252,004	3,383	(Note 8)	
Delta Electronics (Netherlands) B.V.	Amerlux, LLC	U.S.A	Design and producing of dedicated lighting system and facilities	2,955,825	-	-	100.00	3,027,510	125,416	(Note 8)	
Delta Electronics (Netherlands) B.V.	Drake Investment (HK) Limited	Hong Kong	Equity investments	5,160,048	-	304,504,306	100.00	4,492,813	382,289	(Note 17)	
Delta Electronics (Netherlands) B.V.	Boom Treasure Limited	Hong Kong	Equity investments	2,614,486	-	1	100.00	1,965,502	172,212	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	9,845,345	-	2,549,297,600	100.00	17,387,743	4,676,058	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta Greentech SGP Pte. Ltd.	Singapore	Equity investments	837,361	-	12,175,470	100.00	645,313	56,507	(Note 17)	
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	216,809	216,809	250,000	100.00	1,187,993	162,720		
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	66,855	66,855	-	100.00	59,144	(1,677)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tee electronics GmbH	Austria	Consulting service of building management and control solutions	2,433,160	2,071,849	-	100.00	2,459,179	117,931	(Note 7)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER INCORPORATED	Philippines	Sales of power supplies and others	22,584	-	11,400,000	100.00	24,157	(2,235)	(Note 7)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER CO., LTD.	Thailand	Sales of power supplies and others	1	-	40,000	100.00	255,800	(6,769)	(Note 7)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (CAMBODIA) LTD.	Cambodia	Sales of power supplies and others	1	-	1,000	100.00	(20,489)	(8)	(Note 7)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Malaysia	Sales of power supplies and others	61,919	-	300,000	100.00	(63,876)	6,293	(Note 7)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	35,869,626	-	534,479,306	42.85	36,571,874	2,912,485	(Note 13)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
				\$	\$			(\$)	\$		
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Singapore	Main business activities Sales of power supplies and others and system installation	-	-	-	-	-	55		
Loy Tec electronics GmbH	LOYTEC Americas, Inc.	U.S.A.	Consulting service of building management and control solutions	322	322	9,978	100.00	18,101	9,724	9,724	
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,332,212	5,332,212	1,196,886,000	100.00	2,243,939	223,627	219,222 (Note 3)	
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,049,300	1,049,300	35,000,000	100.00	2,218,893	220,448	220,448 (Note 4)	
Delta Networks, Inc.	DNI Logistics (USA) Corporation	U.S.A.	Trading of networking system and peripherals	-	16,671	-	-	-	1,838	1,838 (Notes 4 and 21)	
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	29,928,831	944,379	944,379 (Note 5)	
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	179,161	179,161	8,702,934	59.03	162,778	700	(9,102) (Note 5)	
Vivotek Inc.	Vatic Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	305,651	20,243,849	50.53	1,408	(98,050)	(46,717) (Note 11)	
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	196,957	13,960	13,960 (Note 11)	
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Investment in the network communications industry	173,696	173,696	17,369,635	100.00	92,674	14,265	17,955 (Note 11)	
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	10,006	1,076	1,076 (Note 11)	
Vivotek Inc.	Otus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	44,294	6,000,000	100.00	7,228	(6,455)	(6,455) (Note 11)	
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	17,939	6,600	100.00	25,143	6,860	6,860 (Note 11)	
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	29,980	29,980	10,000,000	100.00	283,619	13,969	13,969 (Note 10)	
Realwin Investment Inc.	Skywatek INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	(4,173)	- (Note 20)	
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	47,911	2,304	2,304 (Note 12)	
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	34,045	34,045	3,372,500	56.21	37,775	12,312	6,920 (Note 12)	
Realwin Investment Inc.	Vivotek Middle East FZCO	United Arab Emirates	Sales of webcams and related components	11,242	11,242	1,322	89.99	(11,610)	9,785	8,805 (Note 12)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	\$ 10,200	\$ 10,200	1,020,000	51.00	\$ 2,680	\$ 106	\$ 54	(Note 12)
Realwin Investment Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	31,123	31,123	1,556,142	3.88	1,887	(98,050)	(3,808)	(Note 12)
Delta Electronics (Thailand) Public Company Limited	DET International Holding Limited	Cayman Islands	Equity investments	9,542,307	9,542,307	264,357,330	100.00	8,386,628	320,641	320,641	(Note 15)
Delta Electronics (Thailand) Public Company Limited	Delta Green Industrial (Thailand) Co., Ltd.	Thailand	Integration, sales, trading, installation and providing services of uninterruptible power supply, photovoltaic inverter, electric cars charger and data center	208,019	208,019	20,600,000	100.00	208,019	39,501	39,501	(Note 15)
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Singapore) PTE. LTD.	Singapore	Equity investments, trading, management and consultancy	5,628,503	3,403,486	146,586,590	100.00	5,628,503	185,996	185,996	(Note 15)

Note 1: The Company's second-tier subsidiary or subsidiary, which was recognised as investment gains/losses through Delta International Holding Limited.

Note 2: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (H.K.) Ltd.

Note 3: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Networks Holding Limited.

Note 4: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Networks, Inc.

Note 5: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Cynotec Co., Ltd.

Note 6: The investment income /loss is net of the elimination of intercompany transactions.

Note 7: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (Netherlands) B.V.

Note 9: The Company indirectly acquired 39.95% and 49.79% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V. and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited, respectively, considering 10.26% equity shares of DAL held by the Company, the total ownership are 100%.

Note 10: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Vivotek Holdings, Inc.

Note 11: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Vivotek Inc.

Note 12: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Realwin Investment Inc.

Note 13: The total shareholding ratio is 63.78% when the Company's subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd., acquired the company's equity interests on April 2, 2019, which was including the original weighted-average comprehensive shareholding ratio of 20.01%.

Note 14: The company was merged into the Company on April 1, 2019, and the company was dissolved after the merger.

Note 15: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (Thailand) Public Company Limited.

Note 16: This company had been liquidated in October 2019.

Note 17: In November 2019, due to the reorganisation of the Group, Delta Electronics (Netherlands) B.V. exchanged 100% equity interests of its subsidiaries, ELTEK AS, Delta Controls Inc., and DELTA ELECTRONICS HOLDING (USA) INC. and a 51% equity interest of its subsidiary, Delta Electronics (Switzerland) AG, for 100% equity interests of the DIH' subsidiaries, Delta Electronics (H.K.) Ltd., Drake Investment (HK) Limited, Delta Greentech SGP Pte. Ltd. and Boom Treasure Limited.

Note 18: This company had been liquidated in November 2019.

Note 19: In December 2019, the company began liquidation process and was dissolved, but has not yet been completed as at December 31, 2019.

Note 20: The Company's Associate was recognised as investment gains/losses due to significant influence by the Company's second-tier subsidiary Realwin Investment Inc., which owns one board member in the Company.

Note 21: In August 2019, DNI Cayman sold this company to DIH, and this company merged into its subsidiary-ALI. Under the merger, ALI was the surviving company while ALN was the dissolved company.

Delta Electronics, Inc. and Subsidiaries
Information on investments in Mainland China

Year ended December 31, 2019

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2019	Net income (loss) of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 27)	Book value of investments in Mainland China as at December 31, 2019	Accumulated investment income remitted back to Taiwan as at December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Investee in Mainland China Delta Electronics (Dongguan) Co., Ltd.	Main business activities Manufacturing and sales of transformer and thermal products	\$ 2,932,344	Invested by DHK	\$ 2,015,585	\$ 292,699	\$ -	\$ 2,308,284	\$ 220,725	100.00	\$ 205,774	\$ 3,759,398	\$ 289,607	(Notes 3 and 18)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,262,158	Invested by DHK	507,262	202,875	-	710,137	439,162	100.00	419,872	2,690,986	403,811	(Notes 6 and 18)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products	3,413,788	Invested by DHK	-	468,991	-	468,991	2,012,239	100.00	1,921,873	6,140,542	-	(Notes 9 and 18)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others	4,017,320	Invested by DHK	169,087	343,908	-	512,995	241,907	100.00	228,620	4,423,240	-	(Notes 10 and 18)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,888,740	Invested by DHK	-	128,161	-	128,161	143,709	100.00	143,629	1,896,810	-	(Notes 12 and 18)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,199,200	Invested by DHK, Apex-HK, Galaxy State-HK and Jade-HK	4,010,917	192,241	-	4,203,158	882,155	100.00	684,688	2,635,590	-	(Note 18)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	3,531,944	Invested by DHK, Apex-HK, Galaxy State-HK and Jade-HK	6,350,699	534,470	-	6,885,169	1,170,375	100.00	812,094	6,948,247	52,892	(Notes 7 and 18)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	869,420	Invested by DHK, Apex-HK, Galaxy State-HK and Jade-HK	1,330,764	97,940	-	1,428,704	149,464	100.00	113,264	1,246,912	-	(Notes 8 and 18)
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	-	Invested by DHK	11,272	-	-	11,272	-	-	1,736	-	-	(Note 26)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	135,809	Invested by DHK	930,890	61,002	-	991,892	(49,303)	100.00	(46,686)	(14,941)	-	(Notes 14 and 18)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	129,119	Invested by DHK	140,906	14,831	-	155,737	36,911	100.00	35,121	172,662	-	(Note 18)
PreOptix (Jiang Su) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	-	Invested by PHK	382,845	-	-	382,845	(12,821)	-	(12,032)	-	-	(Notes 13, 21 and 29)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers	-	Invested by DWH	-	-	-	-	3,358	100.00	3,192	-	-	(Notes 16 and 28)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	109,751	Invested by DCZ	-	-	-	-	42,538	100.00	40,194	186,923	-	(Note 16)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2019	Net income (loss) of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 27)	Book value of investments in Mainland China as at December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Investee in Mainland China Delta Energy Technology (Dongguan) Co., Ltd.	Main business activities Research and development of energy-saving technology, energy-saving equipment and energy management system as well as consulting service, installation, sales, technology consulting service	\$ 129,119	Invested by DPEC and DDG	\$ -	\$ -	\$ -	\$ 3,550	100.00	\$ 3,111	\$ 159,959	\$ -	(Note 16)	
Delta Energy Technology (Shanghai) Co., Ltd.	Energy performance contracting, development of energy-saving technology, energy-saving equipment and energy management system as well as consulting service, installation, sales, etc.	43,040	Invested by DPEC and DGC	-	-	-	(5,242)	96.32	(5,085)	32,893	-	(Note 16)	
Delta Greentech (China) Co., Ltd.	Sales of uninterruptible power systems	2,444,661	Invested by DIH, Ace, Boom, Drake-HK and DGS	8,751,880	416,383	9,168,263	760,772	95.91	833,901	5,450,898	-	(Notes 4 and 17)	
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	430	Invested by DET-SH	-	-	-	668	96.32	4,572	8,271	-	(Note 16)	
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	6,069,822	Invested by CHK	5,949,902	-	5,949,902	777,637	100.00	777,637	7,587,354	-	(Note 20)	
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,049,300	Invested by DNHK	1,340,296	-	1,340,296	217,884	100.00	217,884	2,009,942	659,560	(Notes 5 and 19)	
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	63,476	Invested by DNHK	20,986	-	20,986	4,149	30.00	4,061	16,342	-	(Note 19)	
Elitek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sales of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	221,852	Invested by DHK / ELTEK CVI LIMITED	1,123,664	12,872	1,136,536	10,621	100.00	10,621	170,101	-	(Note 23)	
DeiBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	119,920	Invested by DeiBio	119,920	-	119,920	26,112	100.00	26,078	168,592	-	(Note 22)	
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	215,199	Invested by DHK	-	13,712	13,712	(23,031)	100.00	(21,914)	153,703	-	(Notes 15 and 18)	
Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral equipment and software	236,719	Invested by DHK	253,396	18,189	253,585	(15,852)	100.00	(15,062)	217,407	-	(Note 18)	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2019	Net income (loss) of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as at December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2019
					Remitted to Mainland China	Remitted back to Taiwan						
Beijing Industrial Foresight Technology Co., Ltd.	Main business activities Computer system services and data process	\$ -	Invested by Delta Electronics (Beijing) Co., Ltd.	\$ -	\$ -	\$ -	\$ (595)	-	\$ (448)	\$ -	\$ -	Footnote (Note 24)
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	8,994	Invested by UNICOM	8,994	-	-	3,771	100.00	3,771	24,771	34,009	(Note 11)
Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	14,241	Invested by Amerlux Lighting Hong Kong Limited	-	176,069	-	10,645	100.00	10,645	14,186	-	(Note 25)

Note 1: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.96565 to US\$1 and NTD 4.30398 to RMB\$1.
Note 2: The accumulated remittance as at January 1, 2019, remitted or collected this period, accumulated remittance as at December 31, 2019 and investment income remitted back as at December 31, 2019 was translated into New Taiwan Dollars at the average exchange rate of NTD 29.98 to US\$1 at the balance sheet date.

Note 3: Except for the facility of US\$76,994 thousand permitted by Investment Commission, the capitalisation of earnings of US\$27,081 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 4: Except for the facility of US\$305,813 thousand permitted by Investment Commission, the capitalisation of earnings of US\$980 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 5: Except for the facility of US\$44,706 thousand permitted by Investment Commission, the capitalisation of earnings of US\$1,312 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 6: Except for the facility of US\$23,687 thousand permitted by Investment Commission, the capitalisation of earnings of US\$22,654 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 7: Except for the facility of US\$229,659 thousand permitted by Investment Commission, the capitalisation of earnings of US\$27,303 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 8: Except for the facility of US\$47,655 thousand permitted by Investment Commission, the capitalisation of earnings of US\$8,272 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 9: Except for the facility of US\$15,643 thousand permitted by Investment Commission, the capitalisation of earnings of US\$110,401 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 10: Except for the facility of US\$17,111 thousand permitted by Investment Commission, the capitalisation of earnings of US\$120,320 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 11: Indirect investment through UNICOM SYSTEM ENG. CORP.
Note 12: Except for the facility of US\$4,275 thousand permitted by Investment Commission, the capitalisation of earnings of US\$59,220 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 13: Except for the facility of US\$7,520 thousand permitted by Investment Commission, the investment of US\$5,250 thousand by PreOptix Co., Ltd. was permitted by Investment Commission.
Note 14: Except for the facility of US\$33,085 thousand permitted by Investment Commission, the capitalisation of earnings of US\$265 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 15: Except for the facility of US\$457 thousand permitted by Investment Commission, the capitalisation of earnings of US\$7,268 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 16: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.

Note 17: Jointly invested through Drake Investment (HK) Limited., Delta Greentech SGP Pte. Ltd. and Boom Treasure Limited.
Note 18: Invest through Delta Electronics (H.K.) Ltd.
Note 19: Invest through Delta Networks (H.K.) Limited
Note 20: Invest through Cyntec Holding (H.K.) Limited.
Note 21: Invest through PreOptix (Hong Kong) Co., Ltd.
Note 22: Invest through DelBio Inc.
Note 23: In July 2019, this company was sold to Delta Electronics (H.K.) Ltd. by ELITEK CVI LIMITED., therefore it was invested through Delta Electronics (H.K.) Ltd.
Note 24: This company had been liquidated in July 2019.
Note 25: Invest through Amerlux Lighting Hong Kong Limited.

Note 26: This company had been liquidated in April 2019.

Note 27: The company recognised investment income / loss based on the audited financial statement.

Note 28: This company had been liquidated in December 2019.

Note 29: The ownership of PreOptix (Jiang Su) Co., Ltd. had been sold in October 2019.

Company name	Accumulated amount remitted from Taiwan to Mainland China as at December 31, 2019	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics, Inc. (Notes 2 and 3)	\$ 29,067,290	29,721,517	\$ -
Cytec Co., Ltd.	5,949,902	5,949,902	17,124,770
DeBio Inc. (Note 4)	119,920	119,920	131,884
UNICOM SYSTEM ENG. CORP. (Notes 5 and 6)	-	-	80,000

Note 1: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 29.98 to US\$1 at the balance sheet date.

Note 2: The investment income of US\$22,000 thousand, US\$18,000 thousand, US\$10,509 thousand and US\$14,351 thousand were remitted back on March 11, 2011, June 27, 2012, August 14, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 28, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

Note 3: According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company obtained the approval of operation headquarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.

Note 4: The ceiling is calculated based on DeBio Inc.'s 60% of net assets as at December 31, 2019.

Note 5: The limitation pursuant to the regulations is NT \$80 million or 60% of net value or consolidated net assets, whichever is higher.

Note 6: The investment income of US\$1,134 thousand were remitted back on October 17, 2019 from the investee companies in Mainland China and was permitted by Investment Commission on November 12, 2019, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

The significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China through Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cytec International Limited. - Labuan (CIL-Labuan) for the year ended December 31, 2019 are shown in Table 6 and 7.

■ 7.2 A parent company only financial statement for the most recent fiscal year

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Delta Electronics, Inc. (the “Company”) as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants as described in the Other Matter - Scope of the Audit section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its 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 generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audit reports of other independent accountants, 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 of the current period. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Assessment of the reasonableness of the purchase price allocation for business combination

Description

In April 2019, the subsidiary of the Company publicly acquired 42.85% of Delta Electronics (Thailand) Public Company Limited through a tender offer and obtained control over it. Such business acquisition was recognised as investment accounted for under equity method in the balance sheet.

As the allocation of goodwill and the net fair value of identifiable assets and liabilities are based on management's assessment and involve accounting estimations and assumptions, we consider the above equity price allocation transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Company. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and gross margin with historical data, economic and industry forecasts; and
- C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rate of return of similar assets.

Impairment assessment of investments accounted for under equity method

Description

As at December 31, 2019, the recognised goodwill as a result of investment of Delta Electronics (Thailand) Public Company Limited, Cynotec Co., Ltd., Eltek AS, Delta Controls Inc., Loy Tec electronics GmbH and Delta Greentech (China) Co., Ltd. is material. Refer to Note 5 for accounting estimates of impairment assessment of investments accounted for under equity method and the uncertainty of assumptions.

As the balance of investment accounted for under equity method is material, the valuation model

adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment assessment of investment accounted for under equity method a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of investments accounted for under equity method, obtained an understanding of the process in determining the expected future cash flows based on each cash generating unit, and performed the following audit procedures:

- A. Assessing whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;
- B. Confirming whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessing the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate and operating margin with historical data, economic and industrial forecast documents; and
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets.

Other matter – Scope of the Audit

We did not audit the financial statements of certain investments accounted for under equity method and information on investees disclosed in Note 13. These investments accounted for under equity method amounted to NT\$24,269,195 thousand and NT\$14,483,106 thousand, constituting 12.03% and 8.18% of total assets as at December 31, 2019 and 2018, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method was NT\$1,677,887 thousand and NT\$454,932 thousand, constituting 7.57% and 2.42% of total comprehensive income for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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 the 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s 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 auditor’s 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. 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;

- B. 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 Company's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- E. 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; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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 parent company only financial statements of Delta Electronics, Inc. as at and for the year ended December 31, 2019 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$29.98 to US\$1.00 at December 31, 2019. This basis of translation is not in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2020

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

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

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2018
Current assets				
Cash and cash equivalents	6(1)	\$ 21,519	\$ 645,136	\$ 239,908
Financial assets at fair value through profit or loss - current	6(2)	-	-	22,360
Financial assets at fair value through other comprehensive income - current	6(3)	10,668	319,823	57,656
Contract assets - current	6(16)	24,542	735,763	880,554
Notes receivable, net	6(4)	2,118	63,493	69,639
Accounts receivable, net	6(4)	148,344	4,447,348	5,359,056
Accounts receivable - related parties	7	165,420	4,959,305	2,789,163
Other receivables		3,268	97,967	168,173
Other receivables - related parties	7	15,223	456,383	637,076
Inventories	6(5)	119,375	3,578,871	1,665,641
Prepayments		35,721	1,070,916	802,753
Other current assets	8	5,684	170,407	95,328
Total current assets		<u>551,882</u>	<u>16,545,412</u>	<u>12,787,307</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	1,441	43,198	52,231
Financial assets at fair value through other comprehensive income - non-current	6(3)	42,027	1,259,966	1,728,446
Investments accounted for under equity method	6(6)	5,379,463	161,276,288	145,811,850
Property, plant and equipment	6(7) and 7	660,233	19,793,789	14,686,584
Right-of-use assets	6(8)	17,536	525,718	-
Intangible assets	6(9)	33,642	1,008,581	944,431
Deferred income tax assets	6(22)	19,426	582,385	478,295
Other non-current assets	6(10)	25,643	768,814	543,054
Total non-current assets		<u>6,179,411</u>	<u>185,258,739</u>	<u>164,244,891</u>
Total assets		<u>\$ 6,731,293</u>	<u>\$ 201,804,151</u>	<u>\$ 177,032,198</u>

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2018
Current liabilities					
Contract liabilities - current	6(16)	\$ 15,487	\$ 464,306	\$ 426,796	
Accounts payable		80,386	2,409,962	1,118,938	
Accounts payable - related parties	7	257,703	7,725,925	7,642,622	
Other payables		352,395	10,564,812	8,889,975	
Other payables - related parties	7	9,633	288,794	325,534	
Current income tax liabilities		17,339	519,822	943,811	
Other current liabilities		20,534	615,625	644,159	
Total current liabilities		<u>753,477</u>	<u>22,589,246</u>	<u>19,991,835</u>	
Non-current liabilities					
Long-term borrowings	6(11)	900,434	26,995,000	17,398,000	
Deferred income tax liabilities	6(22)	316,249	9,481,142	7,378,875	
Lease liabilities - non-current		15,270	457,795	-	
Other non-current liabilities	6(12)	70,850	2,124,091	1,992,329	
Total non-current liabilities		<u>1,302,803</u>	<u>39,058,028</u>	<u>26,769,204</u>	
Total liabilities		<u>2,056,280</u>	<u>61,647,274</u>	<u>46,761,039</u>	
Equity					
Share capital					
Share capital - common stock	6(13)	866,425	25,975,433	25,975,433	
Capital surplus					
Capital surplus	6(14)	1,637,870	49,103,331	48,397,067	
Retained earnings					
Legal reserve	6(15)	834,915	25,030,754	23,211,444	
Special reserve		252,203	7,561,032	7,088,143	
Unappropriated retained earnings		1,337,837	40,108,361	33,160,104	
Other equity interest					
Other equity interest		(254,237)	(7,622,034)	(7,561,032)	
Total equity		<u>4,675,013</u>	<u>140,156,877</u>	<u>130,271,159</u>	
Significant contingent liabilities and unrecorded contract commitments	9				
Significant subsequent events	11				
Total liabilities and equity		<u>\$ 6,731,293</u>	<u>\$ 201,804,151</u>	<u>\$ 177,032,198</u>	

The accompanying notes are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2018	2018
Sales revenue	6(16) and 7	\$ 1,599,255	\$ 47,945,673	\$ 38,948,885	
Operating costs	6(5)(20) (21)and 7	(1,053,873)	(31,595,117)	(26,413,103)	
Gross Profit		<u>545,382</u>	<u>16,350,556</u>	<u>12,535,782</u>	
Operating expenses	6(20)(21)				
Selling expenses		(36,999)	(1,109,232)	(680,375)	
General and administrative expenses		(90,289)	(2,706,854)	(2,004,916)	
Research and development expenses		(363,916)	(10,910,222)	(8,412,595)	
Expected credit impairment loss	12(2)	(487)	(14,602)	-	
Total operating expenses		<u>(491,691)</u>	<u>(14,740,910)</u>	<u>(11,097,886)</u>	
Operating profit		<u>53,691</u>	<u>1,609,646</u>	<u>1,437,896</u>	
Non-operating income and expenses					
Other income	6(17)	30,315	908,836	752,831	
Other gains and losses	6(18)	68,537	2,054,748	54,240	
Finance costs	6(19)	(4,431)	(132,833)	(83,854)	
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)				
Total non-operating income and expenses		<u>92,421</u>	<u>2,830,751</u>	<u>16,210,468</u>	
Profit before income tax		<u>840,425</u>	<u>25,195,937</u>	<u>18,371,581</u>	
Income tax expense	6(22)	(69,318)	(2,078,140)	(178,488)	
Profit for the year		<u>\$ 771,107</u>	<u>\$ 23,117,797</u>	<u>\$ 18,193,093</u>	
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans	6(12)	(\$ 1,015)	(\$ 30,435)	(\$ 81,177)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	6,180	185,277	(1,157,722)	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		(7,226)	(216,636)	380,450	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	203	6,088	(61,235)	
Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>(1,858)</u>	<u>(55,706)</u>	<u>(919,684)</u>	
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(95,459)	(2,861,873)	3,284,960	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		83,127	2,492,140	(1,787,299)	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(22)	(17,583)	(527,130)	42,768	
Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(29,915)</u>	<u>(896,863)</u>	<u>1,540,429</u>	
Other comprehensive income (loss) for the year		<u>(\$ 31,773)</u>	<u>(\$ 952,569)</u>	<u>\$ 620,745</u>	
Total comprehensive income for the year		<u>\$ 739,334</u>	<u>\$ 22,165,228</u>	<u>\$ 18,813,838</u>	
Earnings per share					
Basic earnings per share	6(23)	<u>\$ 0.30</u>	<u>\$ 8.90</u>	<u>\$ 7.00</u>	
Diluted earnings per share	6(23)	<u>\$ 0.30</u>	<u>\$ 8.85</u>	<u>\$ 6.96</u>	

The accompanying notes are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Notes	Retained earnings				Other equity interest				Total equity		
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets		Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments
2018 New Taiwan Dollars												
Balance at January 1, 2018		\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 33,082,224	\$ 5,911,839	\$ -	\$ -	\$ 80,537	\$ -	\$ 124,556,969
Effects of retrospective application and retrospective restatement		-	-	-	-	1,118,916	-	(2,375,757)	(80,537)	-	-	-
Balance after retrospective restatement at January 1, 2018		25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	5,911,839	2,375,757	-	80,537	-	124,556,969
Profit for the year		-	-	-	-	18,193,093	-	-	-	-	-	18,193,093
Other comprehensive income (loss) for the year		-	-	-	-	(15,946)	1,489,814	(903,738)	-	-	50,615	620,745
Comprehensive income (loss) for the year		-	-	-	-	18,177,147	1,489,814	(903,738)	-	-	50,615	18,813,838
Distribution of 2017 earnings	6(15)	-	-	1,838,056	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	(1,838,056)	-	-	-	-	-	-
Special reserve		-	-	-	4,320,394	-	-	-	-	-	-	-
Cash dividends		-	-	-	(12,987,717)	-	-	-	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	(49,251)	-	-	(62,680)	-	-	-	-	-	(111,931)
Disposal of equity investment at fair value through other comprehensive income	6(3)	-	-	-	-	(9,336)	-	9,336	-	-	-	-
Balance at December 31, 2018		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	\$ 4,422,025	\$ 3,270,159	\$ -	\$ 131,152	\$ -	\$ 130,271,159
2019 New Taiwan Dollars												
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	\$ 4,422,025	\$ 3,270,159	\$ -	\$ 131,152	\$ -	\$ 130,271,159
Effects of retrospective application and retrospective restatement	3(1)	-	-	-	-	1,943	-	-	-	-	-	1,943
Balance after retrospective restatement at January 1, 2019		25,975,433	48,397,067	23,211,444	7,088,143	33,162,047	4,422,025	3,270,159	-	131,152	-	130,273,102
Profit for the year		-	-	-	-	23,117,797	-	-	-	-	-	23,117,797
Other comprehensive income (loss) for the year		-	-	-	-	(255,785)	912,967	200,079	-	-	16,104	(952,569)
Comprehensive income (loss) for the year		-	-	-	-	22,862,012	912,967	200,079	-	-	16,104	(736,772)
Distribution of 2018 earnings	6(15)	-	-	1,819,310	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	(1,819,310)	-	-	-	-	-	-
Special reserve		-	-	-	472,889	-	-	-	-	-	-	-
Cash dividends		-	-	-	(12,987,717)	-	-	-	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	-	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	671,323	-	-	-	-	-	-	-	-	671,323
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(635,782)	-	635,782	-	-	-	-
Balance at December 31, 2019		\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	\$ 5,334,992	\$ 2,434,298	\$ -	\$ 147,256	\$ -	\$ 140,156,877

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

Items	Notes	Retained earnings				Other equity interest				Total equity		
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets		Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments
2019 US Dollars												
Balance at January 1, 2019	3(1)	\$ 866,425	\$ 1,614,312	\$ 774,231	\$ 236,429	\$ 1,106,074	\$ 147,499	(\$ 109,078)	\$ -	\$ -	\$ 4,375	\$ 4,345,269
Effects of retrospective application and retrospective restatement		-	-	-	-	65	-	-	-	-	-	65
Balance after retrospective restatement at January 1, 2019		866,425	1,614,312	774,231	236,429	1,106,139	(147,499)	(109,078)	-	-	4,375	4,345,334
Profit for the year		-	-	-	-	771,107	-	-	-	-	-	771,107
Other comprehensive income (loss) for the year		-	-	-	-	(8,531)	(30,453)	6,674	-	-	537	(31,772)
Comprehensive income (loss) for the year		-	-	-	-	762,576	(30,453)	6,674	-	-	537	739,334
Distribution of 2018 earnings	6(15)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	60,684	-	(60,684)	-	-	-	-	-	-
Special reserve		-	-	-	15,774	(15,774)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(433,213)	-	-	-	-	-	(433,213)
Changes in ownership interests in subsidiaries		-	1,166	-	-	-	-	-	-	-	-	1,166
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	22,392	-	-	-	-	-	-	-	-	22,392
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(21,207)	-	21,207	-	-	-	-
Balance at December 31, 2019		\$ 866,425	\$ 1,637,870	\$ 834,915	\$ 252,203	\$ 1,337,837	\$ 177,952	(\$ 81,197)	\$ -	\$ -	\$ 4,912	\$ 4,675,013

The accompanying notes are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2019	2019	2018	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax for the year		\$ 840,425	\$ 25,195,937	\$ 18,371,581	
Adjustments to reconcile net income to net cash generated from operating activities					
Income and expenses having no effect on cash flows					
Depreciation	6(7)(8)(20)	47,097	1,411,957	976,968	
Amortization	6(9)(20)	14,965	448,662	275,642	
Expected credit impairment loss	12(2)	487	14,602	-	
Interest expense	6(19)	4,431	132,833	83,854	
Interest income	6(17)	(571)	(17,125)	(16,269)	
Dividend income	6(17)	(1,859)	(55,722)	(74,305)	
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)				
		(692,313)	(20,755,540)	(16,210,468)	
Net loss on financial assets at fair value through profit or loss	6(2)(18)	141	4,241	14,014	
Loss (gain) on disposal of property, plant and equipment	6(18)	45	1,361	(16,705)	
Gain on disposal of investments	6(18)	(70,490)	(2,113,283)	-	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		906	27,152	55,662	
Contract assets		4,830	144,791	293,169	
Notes receivable		205	6,146	151,489	
Accounts receivable		84,968	2,547,349	(780,022)	
Accounts receivable - related parties		(72,386)	(2,170,142)	(738,175)	
Other receivables		8,514	255,243	(112,342)	
Other receivables - related parties		6,027	180,693	82,216	
Inventories		(16,851)	(505,188)	(338,308)	
Prepayments		(7,954)	(238,464)	(92,714)	
Other current assets		(2,501)	(74,976)	45,302	
Other non-current assets		(2,166)	(64,930)	(124,105)	
Net changes in liabilities relating to operating activities					
Contract liabilities		277	8,303	(91,513)	
Accounts payable		(5,862)	(175,745)	222,411	
Accounts payable - related parties		2,779	83,303	1,085,684	
Other payables		23,163	694,436	72,932	
Other payables - related parties		(1,225)	(36,740)	(58,211)	
Other current liabilities		(12,457)	(373,450)	138,452	
Other non-current liabilities		7,624	228,549	(101,279)	
Cash inflow generated from operations		160,249	4,804,253	3,114,960	
Interest received		566	16,979	16,408	
Dividends received		206,811	6,200,189	4,047,045	
Interest paid		(4,225)	(126,667)	(80,093)	
Income taxes paid		(33,735)	(1,011,371)	(220,470)	
Net cash flows from operating activities		329,666	9,883,383	6,877,850	

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars 2019	New Taiwan Dollars 2019	New Taiwan Dollars 2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through other comprehensive income		(\$ 373)	(\$ 11,190)	(\$ 245,356)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	13,435	402,780	733
Acquisition of investments accounted for under equity method		(10,324)	(309,510)	(447,595)
Proceeds from capital reduction of investments accounted for under equity method		-	-	2,106,870
Proceeds from capital withdrawal from liquidation of subsidiaries		1,556	46,642	-
Acquisition of property, plant and equipment	6(7)	(203,820)	(6,110,524)	(4,041,549)
Proceeds from disposal of property, plant and equipment		929	27,859	228,995
Acquisition of intangible assets	6(9)	(16,891)	(506,394)	(418,812)
Increase in prepayments for business facilities		(4,462)	(133,758)	(193,344)
Decrease in cash surrender value of life insurance		228	6,827	8,415
(Increase) decrease in refundable deposits		(69)	(2,066)	20,298
Cash inflow due to business combinations	6(24)	14,852	445,267	6,105
Net cash flows used in investing activities		(204,939)	(6,144,067)	(2,975,240)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Repayments of short-term borrowings	6(25)	-	-	(45,000)
Proceeds from long-term debt	6(25)	320,113	9,597,000	6,822,000
Increase in guarantee deposit received		4,088	122,570	-
Lease principal repayment		(2,198)	(65,941)	-
Cash dividends paid	6(15)	(433,213)	(12,987,717)	(12,987,717)
Net cash flows used in financing activities		(111,210)	(3,334,088)	(6,210,717)
Net increase (decrease) in cash and cash equivalents		13,517	405,228	(2,308,107)
Cash and cash equivalents at beginning of year		8,002	239,908	2,548,015
Cash and cash equivalents at end of year		\$ 21,519	\$ 645,136	\$ 239,908

The accompanying notes are an integral part of these parent company only financial statements.

DELTA ELECTRONICS, INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Delta Electronics, Inc. (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company is the global leader in power and thermal management solutions and is primarily engaged in the research and development, design, manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc. The Company's mission statement, to provide innovative, clean and energy-efficient solutions for a better tomorrow, focuses on addressing key environmental issues such as global climate change. With the concern for the environment, the Company continues to develop innovative energy-efficient products and solutions. In recent years, the Company has transformed from a product provider towards a solution provider and the Company's business is segregated into power electronics business, automation business, and infrastructure business.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 16, 'Leases'

- A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a 'lease liability' (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' and 'lease liability' both by \$464,525, and 'increased investments accounted for under equity method' and 'retained earnings' both by \$1,943, due to effect from subsidiaries with respect to the lease contracts of lessees on January 1, 2019.
- C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - The use of hindsight in determining the lease term where the contract contains options to extend the lease.
- D. The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate of 1.19%.
- E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as at January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	284,126
Less: Short-term leases	(	3,680)
Add: Adjustments as a result of a different treatment of extension options and termination options		<u>232,621</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	<u>\$</u>	<u>513,067</u>
Incremental borrowing interest rate at the date of initial application		<u>1.19%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$</u>	<u>464,525</u>

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Company still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within 12 months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within 12 months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost. The cost of finished goods and work in process comprises raw materials, direct labour, other director costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for under equity method / subsidiaries and associates

- A. Subsidiaries are all entities controlled by the Company (including structured entries). The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses on transactions between the Company and subsidiaries have been eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or

exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

- D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage

of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Cash surrender value of life insurance

Premium paid for life insurance with saving nature belonging to cash surrender value is recognised as a deduction to insurance premium expense in current period and is added to the carrying amount of cash surrender value.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (lease allocates its cost over contractual period). Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be

depreciated separately.

- D. The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the asset's residual values and useful lives differ from previous estimates or the patterns of consumption of the asset's future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2~15 years except for buildings, the estimated life of which is 5~55 years.

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Leased assets/ operating leases (lessee)

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Intangible assets

A. Trademarks

- (a) Separately acquired trademarks with finite useful lives are stated at acquisition cost and are amortised on a straight-line basis over their estimated useful lives.
- (b) Certain trademarks which are assessed to generate net cash inflows and have indefinite useful

lives are recorded at actual cost. These are not amortised and instead, are tested for impairment annually.

- B. Intangible assets other than goodwill and trademarks, mainly computer software, patents, customer relationship and technology authorisation fees, are amortised on a straight-line basis over their estimated useful lives of 2~22 years.

(17) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of intangible assets with an indefinite useful life and intangible assets that have not yet been available for use should be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial, they are measured subsequently at original invoice amount.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Employee benefits

- A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is

levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells computers, information technology, electrical machines, power supply, automation equipment and related components products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company

has objective evidence that all criteria for acceptance have been satisfied.

- (b) Sales revenue is recognised based on the price specified in the contract, net of the estimated discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. Sales are usually made with a credit term of 30 to 90 days after acceptance. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Installation of software and module services

- (a) The Company provides installation of some software and module services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification.
- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Revenue from licencing intellectual property

The Company is entitled to collect usage-based royalty in return for licencing patented technologies and intellectual property rights to subsidiaries and associates under agreements. The Company recognises revenue when the performance obligation has been satisfied and the subsequent usage occurs.

D. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate or Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

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

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and revolving funds	\$ 3,421	\$ 2,160
Checking accounts and demand deposits	641,715	237,748
	<u>\$ 645,136</u>	<u>\$ 239,908</u>

- A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2019	December 31, 2018
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ -	\$ 15,854
Valuation adjustment	-	6,506
	<u>\$ -</u>	<u>\$ 22,360</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 30,843	\$ 30,843
Unlisted stocks	45,363	45,363
	<u>76,206</u>	<u>76,206</u>
Valuation adjustment	(33,008)	(23,975)
	<u>\$ 43,198</u>	<u>\$ 52,231</u>

- A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 4,241)	(\$ 14,014)

- B. The Company has no financial assets at fair value through profit or loss pledged to others.
- C. Information relating to credit risk is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2019	December 31, 2018
Current items:		
Equity instruments		
Listed stocks	\$ 1,559,472	\$ 871,492
Valuation adjustment	(1,239,649)	(813,836)
	<u>\$ 319,823</u>	<u>\$ 57,656</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 2,301,004	\$ 4,301,090
Unlisted stocks	153,610	153,610
	<u>2,454,614</u>	<u>4,454,700</u>
Valuation adjustment	(1,194,648)	(2,726,254)
	<u>\$ 1,259,966</u>	<u>\$ 1,728,446</u>

- A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,579,789 and \$1,786,102 as at December 31, 2019 and 2018, respectively.
- B. For the years ended December 31, 2019 and 2018, the Company sold listed stocks and convertible bonds whose fair value were \$402,780 and \$733, respectively, to adjust the stock position, resulting to an accumulated loss on disposal of \$920,516 and \$9,336, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2019	2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 185,277	(\$ 1,181,503)
Cumulative gain (loss) reclassified to retained earnings due to derecognition	(\$ 920,516)	(\$ 9,336)

- D. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$1,579,789 and \$1,786,102, respectively.
- E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Notes receivable	\$ 63,493	\$ 69,639
Accounts receivable	\$ 4,525,757	\$ 5,422,863
Less: Allowance for uncollectible accounts	(78,409)	(63,807)
	<u>\$ 4,447,348</u>	<u>\$ 5,359,056</u>

A. The aging analysis of accounts receivable is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Not past due	\$ 4,171,912	\$ 4,997,972
1 to 90 days	225,163	322,024
91 to 180 days	45,629	34,514
181 to 365 days	4,644	4,546
Over 366 days	-	-
	<u>\$ 4,447,348</u>	<u>\$ 5,359,056</u>

The above aging analysis was based on past due date.

B. As at December 31, 2019 and 2018, there was no notes receivable past due.

C. As at December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2018, the balance of receivables from contracts with customers amounted to \$5,934,023.

D. The Company has no notes receivable and accounts receivable pledged to others as collateral.

E. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Company's notes receivable were \$63,493 and \$69,639, and accounts receivable were \$4,447,348 and \$5,359,056, respectively.

F. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 2,381,822	(\$ 682,522)	\$ 1,699,300
Work in process	317,962	-	317,962
Finished goods	1,687,425	(254,622)	1,432,803
Inventory in transit	128,806	-	128,806
	<u>\$ 4,516,015</u>	<u>(\$ 937,144)</u>	<u>\$ 3,578,871</u>

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 818,473	(\$ 213,476)	\$ 604,997
Work in process	159,169	-	159,169
Finished goods	983,795	(137,141)	846,654
Inventory in transit	54,821	-	54,821
	<u>\$ 2,016,258</u>	<u>(\$ 350,617)</u>	<u>\$ 1,665,641</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2019	2018
Cost of goods sold	\$ 26,068,307	\$ 20,785,103
Loss on market value decline and obsolete and slow-moving inventories	354,310	41,600
Others	(21,640)	(3,857)
	<u>\$ 26,400,977</u>	<u>\$ 20,822,846</u>

(6) Investments accounted for under equity method

A. Details of investments accounted for under the equity method are set forth below:

Investee	December 31, 2019		December 31, 2018	
	Ownership(%)	Book value	Ownership(%)	Book value
Subsidiaries:				
Delta International Holding Ltd. (DIH) (Note 1)	100.00	\$ 71,598,502	94.00	\$ 67,413,894
Cyntec Co., Ltd. (Cyntec)	100.00	33,929,506	100.00	34,933,488
Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	100.00	24,194,633	100.00	15,143,815
Delta Networks Holding Ltd. (DNH)	100.00	5,547,216	100.00	9,803,866
Delta Electronics (Thailand) Public Company limited (DET)(Note 2)	5.54	4,588,711	(Note 2)	(Note 2)
Delta Electronics (Netherlands) B.V. (DEN)	100.00	10,740,522	100.00	4,728,327
Vivotek Inc. (Vivo)	49.87	3,908,920	50.13	3,965,274
Delta Electronics Capital Company (DECC)	100.00	3,835,853	100.00	3,919,861
Allied Material Technology Corp. (AMT)	99.97	1,769,895	99.97	1,869,817
Delta Networks, Inc. (Taiwan) (DNIT)(Note 3)	-	-	99.98	1,283,132
UNICOM SYSTEM ENG. CORP. (UNICOM)	100.00	453,222	100.00	438,733

Investee	December 31, 2019		December 31, 2018	
	Ownership(%)	Book value	Ownership(%)	Book value
Delta America Ltd. (DAL)(Note 4)	10.26	\$ 246,704	10.26	\$ 318,556
PreOptix (Hong Kong) Co. Ltd. (PHK)	39.62	243,787	39.62	170,071
DelBio Inc. (DelBio)	100.00	218,817	100.00	207,288
Others		-		45,762
Associates:				
Delta Electronics (Thailand) Public Company limited (DET)	(Note 2)	(Note 2)	5.54 (Note 5)	1,569,966
		<u>\$ 161,276,288</u>		<u>\$ 145,811,850</u>

Note 1: In December 2019, DIH repurchased and cancelled 6% of its own equity interest from non-controlling interest, and the Company held 100% equity interest of DIH after the cancellation.

Note 2: DET was accounted for under equity method given 63.78% of consolidated ownership. The subsidiary, DIH, and the Company previously owned 15.39% and 5.54% equity of DET, respectively. On April 2, 2019, the Company acquired an additional 42.85% equity of DET through the subsidiary, DEIL-SG. As a result of obtaining control over DET, the equity originally held by the Company was remeasured at fair value.

Note 3: The investee was dissolved after the merger with the Company on April 1, 2019.

Note 4: DAL was accounted for under equity method given 100% of consolidated ownership. The Company previously owned 10.26% equity of DAL. On October 3, 2016 and July 2, 2015, the Company acquired indirectly an additional 49.79% and 39.95% equity of DAL, respectively, through DEN and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited.

Note 5: DET was accounted for under equity method since over 20% shares with voting right of DET were held collectively by the Company and the subsidiary, DIH.

B. Share of profit/(loss) of subsidiaries and associates accounted for under equity method is shown as follows:

Investee	2019	2018
DEIL-SG	\$ 9,347,995	\$ 7,453,219
DIH	8,900,336	5,565,747
CYNTEC	910,629	2,210,357
DNH	180,995	551,507
DNIT	44,610	245,506
DECC	308,435	(90,948)
DEN	925,303	37,310
AMT	(99,921)	(115,567)
DET	56,013	257,672
Others	181,145	95,665
	<u>\$ 20,755,540</u>	<u>\$ 16,210,468</u>

- C. The financial statements of investments under equity method were reviewed by other independent accountants. Share of other comprehensive income of associates was \$1,677,887 and \$454,932 for the years ended December 31, 2019 and 2018, respectively, and investments accounted for under equity method was \$24,269,195 and \$14,483,106 as at December 31, 2019 and 2018, respectively.
- D. Information about subsidiaries of the Company is provided in Note 4(3) in the 2019 consolidated financial statements.
- E. The summarised financial information on the primary associates of the Company is shown as follows:

Company name	Principal place of business	Shareholding ratio (Note)		Nature of relationship	Method of measurement
		December 31, 2019	December 31, 2018		
DET	Thailand	Not applicable	20.93%	Holds more than 20% of voting rights	Equity method

Note: The shareholding ratio in associates represent the ratio of common shares held by the Company and its subsidiaries.

Balance sheet

	DET
	<u>December 31, 2018</u>
Current assets	\$ 36,209,901
Non-current assets	9,734,999
Current liabilities	(11,779,439)
Non-current liabilities	(1,812,976)
Total net assets	<u>\$ 32,352,485</u>
Share in associates' net assets	\$ 1,792,328
Unrealised upstream and sidestream transactions	(8,719)
Others	(213,643)
Carrying amount of the associate	<u>\$ 1,569,966</u>

Statement of comprehensive income

	DET
	<u>Year ended</u>
	<u>December 31, 2018</u>
Revenue	\$ 50,003,204
Profit for the year from continuing operations	\$ 4,767,009
Profit attributable to non-controlling interests	(9,827)
Other comprehensive loss, net of tax	(849,094)
Total comprehensive income	<u>\$ 3,908,088</u>
Dividends received from associates	<u>\$ 532,089</u>

F. The Company's investment in DET had quoted market prices. The fair value of DET as at December 31, 2018 was \$4,579,560.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2019</u>							
Cost	\$ 7,668,157	\$ 7,557,523	\$ 1,206,465	\$ 2,529,730	\$ 2,067,825	\$ 160,029	\$ 21,189,729
Accumulated depreciation and impairment	-	(2,211,117)	(801,406)	(2,073,022)	(1,417,600)	-	(6,503,145)
	<u>\$ 7,668,157</u>	<u>\$ 5,346,406</u>	<u>\$ 405,059</u>	<u>\$ 456,708</u>	<u>\$ 650,225</u>	<u>\$ 160,029</u>	<u>\$ 14,686,584</u>
<u>2019</u>							
Opening net book amount	\$ 7,668,157	\$ 5,346,406	\$ 405,059	\$ 456,708	\$ 650,225	\$ 160,029	\$ 14,686,584
Additions	2,476,964	188,957	288,347	904,633	370,936	1,880,687	6,110,524
Acquired through business combinations	-	9,085	217,604	125,334	17,954	97	370,074
Disposal	-	-	(29,025)	(3)	(192)	-	(29,220)
Transfer	-	24,809	115,607	49,172	23,113	(212,701)	-
Depreciation charge	-	(242,329)	(255,254)	(427,617)	(418,973)	-	(1,344,173)
Closing net book amount	<u>\$ 10,145,121</u>	<u>\$ 5,326,928</u>	<u>\$ 742,338</u>	<u>\$ 1,108,227</u>	<u>\$ 643,063</u>	<u>\$ 1,828,112</u>	<u>\$ 19,793,789</u>
<u>At December 31, 2019</u>							
Cost	\$ 10,145,121	\$ 7,807,057	\$ 2,309,895	\$ 4,050,708	\$ 2,461,998	\$ 1,828,112	\$ 28,602,891
Accumulated depreciation and impairment	-	(2,480,129)	(1,567,557)	(2,942,481)	(1,818,935)	-	(8,809,102)
	<u>\$ 10,145,121</u>	<u>\$ 5,326,928</u>	<u>\$ 742,338</u>	<u>\$ 1,108,227</u>	<u>\$ 643,063</u>	<u>\$ 1,828,112</u>	<u>\$ 19,793,789</u>

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2018</u>							
Cost	\$ 4,730,899	\$ 7,296,137	\$ 1,068,206	\$ 2,287,056	\$ 1,909,507	\$ 238,672	\$ 17,530,477
Accumulated depreciation and impairment	-	(2,007,607)	(676,090)	(1,925,295)	(1,087,364)	-	(5,696,356)
	<u>\$ 4,730,899</u>	<u>\$ 5,288,530</u>	<u>\$ 392,116</u>	<u>\$ 361,761</u>	<u>\$ 822,143</u>	<u>\$ 238,672</u>	<u>\$ 11,834,121</u>
<u>2018</u>							
Opening net book amount	\$ 4,730,899	\$ 5,288,530	\$ 392,116	\$ 361,761	\$ 822,143	\$ 238,672	\$ 11,834,121
Additions	3,061,654	81,215	139,042	300,355	226,597	232,686	4,041,549
Acquired through business combinations	-	-	-	-	172	-	172
Disposals	(124,396)	(46,717)	(5,197)	(104)	(35,876)	-	(212,290)
Transfer	-	266,196	22,724	18,839	3,570	(311,329)	-
Depreciation charge	-	(242,818)	(143,626)	(224,143)	(366,381)	-	(976,968)
Closing net book amount	<u>\$ 7,668,157</u>	<u>\$ 5,346,406</u>	<u>\$ 405,059</u>	<u>\$ 456,708</u>	<u>\$ 650,225</u>	<u>\$ 160,029</u>	<u>\$ 14,686,584</u>
<u>At December 31, 2018</u>							
Cost	\$ 7,668,157	\$ 7,557,523	\$ 1,206,465	\$ 2,529,730	\$ 2,067,825	\$ 160,029	\$ 21,189,729
Accumulated depreciation and impairment	-	(2,211,117)	(801,406)	(2,073,022)	(1,417,600)	-	(6,503,145)
	<u>\$ 7,668,157</u>	<u>\$ 5,346,406</u>	<u>\$ 405,059</u>	<u>\$ 456,708</u>	<u>\$ 650,225</u>	<u>\$ 160,029</u>	<u>\$ 14,686,584</u>

(8) Leasing arrangements - lessee

Effective 2019

- A. The Company leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2019</u>	<u>Year ended December 31, 2019</u>
	<u>Book value</u>	<u>Depreciation charge</u>
Land	\$ 429,447	\$ 16,509
Buildings and structures	92,842	47,970
Transportation equipment	2,978	2,875
Other equipment	451	430
	<u>\$ 525,718</u>	<u>\$ 67,784</u>

- C. For the year ended December 31, 2019, the addition to right-of-use assets (including those acquired through business combination) was \$127,917.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 6,376
Expense on short-term lease contracts	<u>\$ 33,886</u>




- E. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$106,203.
- F. Extension options
- (a) Extension options are included in the Company's lease contracts pertaining to certain land. These terms and conditions are the lessor's general practice and for the Company to effectively utilise the assets.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Intangible assets

<u>At January 1, 2019</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>	<u>Total</u>
Cost	\$ 413,164	\$ 113,696	\$ 1,818,945	\$ 2,345,805
Accumulated amortisation and impairment	(20,030)	(75,777)	(1,305,567)	(1,401,374)
	<u>\$ 393,134</u>	<u>\$ 37,919</u>	<u>\$ 513,378</u>	<u>\$ 944,431</u>
<u>2019</u>				
Opening net book amount	\$ 393,134	\$ 37,919	\$ 513,378	\$ 944,431
Additions	-	44,595	461,799	506,394
Acquired through business combinations	-	228	6,190	6,418
Amortisation	(3,292)	(15,706)	(429,664)	(448,662)
Closing net book amount	<u>\$ 389,842</u>	<u>\$ 67,036</u>	<u>\$ 551,703</u>	<u>\$ 1,008,581</u>
<u>At December 31, 2019</u>				
Cost	\$ 413,164	\$ 127,043	\$ 1,343,191	\$ 1,883,398
Accumulated amortisation and impairment	(23,322)	(60,007)	(791,488)	(874,817)
	<u>\$ 389,842</u>	<u>\$ 67,036</u>	<u>\$ 551,703</u>	<u>\$ 1,008,581</u>
<u>At January 1, 2018</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>	<u>Total</u>
Cost	\$ 413,164	\$ 101,569	\$ 1,412,260	\$ 1,926,993
Accumulated amortisation and impairment	(16,737)	(67,864)	(1,041,131)	(1,125,732)
	<u>\$ 396,427</u>	<u>\$ 33,705</u>	<u>\$ 371,129</u>	<u>\$ 801,261</u>
<u>2018</u>				
Opening net book amount	\$ 396,427	\$ 33,705	\$ 371,129	\$ 801,261
Additions	-	12,127	406,685	418,812
Amortisation	(3,293)	(7,913)	(264,436)	(275,642)
Closing net book amount	<u>\$ 393,134</u>	<u>\$ 37,919</u>	<u>\$ 513,378</u>	<u>\$ 944,431</u>
<u>At December 31, 2018</u>				
Cost	\$ 413,164	\$ 113,696	\$ 1,818,945	\$ 2,345,805
Accumulated amortisation and impairment	(20,030)	(75,777)	(1,305,567)	(1,401,374)
	<u>\$ 393,134</u>	<u>\$ 37,919</u>	<u>\$ 513,378</u>	<u>\$ 944,431</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2019	2018
Operating costs	\$ 666	\$ 287
Selling expenses	7,810	4,649
Administrative expenses	206,394	144,431
Research and development expenses	233,792	126,275
	<u>\$ 448,662</u>	<u>\$ 275,642</u>

B. The Company acquired registered or under-application trademark rights such as , , VIVITEK, 麗訊 and . The Company's trademarks are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortised but are tested for impairment annually.

C. Trademarks with indefinite useful lives are allocated as follows to the Company's cash-generating units identified according to operating segment:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trademarks:		
Power electronics business	<u>\$ 386,823</u>	<u>\$ 386,823</u>

D. Trademarks with indefinite useful lives are allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount calculated using the value-in-use exceeded their carrying amount, so trademark rights with indefinite useful lives were not impaired. Value-in-use calculations take into account net operating income, growth rate and discount rate.

Management determined budgeted operating profit margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant operating segments.

(10) Other non-current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayments for business facilities	\$ 375,183	\$ 241,425
Cash surrender value of life insurance	53,953	60,780
Guarantee deposits paid	36,286	34,220
Others	303,392	206,629
	<u>\$ 768,814</u>	<u>\$ 543,054</u>

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Credit loans	<u>\$ 26,995,000</u>	<u>\$ 17,398,000</u>
Credit lines	<u>\$ 56,663,940</u>	<u>\$ 50,375,825</u>
Interest rate range	<u>0.47%~0.63%</u>	<u>0.53%~0.59%</u>

As at December 31, 2019, the revolving loans can be drawn down during the period from May 30, 2019 to May 30, 2024 and are payable before the due date under the agreement.

(12) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	(\$ 3,576,648)	(\$ 3,072,318)
Fair value of plan assets	<u>1,699,763</u>	<u>1,182,795</u>
Net defined benefit liability	<u>(\$ 1,876,885)</u>	<u>(\$ 1,889,523)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2019			
Balance at January 1	(\$ 3,072,318)	\$ 1,182,795	(\$ 1,889,523)
Current service cost	(31,613)	-	(31,613)
Interest (expense) income	(33,681)	13,649	(20,032)
Past service cost	(6,082)	-	(6,082)
	<u>(3,143,694)</u>	<u>1,196,444</u>	<u>(1,947,250)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	40,323	40,323
Change in financial assumptions	(83,202)	-	(83,202)
Change in demographic assumptions	(2,856)	-	(2,856)
Experience adjustments	<u>15,300</u>	<u>-</u>	<u>15,300</u>
	<u>(70,758)</u>	<u>40,323</u>	<u>(30,435)</u>
Pension fund contribution	-	67,998	67,998
Paid pension	88,018	(81,355)	6,663
Effect of business combination	<u>(450,214)</u>	<u>476,353</u>	<u>26,139</u>
Balance at December 31	<u>(\$ 3,576,648)</u>	<u>\$ 1,699,763</u>	<u>(\$ 1,876,885)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	(\$ 3,089,147)	\$ 1,090,620	(\$ 1,998,527)
Current service cost	(30,605)	-	(30,605)
Interest (expense) income	(38,125)	13,354	(24,771)
Past service cost	(6,557)	-	(6,557)
Effect of plan amendment	(1,703)	-	(1,703)
	<u>(3,166,137)</u>	<u>1,103,974</u>	<u>(2,062,163)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	31,884	31,884
Change in financial assumptions	(85,462)	-	(85,462)
Change in demographic assumptions	(2,839)	-	(2,839)
Experience adjustments	(24,760)	-	(24,760)
	<u>(113,061)</u>	<u>31,884</u>	<u>(81,177)</u>
Pension fund contribution	-	211,463	211,463
Paid pension	206,880	(164,526)	42,354
Balance at December 31	<u><u>(\$ 3,072,318)</u></u>	<u><u>\$ 1,182,795</u></u>	<u><u>(\$ 1,889,523)</u></u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2019	2018
Discount rate	0.75%	1.00%
Future salary increases rate	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 96,589)	\$ 100,410	\$ 97,932	(\$ 94,744)
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	(\$ 86,225)	\$ 89,737	\$ 87,743	(\$ 84,785)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amount to \$39,203.

(g) As at December 31, 2019, the weighted average duration of the retirement plan is 10 years.

B. Defined contribution plan

Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were \$361,854 and \$285,136, respectively.

(13) Share capital

- A. In accordance with the Company's Articles of Incorporation, the total authorised common stock is 4 billion shares (including 100 million shares for stock warrants conversion). As at December 31, 2019, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share.
- B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 million units of global depository receipts (GDRs), represented by 80 million shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg on March 29, 2005, with total proceeds of US\$134,666 thousand. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:
- (a) **Voting rights**
- GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.
- (b) **Redemption of GDRs**
- For sales and redemption of the underlying common shares represented by the GDRs when the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.
- (c) **Distribution of dividends, preemptive rights and other rights**
- Distribution of dividends, preemptive rights and other rights and interests of GDR units bear the same rights as common shares.
- (d) After considering the stock dividend distribution year by year, as at December 31, 2019, there were 603 thousand units outstanding, representing 3,015 thousand common shares of the Company's common stock.

(14) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of

capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

- A. Under the Company's Articles of Incorporation approved by the shareholders on June 8, 2016, the current year's earnings, if any, shall be distributed in the following order:
- (a) Payment of all taxes and dues.
 - (b) Offset against prior years' operating losses, if any.
 - (c) Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company.
 - (d) Setting aside or reversing a special reserve according to relevant regulations when necessary.
 - (e) The remainder along with beginning unappropriated earnings shall be shareholders' bonus. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders. As the Company is in the growth stage, and taking into consideration the shareholders' benefits, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the current period. Cash dividends shall be at least 15% of the bonus distributed to shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2018 and 2017 earnings had been approved by the shareholders during their meeting on June 10, 2019 and June 11, 2018, respectively. Details are summarised below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,819,310		\$ 1,838,056	
Special reserve appropriated	472,889		4,320,394	
Cash dividends	12,987,717	\$ 5.0	12,987,717	\$ 5.0

Information about the appropriation of earnings will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

- E. The appropriations of 2019 earnings had been proposed by the Board of Directors on March 10, 2020. Details are summarised below:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Appropriation for legal reserve	\$ 2,311,780	
Appropriation for special reserve	61,002	
Cash dividends	12,987,717	\$ 5.0

As at March 10, 2020, the abovementioned 2019 earnings appropriation has not yet been approved by the stockholders.

- F. For the information relating to employees’ compensation and directors’ remuneration, please refer to Note 6(21).

(16) Operating revenue

	Years ended December 31,	
	2019	2018
Revenue from contracts with customers	\$ 47,945,673	\$ 38,948,885

- A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major business:

		Year ended December 31, 2019				
		Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts		\$ 12,124,250	\$ 7,803,531	\$ 15,552,999	\$ 12,464,893	\$ 47,945,673
Timing of revenue recognition						
At a point in time		10,888,128	5,511,726	12,806,934	155	29,206,943
Over time		1,236,122	2,291,805	2,746,065	12,464,738	18,738,730
		\$ 12,124,250	\$ 7,803,531	\$ 15,552,999	\$ 12,464,893	\$ 47,945,673
		Year ended December 31, 2018				
		Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts		\$ 13,565,213	\$ 6,738,878	\$ 6,834,581	\$ 11,810,213	\$ 38,948,885
Timing of revenue recognition						
At a point in time		12,831,372	6,623,730	6,163,314	6,877	25,625,293
Over time		733,841	115,148	671,266	11,803,337	13,323,592
		\$ 13,565,213	\$ 6,738,878	\$ 6,834,580	\$ 11,810,214	\$ 38,948,885

B. Contract assets and liabilities

The Company has recognised the revenue-related contract assets primarily from automation equipment contracts and resolution of communication equipment power resource system; contract liabilities primarily pertain to advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.

Revenue recognised that was included in the contract liability balance at the beginning of the year is as follows:

		Years ended December 31,	
		2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the year			
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.		\$ 426,796	\$ 505,466

(17) Other income

	Years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 17,125	\$ 16,269
Rental income	38,411	84,689
Dividend income	55,722	74,305
Others	797,578	577,568
	<u>\$ 908,836</u>	<u>\$ 752,831</u>

(18) Other gains and losses

	Years ended December 31,	
	2019	2018
(Loss) gain on disposal of property, plant and equipment	(\$ 1,361)	\$ 16,705
Gain on disposal of investments (Note)	2,113,283	-
Net currency exchange gain	38,351	50,170
Loss on financial assets at fair value through profit or loss	(4,241)	(14,014)
Others	(91,284)	1,379
	<u>\$ 2,054,748</u>	<u>\$ 54,240</u>

(Note) The Company recognised a gain of \$2,133,375 as a result of measuring at fair value its 5.54% equity interest in DET held before the public tender offer made by the subsidiary, DEIL-SG.

(19) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense	<u>\$ 132,833</u>	<u>\$ 83,854</u>

(20) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	\$ 12,635,626	\$ 9,261,432
Depreciation charges on property, plant and equipment	1,344,173	976,968
Depreciation charges on right-of-use asset	67,784	-
Amortisation charges on intangible assets	448,662	275,642
	<u>\$ 14,496,245</u>	<u>\$ 10,514,042</u>

(21) Employee benefit expense

	Years ended December 31,	
	2019	2018
Post-employment benefits		
Defined contribution plans	\$ 361,854	\$ 285,136
Defined benefit plans	<u>57,727</u>	<u>63,636</u>
	419,581	348,772
Other employee benefits	<u>12,216,045</u>	<u>8,912,660</u>
	<u>\$ 12,635,626</u>	<u>\$ 9,261,432</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$1,446,870 and \$1,358,121, respectively; while directors' remuneration was accrued at \$39,144 and \$39,144, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2019, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as prescribed by the Company's Articles of Incorporation. The employees' compensation of \$1,763,122 and directors' remuneration of \$29,400 for 2019 were resolved by the Board of Directors on March 10, 2020.

The employees' compensation of \$1,728,344 and directors' remuneration of \$29,400 for 2018 were resolved by the Board of Directors on March 11, 2019. Employees' compensation as resolved by the Board of Directors was in agreement with the amount recognised in the 2018 financial statements. For directors' compensation of \$39,144, the difference of \$9,744 between the amount resolved at the Board meeting and the amount recognised in the 2018 financial statements had been adjusted in the profit or loss for 2019.

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current tax on profits for the year	\$ 841,476	\$ 962,286
Tax on undistributed surplus earnings	200,341	-
Prior year income tax overestimation	(455,844)	-
Total current tax	<u>585,973</u>	<u>962,286</u>
Deferred tax:		
Origination and reversal of temporary differences	1,492,167	(978,754)
Impact of change in tax rate	-	194,956
Total deferred tax	<u>1,492,167</u>	<u>(783,798)</u>
Income tax expense	<u>\$ 2,078,140</u>	<u>\$ 178,488</u>

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

	Years ended December 31,	
	2019	2018
Remeasurement of defined benefit plan	(\$ 6,088)	(\$ 17,833)
Gain or loss on hedging instruments	(13,404)	(10,625)
Unrealised gain or loss on financial assets at fair value through other comprehensive income	-	86,245
Currency translation differences	540,534	186,751
Impact of change in tax rate	-	(226,071)
	<u>\$ 521,042</u>	<u>\$ 18,467</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2019	2018
Tax calculated based on profit before tax and statutory tax rate	\$ 5,039,187	\$ 3,674,316
Effects from items disallowed by tax regulation	(2,259,051)	(3,112,978)
Effect from investment tax credits	(446,493)	(382,850)
Prior year income tax overestimation	(455,844)	-
Tax on undistributed surplus earnings	200,341	-
	<u>\$ 2,078,140</u>	<u>\$ 178,488</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2019					
	January 1	Acquired through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:						
- Temporary differences:						
Allowance for inventory obsolescence	\$ 74,425	\$ -	\$ 65,974	\$ -	\$ -	\$ 140,399
Pension liability	305,035	-	(8,616)	6,088	-	302,507
Assets impairment	12,547	-	(16)	-	-	12,531
Others	86,288	14,965	25,695	-	-	126,948
	<u>478,295</u>	<u>14,965</u>	<u>83,037</u>	<u>6,088</u>	<u>-</u>	<u>582,385</u>
Deferred tax liabilities:						
Land value increment tax	(119,862)	-	-	-	-	(119,862)
Long-term equity investments	(6,471,420)	-	(2,256,238)	(527,130)	123	(9,254,665)
Others	(787,593)	(56)	681,034	-	-	(106,615)
	<u>(7,378,875)</u>	<u>(56)</u>	<u>(1,575,204)</u>	<u>(527,130)</u>	<u>123</u>	<u>(9,481,142)</u>
	<u>(\$ 6,900,580)</u>	<u>\$ 14,909</u>	<u>(\$ 1,492,167)</u>	<u>(\$ 521,042)</u>	<u>\$ 123</u>	<u>(\$ 8,898,757)</u>

2018

	January 1	Recognised in profit or loss	Recognised in comprehensive income other	Recognised in equity	December 31
Deferred tax assets:					
- Temporary differences:					
Allowance for inventory obsolescence	\$ 56,283	\$ 18,142	\$ -	\$ -	\$ 74,425
Pension liability	266,059	16,780	22,196	-	305,035
Assets impairment	115,537	(102,990)	-	-	12,547
Others	60,783	25,505	-	-	86,288
	498,662	(42,563)	22,196	-	478,295
Deferred tax liabilities:					
Land value increment tax	(119,862)	-	-	-	(119,862)
Long-term equity investments	(7,409,749)	967,123	39,315	(68,109)	(6,471,420)
Others	(566,853)	(140,762)	(79,978)	-	(787,593)
	(8,096,464)	826,361	(40,663)	(68,109)	(7,378,875)
	(\$ 7,597,802)	\$ 783,798	(\$ 18,467)	(\$ 68,109)	(\$ 6,900,580)

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As at December 31, 2019 and 2018, the amounts of temporary differences unrecognised as deferred tax liabilities were \$6,904,364 and \$6,306,164, respectively.

E. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(23) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 23,117,797	2,597,543	\$ 8.90
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 23,117,797	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	13,840	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 23,117,797	2,611,383	\$ 8.85

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	\$ 7.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,193,093	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	15,964	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,193,093	2,613,507	\$ 6.96

(24) Business combinations

A. The Company had the following mergers for the years ended December 31, 2019 and 2018:

- (a) Based on the resolution of Board of Directors on July 31, 2018, the Company consummated a short-form merger with the subsidiary, Delta Networks, Inc. (Taiwan), pursuant to Article 19 of Enterprises Mergers and Acquisitions Act. The merger became effective on April 1, 2019. The Company was the surviving entity after the merger.
- (b) Based on the resolution of Board of Directors on April 30, 2018, the Company consummated a short-form merger with the subsidiary, Delta Green Life Co, Ltd., pursuant to Article 19 of Enterprises Mergers and Acquisitions Act. The merger became effective on August 1, 2018. The Company was the surviving entity after the merger.

B. The book value of Delta Networks, Inc. on the acquisition date is shown as follows:

	<u>April 1, 2019</u>
Accounts receivable, net	\$ 1,650,243
Other receivables	184,891
Inventories	1,408,042
Prepayments	29,699
Other current assets	103
Property, plant and equipment	370,074
Right-of-use assets	113,105
Intangible assets	6,418
Deferred tax assets	14,965
Other non-current assets	31,833
Contract liabilities - current	(29,207)
Accounts payable	(1,466,769)
Other payables	(974,235)
Current tax liabilities	(1,408)
Other current liabilities	(317,891)
Deferred tax liabilities	(56)
Lease liabilities - non-current	(70,365)
Cash inflow arising from business combinations	<u>445,267</u>
	<u>\$ 1,394,709</u>

C. The book value of Delta Green Life Co., Ltd. on the acquisition date is shown as follows:

	<u>August 1, 2018</u>
Contract asset - current	\$ 23,202
Accounts receivable	16,659
Inventories	2
Other current assets	272
Contract asset - non-current	6,867
Property, plant and equipment	172
Other non-current assets	1,916
Short-term borrowings	(45,000)
Contract liabilities - current	(12,843)
Accounts payable	(7,286)
Other payables	(35,567)
Other current liabilities	(324)
Other non-current liabilities	(277)
Cash inflow arising from business combination	<u>6,105</u>
	<u>(\$ 46,102)</u>

(25) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2019	\$ -	\$ 17,398,000	\$ 17,398,000
Changes in cash flow from financing activities	-	9,597,000	9,597,000
At December 31, 2019	<u>\$ -</u>	<u>\$ 26,995,000</u>	<u>\$ 26,995,000</u>

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2018	\$ -	\$ 10,576,000	\$ 10,576,000
Acquired through business combination	45,000	-	45,000
Changes in cash flow from financing activities	(45,000)	6,822,000	6,777,000
At December 31, 2018	<u>\$ -</u>	<u>\$ 17,398,000</u>	<u>\$ 17,398,000</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names and relationship of related parties</u>	<u>Relationship with the Company</u>
Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Subsidiary
DEI Logistics (USA) Corp. (ALI)	"
CYNTEC ELECTRONICS (SUZHOU) CO., LTD.	"
Cyntec Co., Ltd. (Cyntec)	"
Delta Networks, Inc. (Taiwan) (DNIT)	It was a subsidiary before March 31, 2019, and dissolved after the merger with the Company on April 1, 2019
Delta Electronics (Thailand) Public Company limited (DET)	It was an associate before April 2, 2019, and has been a subsidiary since April 2, 2019
Delta Electronics (Slovakia) s.r.o.	"
Delta Electronics India Pvt Ltd.	"
Delta Energy Systems (Singapore) PTE. LTD.	"
Delta Electronics (Australia) Pty Ltd.	"
Delta Power Solutions (India) Pvt Ltd.	Merged with Delta Electronics India Pvt Ltd. in February 2019
Digital Projection Ltd.	Associate
Digital Projection Inc.	"

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2019	2018
Sales of goods:		
Subsidiaries		
ALI	\$ 7,148,226	\$ 771,955
Others	2,675,569	1,702,438
Associates	124,463	388,887
	<u>\$ 9,948,258</u>	<u>\$ 2,863,280</u>

	Years ended December 31,	
	2019	2018
Sales of services and others:		
Subsidiaries		
DEIL-SG	\$ 12,595,467	\$ 11,705,723
Others	1,838,814	229,758
Associates	284,087	1,157,863
	<u>\$ 14,718,368</u>	<u>\$ 13,093,344</u>

The sales terms, including prices and collections, were negotiated based on cost, market, competitors and other factors.

B. Purchases

	Years ended December 31,	
	2019	2018
Purchases of goods:		
Subsidiaries		
DEIL-SG	\$ 16,075,603	\$ 16,338,432
Others	298,793	282,081
Associates	23,192	17,852
Purchases of services:		
Subsidiaries		
Cyntec	1,266,286	956,622
Others	281,203	1,077,761
	<u>\$ 17,945,077</u>	<u>\$ 18,672,748</u>

The purchase terms, including prices and payments, were negotiated based on cost, market, competitors and other factors.

C. Period-end balances arising from sales of goods and services

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Receivables from related parties:		
Subsidiaries		
DEIL-SG	\$ 1,721,805	\$ 1,413,904
ALI	2,403,743	415,714
Others	818,099	331,297
Associates	<u>15,658</u>	<u>628,248</u>
	<u>\$ 4,959,305</u>	<u>\$ 2,789,163</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 75 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Period-end balances arising from purchases of goods

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Payables to related parties:		
Subsidiaries		
DEIL-SG	\$ 7,245,037	\$ 6,917,806
Others	479,968	720,867
Associates	<u>920</u>	<u>3,949</u>
	<u>\$ 7,725,925</u>	<u>\$ 7,642,622</u>

The payables to related parties arise mainly from purchase transactions and are due 70 days after the date of purchase. The payables bear no interest.

E. Period-end balances arising from other transactions

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other receivables-related parties		
Subsidiaries		
DEIL-SG	\$ 328,863	\$ 429,608
ALI	60,055	97,863
Others	66,932	30,619
Associates	<u>533</u>	<u>78,986</u>
	<u>\$ 456,383</u>	<u>\$ 637,076</u>

The above pertain mainly to payments on behalf of others.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other payables-related parties:		
Subsidiaries		
DEIL-SG	\$ 186,744	\$ 246,548
Others	101,849	69,790
Associates	<u>201</u>	<u>9,196</u>
	<u>\$ 288,794</u>	<u>\$ 325,534</u>

The above pertain mainly to triangular trade collections on behalf of others and so on.

F. Disposal of equipment

	Items	Year ended December 31, 2018	
		Disposal proceeds	Gain on disposal
Associates	Other equipments	\$ 53,048	\$ 17,465

For the year ended December 31, 2019, the Company has not disposed equipment to related parties.

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 259,316	\$ 263,766
Post-employment benefits	920	1,226
	<u>\$ 260,236</u>	<u>\$ 264,992</u>

8. PLEDGED ASSETS

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

Pledged assets	Book Value		Pledge purpose
	December 31, 2019	December 31, 2018	
Time deposits (shown as other current assets)	<u>\$ 160,849</u>	<u>\$ 85,881</u>	Warranty guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	December 31, 2019	December 31, 2018
Costs of computer software	\$ 142,500	\$ 285,000
Property, plant and equipment	3,432,225	2,100,000
	<u>\$ 3,574,725</u>	<u>\$ 2,385,000</u>

B. Operating lease commitments

Prior to 2019

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Not later than one year	\$ 34,037
Later than one year but not later than five years	82,637
Later than five years	<u>167,452</u>
	<u>\$ 284,126</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Information about the appropriation of 2019 earnings of the Company is provided in Note 6(15)E.
- (2) Due to the impact of the spread of COVID-19, the Company postponed the plans to resume the production of its plants in China after the Lunar New Year holiday to February 10, 2020 in line with the local regulations. As the coronavirus epidemic continues to evolve, the Company has prudently and flexibly adjusted the Company's resources, labours and supply chains to mitigate the impact on its operations. The extent to which the Company's operating revenue is affected by the delay of production resumption depends on the subsequent control of the coronavirus epidemic situation.

12. OTHERS

(1) Capital risk management

The Company's objectives (including disposal groups held for sale) when managing capital are to maintain an integrity credit rating and good capital structure to support operating and maximum shareholders' equity.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 43,198	\$ 74,591
Financial assets at fair value through other comprehensive income		
Selected designated investments in equity instruments	\$ 1,579,789	\$ 1,786,102
Financial assets at amortised cost		
Cash and cash equivalents	\$ 645,136	\$ 239,908
Notes receivable	63,493	69,639
Accounts receivable	9,406,653	8,148,219
Other receivables	554,350	805,249
Guarantee deposits paid	36,286	34,220
Other financial assets	160,849	85,881
	<u>\$ 10,866,767</u>	<u>\$ 9,383,116</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 10,135,887	\$ 8,761,560
Other accounts payable	10,853,606	9,215,509
Lease liabilities (including current portion)	529,163	-
Long-term borrowings	26,995,000	17,398,000
Guarantee deposits received	130,119	7,549
	<u>\$ 48,643,775</u>	<u>\$ 35,382,618</u>

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company uses forward foreign exchange contracts, foreign exchange swap contracts and options,

transacted with Group treasury.

- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 311,794	29.980	\$ 9,347,584
EUR:NTD	10,781	33.590	362,134
<u>Non-monetary items</u>			
USD:NTD	\$ 3,754,882	29.980	\$ 112,571,364
THB:NTD	4,544,178	1.0098	4,588,711
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 301,310	29.980	\$ 9,033,274
EUR:NTD	9,909	33.590	332,843
	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 251,346	30.715	\$ 7,720,092
<u>Non-monetary items</u>			
USD:NTD	\$ 3,176,901	30.715	\$ 97,578,529
THB:NTD	1,647,048	0.9532	1,569,966
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 241,065	30.715	\$ 7,404,311

- iv. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2019 and 2018 amounted to \$38,351 and \$50,170, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange

variation:

		Year ended December 31, 2019		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 93,476	\$	-
EUR : NTD	1%	3,621		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 90,333	\$	-
EUR : NTD	1%	3,328		-
		Year ended December 31, 2018		
		Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 77,201	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 74,043	\$	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$247 and \$469, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$14,262 and \$16,325, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings mainly bear fixed and variable interest rate. During 2019 and 2018, the Company's borrowings at variable rate were denominated in NTD.
- ii. On December 31, 2019 and 2018, if the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the years ended December 31, 2019 and 2018 would have decreased by \$53,990 and \$34,796, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only well rated parties are accepted.
- v. The Company adopts the assumption under IFRS 9, that is, if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are not expected to be recovered and are transferred to overdue receivables.
- vii. The Company classifies customers' accounts receivable and contract assets in accordance with customer types. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- viii. The Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2019 and 2018, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2019</u>			
Expected loss rate	0.00%	1.18%	25.00%
Total book value	\$ 4,171,912	\$ 227,863	\$ 60,839
Loss allowance	\$ -	\$ 2,700	\$ 15,210
	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	49.99%	100.00%	
Total book value	\$ 9,287	\$ 55,856	\$ 4,525,757
Loss allowance	\$ 4,643	\$ 55,856	\$ 78,409
	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.00%	1.58%	25.01%
Total book value	\$ 4,997,972	\$ 327,189	\$ 46,022
Loss allowance	\$ -	\$ 5,165	\$ 11,508
	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	50.01%	100.00%	
Total book value	\$ 9,093	\$ 42,587	\$ 5,422,863
Loss allowance	\$ 4,547	\$ 42,587	\$ 63,807

- ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes receivable, accounts receivable, contract assets and overdue receivables are as follows:

	<u>2019</u>				
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1	\$ -	\$ 63,807	\$ -	\$ -	\$ 63,807
Provision for impairment	-	14,602	-	-	14,602
At December 31	\$ -	\$ 78,409	\$ -	\$ -	\$ 78,409
	<u>2018</u>				
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1_ IAS 39	\$ -	\$ 51,146	\$ -	\$ -	\$ 51,146
Adjustments under new standards	-	-	-	-	-
At January 1-IFRS 9	-	51,146	-	-	51,146
Acquired through business combinations	-	12,661	-	-	12,661
At December 31	\$ -	\$ 63,807	\$ -	\$ -	\$ 63,807

For provisioned loss for the years ended December 31, 2019 and 2018, the impairment losses arising from customers' contracts amounted to \$14,602 and \$0, respectively.

(c) Liquidity risk

- i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities:

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Accounts payable (including related parties)	\$ 10,135,887	\$ -	\$ -	\$ -
Other payables (including related parties)	10,853,606	-	-	-
Lease liabilities (including current portion)	71,368	54,998	43,877	358,920
Long-term borrowings	-	24,995,000	2,000,000	-

Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Accounts payable (including related parties)	8,761,560	-	-	-
Other payables (including related parties)	9,215,509	-	-	-
Long-term borrowings	-	17,398,000	-	-

- iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable, other payables and long-term borrowings are approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 24,652	\$ -	\$ 18,546	\$ 43,198
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>1,426,179</u>	<u>-</u>	<u>153,610</u>	<u>1,579,789</u>
	<u>\$ 1,450,831</u>	<u>\$ -</u>	<u>\$ 172,156</u>	<u>\$ 1,622,987</u>
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 46,895	\$ -	\$ 27,696	\$ 74,591
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>1,632,492</u>	<u>-</u>	<u>153,610</u>	<u>1,786,102</u>
	<u>\$ 1,679,387</u>	<u>\$ -</u>	<u>\$ 181,306</u>	<u>\$ 1,860,693</u>

- D. The methods and assumptions that the Company used to measure fair value are as follows:
- (a) The instruments that the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:
- | | <u>Listed shares</u> |
|---------------------|----------------------|
| Market quoted price | Closing price |
- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are approved for financial management.
- (c) When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The output of valuation model is an estimated value and the valuation technique may not be

able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty.

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2019 and 2018:

	2019	2018
	<u>Equity securities</u>	<u>Equity securities</u>
At January 1	\$ 181,306	\$ 131,584
Effect of IFRS 9 adjustment	-	59,358
Acquired in the year	-	1,429
Gains or losses recognised in profit or loss	(9,150)	1,865
Proceeds from capital reduction	-	(12,930)
At December 31	<u>\$ 172,156</u>	<u>\$ 181,306</u>

G. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical review.

The capital department establishes valuation policies, valuation processes and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 172,156	Most recent non-active market price	Not applicable	-	Not applicable
	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 181,306	Most recent non-active market price	Not applicable	-	Not applicable

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please

refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 6, 7 and 8 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the year ended December 31, 2019.

14. OPERATING SEGMENT INFORMATION

Not applicable.

DELTA ELECTRONICS, INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Summary	Amount	Note
Petty cash/revolving funds		\$ 3,421	
Demand Deposits		305,545	
Foreign exchange deposits	(USD 7,967 thousand, exchange rate: 29.98)	238,844	
	(JPY 207,097 thousand, exchange rate: 0.2760)	57,159	
	(HKD 9,231 thousand, exchange rate: 3.849)	35,529	
	(EUR 130 thousand, exchange rate: 33.59)	4,363	
	(RMB 24 thousand, exchange rate: 4.304)	103	
Checking accounts deposits		<u>172</u>	
		<u>\$ 645,136</u>	

DELTA ELECTRONICS, INC.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Note</u>
A Company		\$ 526,149	
B Company		232,459	
Others (Note 1)		<u>3,767,149</u>	The balance of each customer has not exceeded 5% of the accounts receivable.
		4,525,757	
Less: Allowance for bad debts		(<u>78,409</u>)	
		<u>\$ 4,447,348</u>	

Note 1 : The company has confidential agreement, therefore, it cannot reveal the name of the above client.

Note 2 : The accounts receivable past due over one year amounted to 55,856 for which the Company has recognized allowance for doubtful accounts.

DELTA ELECTRONICS, INC.
DETAILS OF INVENTORIES
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount		Note
	Cost	Market value	
Raw materials	\$ 2,381,822	\$ 2,386,744	The net realisable value is the net market value.
Work in progress	317,962	317,962	"
Finished goods	1,687,425	1,884,604	"
Inventory in transit	128,806	128,806	"
	<u>\$ 4,516,015</u>	<u>\$ 4,718,116</u>	

Note : As at December 31, 2019, the amount of loss on market value decline and obsolete and slow-moving inventories is \$937,144.

DELTA ELECTRONICS, INC.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Investee	Opening balance		Additions		Reductions		Ending balance		Market price or value per share				
	Number of shares (Note 1)	Amount	Number of shares (Note 1)	Amount	Number of shares (Note 1)	Amount	Number of shares (Note 1)	Ownership (%)	Amount	Price (in NTD)	Total price	For collateralize and pledge	Footnote
Delta International Holding Limited	67,680	\$ 67,413,894	-	\$ 4,184,608	-	\$ -	67,680	100.00	\$ 71,598,502	1,057.90	71,598,502	None	Note 2
Cyntec Co., Ltd.	2,232,291	34,933,488	108,913	-	-	(1,003,982)	2,341,204	100.00	33,929,506	14.49	33,929,506	"	"
Delta Networks Holding Limited	83,800	9,803,866	-	-	-	(4,256,650)	83,800	100.00	5,547,216	66.20	5,547,216	"	"
Delta Electronics Int'l (Singapore) Pte. Ltd.	300	15,143,815	1,200	9,050,818	-	-	1,500	100.00	24,194,633	16,129.76	24,194,633	"	"
Delta Electronics (Thailand) Public Company Limited.	69,128	1,569,966	-	3,018,745	-	-	69,128	5.54	4,588,711	54.02	3,734,599	"	Note 3
Allied Material Technology Corp	211,401	1,869,817	-	-	-	(99,922)	211,401	99.97	1,769,895	8.37	1,769,895	"	"
Delta Electronics Capital Company	350,000	3,919,861	-	-	-	(84,008)	350,000	100.00	3,835,853	10.96	3,835,853	"	"
Delta Electronics (Netherlands) B.V.	120,220	4,728,327	8,272	282,282	-	(282,282)	128,492	100.00	10,740,522	83.59	10,740,522	"	"
PreOptix (Hong Kong) Co. Ltd.	5,250	170,071	-	73,716	-	-	5,250	39.62	243,787	46.44	243,787	"	"
DelBio Inc.	90,000	207,288	-	11,529	(68,238)	-	21,762	100.00	218,817	10.06	218,817	"	"
Delta America Ltd.	2,100	318,556	-	-	-	(71,852)	2,100	10.26	246,704	117.48	246,704	"	"
Delta Networks, Inc. (Taiwan)	50,041	1,283,132	9	44,940	(50,050)	(1,328,072)	-	-	-	-	-	"	"
UNICOM SYSTEM ENG. CORP.	570	438,733	-	14,489	-	-	570	100.00	453,222	795.13	453,222	"	"
Vivotec Inc.	42,345	3,965,274	1,059	-	-	(56,354)	43,404	49.87	3,908,920	91.70	3,980,152	"	"
Others	-	45,762	-	-	-	(45,762)	-	-	-	-	-	"	"
Total		\$ 145,811,850		\$ 16,681,127		\$ 7,228,884			\$ 161,276,288		\$ 160,493,408		

Note 1: Per thousand share.

Note 2: In December 2019, DJH repurchased and cancelled 6% of its own equity interest from non-controlling interest, and the Company held 100% equity interest of DJH after the cancellation.

Note 3: The book value was the initial investment cost plus gains on investment evaluated based on the weighted average comprehensive shareholding ratio of 63.78%. Market value of \$3,734,599 was calculated in proportion to the Company's ownership.

The market value shall be \$42,981,295 if it was calculated by the weighted average comprehensive shareholding ratio of 63.78% at the end of the year.

DELTA ELECTRONICS, INC.
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT
AND ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Please refer to the Note 6(7) disclosure.

DELTA ELECTRONICS, INC.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Vendor name	Amount	Note
WORLD PEACE INDUSTRIAL CO. ,LTD.	\$ 183,621	The balance of each vendor has not exceeded 5% of the accounts payable.
Others	<u>2,226,341</u>	
	<u>\$ 2,409,962</u>	

DELTA ELECTRONICS, INC.
DETAILS OF LONG-TERM BORROWINGS
DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Creditor	Summary	Ending balance	Contract period	Interest Rate	Collateralize or pledge	Note
Mizuho Bank, Ltd. Taipei Branch	Credit Loans	\$ 8,410,000	2019.06.25~2021.06.25	0.63%	None	-
Sumitomo Mitsui Banking Corporation Taipei Branch	"	7,710,000	2019.12.05~2021.12.05	0.53%	"	-
HSBC Bank Limited (Taiwan)	"	5,505,000	2019.10.03~2021.10.03	0.53%	"	-
CTBC Bank	"	3,370,000	2019.12.12~2021.12.12	0.47%	"	-
Taishin International Bank	"	<u>2,000,000</u>	2019.05.30~2024.05.30	0.56%	"	-
		<u>\$ 26,995,000</u>				

DELTA ELECTRONICS, INC.
DETAILS OF OPERATING REVENUE
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Power electronics	\$ 11,146,126	
Automation	7,366,352	
Infrastructure	14,260,894	
Others	<u>1,010</u>	
Sales revenue	32,774,382	
Service revenue	13,936,453	
Other operating revenue	<u>1,234,838</u>	
Total operating revenue	<u>\$ 47,945,673</u>	

DELTA ELECTRONICS, INC.
DETAILS OF OPERATING COST
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Amount
Raw materials at beginning	\$ 820,174
Add: materials purchased for the year	11,832,008
Less: Raw materials at the end	(2,381,822)
Raw materials in transit	(10,649)
Cost of raw material sales	(348,459)
Scrapped raw material	(9,066)
Transferred to manufacturing or operating expenses	(148,753)
Direct materials	9,753,433
Direct labor	560,119
Manufacturing overheads	1,451,120
Manufacturing cost for the year	11,764,672
Add: Work in progress at the beginning	159,169
Less: Work in progress at the end	(317,962)
Cost of finished goods for the year	11,605,879
Add: Finished goods at the beginning	1,036,915
Finished goods purchases for the year	15,163,955
Less: Finished goods at the end	(1,687,425)
Finished goods in transit	(118,157)
Scrapped finished goods	(2,703)
Transferred to manufacturing overheads or operating expenses	(278,616)
Cost of goods manufactured and sold	25,719,848
Loss on market value decline and obsolete and slow-moving inventories	354,310
Others	(21,640)
Cost of goods sold	26,052,518
Cost of raw material sales	348,459
Cost of services	4,352,641
Other operating costs	841,499
Operating costs	\$ 31,595,117

DELTA ELECTRONICS, INC.
DETAILS OF MANUFACTURING EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Salaries and Wages	\$ 569,942	
Depreciation	575,004	
Others	<u>306,174</u>	The balance of each expense account has not exceeded 5% of the manufacturing expense.
Total	<u>\$ 1,451,120</u>	

DELTA ELECTRONICS, INC.
DETAILS OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount	Note
Wages and Salaries	\$ 805,516	
Promotion expense	94,312	
Freight	75,332	
Others	<u>134,072</u>	The balance of each expense account has not exceeded 5% of the selling expense.
Total	<u>\$ 1,109,232</u>	

DELTA ELECTRONICS, INC.
DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>	<u>Note</u>
Salaries and Wages	\$ 1,742,873	
Depreciation	178,938	
Others	<u>785,043</u>	The balance of each expense account has not exceeded 5% of the general and administrative expense.
Total	<u>\$ 2,706,854</u>	

DELTA ELECTRONICS, INC.
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Amount	Note
Salaries and Wages	\$ 6,849,551	
Depreciation	640,321	
Others	<u>3,420,350</u>	The balance of each expense account has not exceeded 5% of the research and development expense.
Total	<u>\$ 10,910,222</u>	

DELTA ELECTRONICS, INC.
DETAILS OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Nature	Function	2019		2018			
		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense							
Salaries and Wages		1,764,698	9,368,540	11,133,238	703,457	7,401,903	8,105,360
Labor and Health insurance		136,832	553,330	690,162	101,826	402,389	504,215
Pension		51,948	367,633	419,581	36,380	312,392	348,772
Directors' remuneration (Note C)		-	29,400	29,400	-	39,400	39,400
Others		134,105	229,140	363,245	77,995	185,690	263,685
Depreciation		575,004	836,953	1,411,957	439,484	537,484	976,968
Amortisation		666	447,996	448,662	148	275,494	275,642

Note: A. As at December 31, 2019 and 2018, the number of the Company's employees were 8,762 and 6,609 (excluding of overseas employees), including 6 and 5 non-employee directors, respectively.

B. For the entity that its shares are listed on the Taiwan Stock Exchange or traded in the Taipei Exchange, the following additional disclosures are required:

- (a) The average employee benefit expense for the current year was \$1,440 thousand ('total employee benefit expense for the current year - total directors' remuneration / 'the number of employees in the current year - the number of non-employee directors'). The average employee benefit expense for the previous year was \$1,396 thousand ('total employee benefit expense for the previous year - total directors' remuneration' / 'the number of employees in the previous year - the number of non-employee directors').
- (b) The average employee salaries and wages for the current year was \$1,271 thousand (total salaries and wages for the current year / 'the number of employees in the current year - the number of non-employee directors'). The average employee salaries and wages for the previous year was \$1,227 thousand (total salaries and wages for the previous year / 'the number of employees in the previous year - the number of non-employee directors').
- (c) The variation in the adjustments of the average employee salaries and wages was 3.59%. ('the average employee salaries and wages for the current year - the average employee salaries and wages for the previous year' / 'the average employee salaries and wages for the previous year').

C. Including directors' compensation of \$39,144 for 2019 and the difference of \$9,744 between the amount resolved at the Board meeting and the amount recognised in the 2018 financial statements.

Delta Electronics, Inc.
Loans to others
Year ended December 31, 2019

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 2)	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	\$ 10,193,200	\$ 10,193,200	\$ 10,193,200	0.50%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 29,928,831	Note 5	
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables - related parties	Yes	3,237,840	2,998,000	2,008,660	0.50%	2	-	Additional operating capital	-	None	-	29,928,831	Note 5	
1	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	8,994,000	8,139,570	8,139,570	0.50%	2	-	Additional operating capital	-	None	-	29,928,831	Note 5	
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	6,595,600	2,398,400	2,398,400	0.50%	2	-	Additional operating capital	-	None	-	5,522,502	Note 5	
2	Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	869,420	869,420	869,420	0.50%	2	-	Additional operating capital	-	None	-	5,522,502	Note 5	
3	Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	839,440	-	-	0.50%	2	-	Additional operating capital	-	None	-	17,387,743	Note 5	
3	Delta Electronics (H.K.) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	5,996,000	-	-	0.50%	2	-	Additional operating capital	-	None	-	17,387,743	Note 5	
4	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	8,904,060	8,004,660	8,004,660	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
4	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	18,347,760	14,750,160	14,750,160	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
4	Delta International Holding Limited	Drake Investment (HK) Limited	Other receivables - related parties	Yes	1,109,260	989,340	989,340	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
4	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Other receivables - related parties	Yes	3,897,400	1,388,074	938,374	0.50%	2	-	Additional operating capital	-	None	-	71,442,255	Note 5	
5	ELTEK AS	Eltek Italia S.r.l.	Other receivables - related parties	Yes	26,872	26,872	26,773	1.90%	2	-	Additional operating capital	-	None	-	2,233,058	Note 5	
6	Delta Electronics (Wuhu) Co., Ltd.	Cynsee Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	172,159	-	-	4.35%	2	-	Additional operating capital	-	None	-	4,414,992	Note 5	
6	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables - related parties	Yes	1,291,194	1,291,194	1,075,995	4.35%	2	-	Additional operating capital	-	None	-	4,414,992	Note 5	
7	Vivoitek Inc.	Vates Inc.	Other receivables - related parties	Yes	200,000	200,000	163,565	1.34%	2	-	Additional operating capital	-	None	-	288,353	Note 6	
7	Vivoitek Inc.	Lidlight Inc.	Other receivables - related parties	Yes	10,000	10,000	-	1.34%	2	-	Additional operating capital	-	None	-	20,000	Note 6	
7	Vivoitek Inc.	Oous Imaging, Inc.	Other receivables - related parties	Yes	15,000	15,000	-	1.34%	2	-	Additional operating capital	-	None	-	60,000	Note 6	
8	Grandview Holding Ltd.	Cynsee Holding (H.K.) Ltd.	Other receivables - related parties	Yes	2,998	2,998	2,998	0.50%	2	-	Additional operating capital	-	None	-	9,240,613	Note 5	
9	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Other receivables - related parties	Yes	386,285	386,285	366,131	0.40%	2	-	Additional operating capital	-	None	-	504,311	Note 5	

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019 (Note 2)	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
												Item	Value			
9	Delta Energy Systems (Germany) GmbH	Eltek s.r.o.	Other receivables - related parties	Yes	\$ 50,385	\$ -	\$ -	0.40%	2	\$ -	Additional operating capital	\$ -	\$ -	\$ 504,311	\$ 504,311	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2019, which the Company reported to the Securities and Futures Bureau.

Note 3: Limit on loans granted by the Company to a single party is 20% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: Limit on loans granted by subsidiaries to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

Note 5: Limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note 6: The calculation and amount on ceiling of loans of Vivotek Inc. are as follows:

(1) The ceiling on total amount of loans to others shall not exceed 20% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountant.

(2) For the short-term financing, the limit on loans granted to a single party shall not exceed the subsidiary's paid-in capital and 10% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Note 7: Nature of loans:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Delta Electronics, Inc.
Provision of endorsements and guarantees to others
Year ended December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Number (Note 1)	Endorser / guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarantees provided for a single party	Maximum outstanding endorsement / guarantee amount as at December 31, 2019	Outstanding endorsement / guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement / guarantee amount to net asset value of the endorser / guarantor company	Ceiling on total amount of endorsements / guarantees provided	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser / guarantor (Note 6)											
1	ELTEK AS	Elitek Power Sweden AB	2	\$ 2,803,138	\$ 16,050	\$ -	\$ -	\$ -	0.00%	\$ 7,007,844	Y	N	N	Note 3
1	ELTEK AS	ELITEK MEA DMCC	2	2,803,138	69,937	-	-	-	0.00%	7,007,844	Y	N	N	Note 3
1	ELTEK AS	ELITEK AUSTRALIA PTY LIMITED	2	2,803,138	134,910	134,910	134,910	-	0.10%	7,007,844	Y	N	N	Note 3
2	Vivotek Inc.	Vaites Inc.	2	576,705	120,000	-	-	-	4.16%	1,153,410	Y	N	N	Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: In accordance with the Company's Procedures for Provision of Endorsements and Guarantees, "limit on total endorsements is 40% of the Company's net assets based on the latest audited or reviewed financial statements, limit on endorsements to a single company is 20% of the Company's net assets based on the latest audited or reviewed financial statements. Limit on total endorsements granted by the Company and subsidiaries is 50% of the Company's net assets based on the latest audited or reviewed financial statements, limit on total endorsements to a single party is 30% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 3: In accordance with Elitek's Procedures for Provision of Endorsements and Guarantees, "limit on total endorsements is 5% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 2% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: The Company's net assets based on the latest audited or reviewed financial statements were \$140,156,877 thousand (2019/12/31).

Note 5: The limit on total endorsements/guarantees of Vivotek Inc. shall not exceed 40% of the company's net assets value in the latest financial statement which was reviewed or audited by independent accountant, and limit on endorsements to a single party is 20% of Vivotek Inc.'s net assets based on the latest audited or reviewed financial statements.

Note 6: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Delta Electronics, Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at December 31, 2019			Footnote
				Number of shares	Book value	Ownership (%)		Fair value
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income	122,980,851	\$ 942,033	4.89	\$ 942,033
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	6,763,845	463,323	5.73	463,323
Delta Electronics, Inc.	WK Technology Fund. common stock, etc.	None	Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	-	217,631	-	217,631
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss	1,683,000	302,099	1.28	302,099
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss	2,472,000	386,868	1.49	386,868
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - current	652,043	180,616	0.22	180,616
Delta Electronics Capital Company	Cystalvue Medical Corporation. common stock	None	Financial assets at fair value through profit or loss - current	1,498,000	117,593	6.17	117,593
Delta Electronics Capital Company	TaskEasy, Inc. common stock	None	Financial assets at fair value through profit or loss - non-current	2,633,872	141,008	7.72	141,008
Delta Electronics Capital Company	Allied Supreme Corp. common stock	None	Financial assets at fair value through profit or loss - non-current	1,000,000	115,000	1.45	115,000
Delta Electronics Capital Company	FineTek Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss	-	1,705,515	-	1,705,515
Cyntec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income - non-current	200,000	104,081	11.53	104,081
Cyntec Co., Ltd.	GaN Systems Inc. preferred stock, etc.	None	Financial assets at fair value through other comprehensive income	-	161,319	-	161,319
Delta International Holding Limited	Mentis Technology, Inc., etc	None	Financial assets at fair value through profit or loss - non-current	-	89,940	-	89,940
Delta Electronics (Japan), Inc.	Macy Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	74,000,000	34,274	19.79	34,274

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta Electronics (Pingtan) Co., Ltd.	Pingtan Hi Tech Investment Development Shares Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	-	32,280	15.00	\$ 32,280	
Delta America Ltd.	VPT Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	860,000	5,247	17.52	5,247	
Unicom System Eng. Corp.	Digi-Hua System Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - non-current	332,556	3,273	3.32	3,273	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, Inc. preferred stock	None	Financial assets at fair value through other comprehensive income - non-current	1,838,235	149,900	10.46	149,900	
Delta Electronics (Netherlands) B.V.	Grace Connection Microelectronics	None	Financial assets at fair value through other comprehensive income - non-current	141,065	119,920	19.90	119,920	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through other comprehensive income - non-current	-	54,921	-	54,921	

Delta Electronics, Inc.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	Financial assets at fair value through other comprehensive income	Centralized securities exchange market	None	167,145,851	\$ 1,308,752	-	\$ -	44,165,000	\$ 390,802	\$ 1,067,657	(\$ 676,855) (Note 4)	122,980,851	\$ 942,033	
Cyntec Co., Ltd.	LUXTERA, INC. preferred stock	Financial assets at fair value through other comprehensive income	Cisco Systems, Inc.	None	55,029,284	673,609	-	-	55,029,284	656,798	336,195	256,482 (Note 4)	-	-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Co., Ltd. common stock	Investments accounted for under equity method	Natural person	None	-	-	534,479,306	36,571,874 (Note 6)	-	-	-	-	534,479,306	36,571,874	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH common stock	Investments accounted for under equity method	Natural person	None	-	2,156,379	-	302,800 (Note 2) (Note 5)	-	-	-	-	-	2,459,179	
ELTEK AS	ELTEK POWER PTE. LTD. common stock	Investments accounted for under equity method	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,000,000	1,078,841	-	14,229 (Note 2)	2,000,000	1,292,340	1,093,070	(Note 1)	-	-	(Note 3)
Delta Electronics (Netherlands) B.V.	Amerlux, LLC common stock	Investments accounted for under equity method	The Unicorn Group, Inc.	None	-	-	-	3,027,510 (Note 7)	-	-	-	-	-	3,027,510	
Delta International Holding Limited	Delta Greentech (China) Co., Ltd. common stock	Investments accounted for under equity method	Drake Investment (HK) Limited	Affiliated enterprise	58,940,390	512,035	-	(7,142) (Note 2)	58,940,390	825,907	504,893	(Note 1)	-	-	
Ace Pillar Holding Co., Ltd.	Delta Greentech (China) Co., Ltd. common stock	Investments accounted for under equity method	Drake Investment (HK) Limited	Affiliated enterprise	21,646,341	219,339	-	(2,270) (Note 2)	21,646,341	303,073	217,069	(Note 1)	-	-	

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2019		Addition		Disposal				Balance as at December 31, 2019		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Apex Investment (HK) Limited, Galaxy Star Investment (HK) Limited and Jade Investment (HK) Limited	Delta Electronics (Jiangsu) Ltd. share certificate	Investments accounted for under equity method	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	-	\$ 1,257,702	-	(\$ 251,145) (Note 2)	-	\$ 2,450,404	\$ 1,006,557	(Note 1)	-	\$ -	
Apex Investment (HK) Limited, Galaxy Star Investment (HK) Limited and Jade Investment (HK) Limited	Delta Electronics Components (Wujiang) Ltd. share certificate	Investments accounted for under equity method	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	-	3,353,616	-	(292,549) (Note 2)	-	7,445,415	3,061,067	(Note 1)	-	-	
Apex Investment (HK) Limited, Galaxy Star Investment (HK) Limited and Jade Investment (HK) Limited	Delta Video Display System (Wujiang) Ltd. share certificate	Investments accounted for under equity method	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	-	614,384	-	(61,458) (Note 2)	-	1,318,844	552,926	(Note 1)	-	-	
PreOptix (Hong Kong) Co., Ltd.	PreOptix (Jiang Su) Co., Ltd. share certificate	Investments accounted for under equity method	SMARTWIN ELECTRONICS TECHNOLOGY (HK) LIMITED	None	-	264,796	-	-	-	479,082	270,315		-	-	

Note 1: The transaction resulted from the Group's adjustment in investment structure. There was no gain or loss on disposal pursuant to related ordinances.

Note 2: It reflected the movement in the adjustments in the profit (loss), dividends and net value of investments recognised in this period.

Note 3: Only sales transactions are disclosed.

Note 4: It was retained earnings transferred from other equity.

Note 5: In April 2019, Delta Electronics Int'l (Singapore) Pte. Ltd. increased its investment in Loy Tee electronics GmbH amounting to \$372,338, including investment income (loss) recognised during the period and the movement in the adjustments in the carrying amount.

Note 6: In April 2019, Delta Electronics Int'l (Singapore) Pte. Ltd. increased its investment in Delta Electronics (Thailand) Public Company Limited amounting to \$36,874,645, including investment income (loss) recognised during the period and the movement in the adjustments in the carrying amount.

Note 7: In June 2019, Delta Electronics (Netherlands) B.V. increased its investment in Amerlux, LLC amounting to \$2,844,498, which was including investment income (loss) recognised during the period and the movement in the adjustments in the carrying amount.

Delta Electronics, Inc.
 Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
 Year ended December 31, 2019
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Delta Electronics, Inc.	Land and buildings in Zhongli and Neili	April 17, 2019	\$ 2,561,996	Acquired by cash	Kenmec Mechanical Engineering Co., Ltd.	None	-	-	-	\$ -	Appraisal report	For future business development	None

Delta Electronics, Inc.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Delta Electronics Inc.	Delta Greentech (China) Co., Ltd.	Subsidiary	\$ 147,910	\$ 147,910	0.31	70 days			\$ 68,769	0.72	
Delta Electronics Inc.	Cyntec Co., Ltd.	Subsidiary	122,798	122,798	0.24	70 days			13,420	0.14	
Delta Electronics Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	326,396	326,396	0.68	70 days			133,400	1.41	
Delta Electronics Inc.	Delta Electronics India Pvt. Ltd.	Subsidiary	122,431	122,431	0.24	70 days			12,890	0.14	Note 5
Delta Electronics Inc.	Delta Electronics (Japan), Inc.	Subsidiary	221,881	221,881	0.45	70 days			45,591	0.48	
Delta Electronics Inc.	Delta Electronics (Netherlands) B.V.	Subsidiary	226,477	226,477	0.47	70 days			57,560	0.61	
Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	13,226,927	13,226,927	27.45	70 days			1,721,805	18.06	
Delta Electronics Inc.	Delta Energy Systems (Singapore) PTE. LTD.	Subsidiary	256,919	256,919	0.51	70 days			68,885	0.73	Note 5
Delta Electronics Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	1,252,916	1,252,916	2.59	70 days			207,670	2.18	Note 5
Delta Electronics Inc.	DEI Logistics (USA) Corp.	Subsidiary	7,150,125	7,150,125	14.79	70 days			2,403,743	25.20	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable		
Delta Electronics Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	Sales and other operating revenue	\$ 571,906	1.20	70 days			\$ 108,971	1.14	
Delta Electronics Inc.	Vivitek Corporation	Subsidiary	Sales and other operating revenue	111,506	0.22	70 days			10,751	0.11	
Delta Electronics Inc.	DELTA ELECTRONICS (USA) INC.	Subsidiary	Sales	689,105	1.45	70 days			62,569	0.66	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Australia) Pty. Ltd.	Affiliated enterprise	Sales and other operating revenue	148,112	0.07	70 days			32,499	0.18	Note 5
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Sales	178,661	0.08	70 days			21,860	0.11	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	Sales	223,823	0.11	70 days			182,237	0.51	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	Sales	1,259,354	0.53	70 days			378,561	58.58	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	5,954,782	2.75	70 days			1,007,970	5.90	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	11,552,172	5.30	70 days			1,829,242	10.65	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	16,803,200	7.70	70 days			1,443,569	7.85	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	11,603,582	5.34	70 days			1,247,026	7.58	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,813,726	1.26	70 days			242,711	1.22	

Purchaser/seller	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
		Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Counterparty Delta Networks (Dongguan) Ltd.	Sales and other operating revenue	\$ 10,766,626	4.94			\$ 1,312,357	7.64	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Sales and other operating revenue	6,078,444	2.77	70 days		1,194,038	33.42	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Sales and other operating revenue	2,510,641	1.11	70 days		687,149	39.68	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Sales	209,854	0.12	70 days		48,689	2.83	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cynitec Co., Ltd.	Sales	720,535	0.33	70 days		263,106	4.96	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cynitec International Ltd.	Sales	2,160,719	0.99	70 days		1,050,790	19.85	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cynitec Electronics (Suzhou) Co., Ltd.	Sales	245,037	0.07	70 days		95,263	1.75	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Solutions (Spain) SL	Sales	172,250	0.04	70 days		86,300	17.17	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Sales and other operating revenue	408,251	0.18	70 days		83,269	0.45	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Sales and other operating revenue	1,484,615	0.69	70 days		362,480	0.97	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Sales and other operating revenue	2,948,357	1.35	70 days		586,949	1.46	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Sales and other operating revenue	245,886	0.11	70 days		65,280	0.17	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico S.A. DE C.V.	Affiliated enterprise	Sales	\$ 132,610	0.05				\$ 70,368	0.38	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B. V.	Affiliated enterprise	Sales and other operating revenue	2,767,840	1.23				623,019	13.32	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	1,280,882	0.59				181,890	1.03	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	Sales	150,010	0.06				37	-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Sales and other operating revenue	457,211	0.20				70,393	0.19	Note 5
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	682,877	0.31				194,886	0.55	Note 5
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green Industrial (Thailand) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	173,397	0.05				22,866	0.06	Note 5
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	16,664,508	7.66				7,284,145	17.83	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	553,977	0.26				-	-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEL Logistics (USA) Corp.	Affiliated enterprise	Sales	24,064,206	11.06				6,383,361	15.72	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	2,732,567	1.26				687,908	21.13	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Sales and other operating revenue	253,690	0.13				41,169	0.12	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Associate	Sales and other operating revenue	\$ 437,550	0.20	70 days		\$ 134,471	0.72	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales and other operating revenue	2,599,471	1.18	70 days		437,074	1.23	
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	314,341	17.76	70 days		-	-	
Delta Networks, Inc. (Taiwan)	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	285,829	16.15	70 days		-	-	
Delta Networks, Inc. (Taiwan)	DEL Logistics (USA) Corp.	Affiliated enterprise	Sales	1,032,121	58.32	70 days		-	-	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	14,654,249	98.06	70 days		2,068,258	92.12	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	850,625	8.05	70 days		303,473	12.87	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	8,241,746	77.71	70 days		1,583,437	67.15	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	102,334	0.47	70 days		18,099	0.53	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,839,580	9.10	70 days		572,370	16.77	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	17,812,635	88.26	70 days		2,682,974	78.62	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	232,333	0.54	70 days		63,711	1.25	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 6,179,388	14.14	70 days			\$ 1,723,371	33.68		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	514,930	1.19	70 days			120,953	2.37		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	36,619,932	83.65	70 days			3,185,866	62.26		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	157,896	0.57	70 days			71,749	1.44		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	11,389,974	41.44	70 days			3,051,738	61.43		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	15,602,874	56.96	70 days			1,766,011	35.55		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	137,025	2.57	70 days			28,900	3.49		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	242,882	4.57	70 days			5,442	0.66		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	1,796,481	34.29	70 days			568,651	68.66		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,044,774	57.74	70 days			223,091	26.93		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	214,181	2.24	70 days			53,539	2.72		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	9,336,504	97.46	70 days			1,913,633	97.26		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 548,833	12.64	70 days			\$ 163,519	17.55	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,788,305	87.03	70 days			768,153	82.44	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	1,646,489	70.10	70 days			362,016	67.69	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	229,577	9.79	70 days			77,565	14.50	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	440,193	18.77	70 days			93,948	17.56	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	115,731	0.40	70 days			48,602	0.51	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	13,918,526	48.87	70 days			4,020,275	42.00	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	1,655,401	5.80	70 days			557,637	2.91	
Delta Electronics (Shanghai) Co., Ltd.	Eitek Energy Technology(Dongguan) Ltd.	Affiliated enterprise	Sales	121,971	0.41	70 days			38,956	0.41	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	863,675	3.04	70 days			299,002	3.12	
Cyntec Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales and other operating revenue	527,576	10.16	Note 1	Note 1	Note 1	11,956	1.24	
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	1,269,971	24.50	Note 2	Note 2	Note 2	432,289	44.83	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	\$ 2,142,204	4.17	Note 2	Note 2	\$ 27,789	2.88		
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	2,140,364	16.88	Note 3	Note 3	5,580	0.18		
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	10,263,850	83.01	Note 4	Note 4	3,147,932	99.85		
Cyntec International Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Sales	519,847	10.03	Note 1	Note 1	26	-		
ELTEK AS	ELTEK MEA DMCC	Affiliated enterprise	Sales and other operating revenue	294,101	4.35	70 days		70,509	4.34		
ELTEK AS	Eitek Sistemas de Energia Industria e Comercio S.A.	Affiliated enterprise	Sales and other operating revenue	136,498	2.02	70 days		23,918	1.48		
ELTEK AS	Eitek Deutschland GmbH	Affiliated enterprise	Sales and other operating revenue	325,085	4.88	70 days		87,292	5.38		
ELTEK AS	Eitek Egypt for Power Supply S.A.E.	Affiliated enterprise	Sales and other operating revenue	264,675	3.95	70 days		193,938	11.94		
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	Sales and other operating revenue	713,458	10.67	70 days		191,821	11.81		
ELTEK AS	Eitek Power (UK) Ltd.	Affiliated enterprise	Sales and other operating revenue	781,307	11.76	70 days		147,327	9.07		
ELTEK AS	Eitek SGS Pvt Ltd.	Affiliated enterprise	Sales	129,889	1.94	70 days		50,201	3.09		
ELTEK AS	OOO Eitek	Affiliated enterprise	Sales and other operating revenue	203,795	3.06	70 days		5,472	0.33		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales) and other operating revenue	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
ELTEK AS	Eitek Power Sweden AB	Affiliated enterprise	Sales and other operating revenue	\$ 104,264	1.54	70 days			\$ 4,755	0.29	
ELTEK AS	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	132,272	2.04	70 days			16,203	1.00	
ELTEK AS	Eitek s.r.o.	Affiliated enterprise	Sales and other operating revenue	485,704	7.27	70 days			84,389	5.20	Note 5
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales and other operating revenue	1,196,560	17.98	70 days			342,774	21.11	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Italy) S.r.l.	Affiliated enterprise	Sales and other operating revenue	174,082	2.84	70 days			29,436	2.71	
Delta Electronics (Netherlands) B.V.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	593,391	9.76	70 days			87,575	8.07	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales and other operating revenue	415,034	6.89	70 days			238,247	21.94	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	933,639	17.11	70 days			170,126	17.33	
Delta Electronics (Japan), Inc.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	231,255	4.25	70 days			36,397	3.71	
Delta Electronics (Americas) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,409,217	18.56	70 days			10,052	1.05	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	454,504	6.02	70 days			67,342	7.04	
Delta Electronics (Americas) Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	138,250	1.86	70 days			19,169	2.00	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	\$ 525,772	8.77	90 days			\$ 152,659	20.21	
Vivotek Inc.	Vavies Inc.	Affiliated enterprise	Purchase	117,769	2.93	30 days			(17,395)	2.57	
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	2,117,776	89.67	70 days			14,540	17.16	
Delta Electronics India Pvt. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	199,511	4.11	70 days			77,945	2.89	
Delta Electronics (Myanmar) Co., Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	104,263	100.01	70 days			7,865	100.00	
Delta Electronics (Slovakia) s.r.o.	Delta Greentech (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	390,839	12.09	70 days			17,634	1.83	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	541,177	17.11	70 days			144,954	15.05	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,464,384	46.32	70 days			434,996	22.58	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	614,666	19.81	70 days			352,467	36.60	
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	Sales and other operating revenue	1,954,077	98.79	70 days			104,395	80.58	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	135,728	0.34	70 days			6,599	0.07	
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Germany) GmbH	Affiliated enterprise	Sales	109,164	0.25	70 days			2,176	0.02	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	
Delta Electronics (Thailand) Public Company Limited	Delta Power Solutions (India) Pvt. Ltd.	Affiliated enterprise	Sales	\$ 111,360	0.28	70 days		\$ -	-		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Sales and other operating revenue	438,732	1.11	70 days		122,210	1.33		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	240,717	0.61	70 days		60,483	0.66		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	367,752	0.94	70 days		52,527	0.57		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Sales and other operating revenue	229,529	0.54	70 days		25,013	0.27		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics Inc.	Ultimate parent company	Sales	110,979	0.29	70 days		31,674	0.34		
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	14,639,861	36.82	70 days		4,725,070	51.26		
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	714,683	1.79	70 days		184,399	2.00		
Delta Electronics (Thailand) Public Company Limited	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	177,251	0.42	70 days		89,169	0.97		

Note 1: Selling price was the same with the third parties. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 2: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30-120 days after monthly billings.

Note 3: For the sales transactions, the amount is calculated by adding costs, fees and all necessary processing costs. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note 4: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 5: It initially was the Group's associate, and became the Group's subsidiary since April 2019.

Delta Electronics, Inc.
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 December 31, 2019
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	\$ 133,400	3.25	\$ 1,009		\$ 33,681	\$ -
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	2,050,668	8.44	40,430		2,050,668	-
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	207,670	14.55	52,583		182,443	-
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	2,403,743	5.07	6,583		1,554,150	-
Delta Electronics, Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	108,971	7.14	-		108,971	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	182,237	2.38	76,965		56,979	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	378,561	5.08	-		307,867	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,007,970	12.38	37,881		929,380	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	1,829,242	13.36	463,158		1,829,242	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,443,569	22.35	-		1,443,569	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	1,247,026	16.24	-		1,247,026	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	242,711	17.61	-		242,711	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	1,312,357	25.61	15		1,312,357	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	1,194,038	8.47	-		1,194,038	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	687,149	10.47	302,430		428,714	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	263,106	5.31	-		177,346	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec International Ltd.	Affiliated enterprise	1,050,790	3.99	-		637,883	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	362,480	7.95	20,521		239,992	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	586,949	9.54	-		405,332	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Affiliated enterprise	121,700	0.40	112,793		2,206	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 623,019	8.64	\$ -	-	\$ 623,019	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	181,890	13.63	-	-	103,198	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	194,886	6.81	7,474	-	114,826	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	7,432,332	2.95	-	-	2,056,319	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	6,383,361	7.30	573,449	-	3,936,460	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	687,908	7.71	2,896	-	428,175	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Associate	134,471	6.29	70,220	-	70,220	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	437,074	10.28	216,636	-	136,311	-
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,068,258	13.74	-	-	1,753,830	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	163,519	6.48	-	-	105,708	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	768,153	9.52	-	-	704,529	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	362,016	8.75	-	-	314,058	-
Cyntec Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	113,063	14.61	-	-	133,063	-
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	432,289	3.49	-	-	294,345	-
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,147,932	4.63	20,286	-	2,850,236	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	303,473	5.43	-	-	177,460	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,583,437	10.09	-	-	1,558,959	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	572,370	6.22	-	-	368,891	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,682,974	12.88	-	-	2,682,974	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	4,020,275	6.66	-	-	2,499,779	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	557,637	5.73	-	-	332,362	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	299,002	5.59	-	-	130,367	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,913,633	9.41	31	-	1,772,897	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
ELTEK AS	Eltek Egypt for Power Supply S.A.E.	Affiliated enterprise	\$ 193,938	2.56	\$ 154,804		\$ 75,717	\$ -
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	191,821	6.92	-		154,872	-
ELTEK AS	Eltek Power (UK) Ltd.	Affiliated enterprise	147,327	10.23	277		147,327	-
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	342,774	6.72	70		51,259	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,723,371	6.90	-		1,060,982	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	120,953	8.22	-		73,477	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,185,866	22.12	-		3,185,866	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	3,051,738	7.17	-		1,945,745	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,766,011	17.02	-		1,766,011	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	568,651	6.10	-		373,195	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	223,091	26.17	-		223,091	-
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	238,247	1.95	40,716		60,292	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	122,210	6.57	24,980		103,539	-
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	4,725,070	3.24	1,095,477		3,069,585	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	184,399	7.21	-		99,637	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	144,954	5.65	-		84,542	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	434,996	4.93	-		316,715	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	352,467	3.06	-		260,023	-
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	104,395	26.15	989		104,395	-
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	170,126	4.81	-		6,695	-
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	152,659	3.60	-		-	-
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	247,324	-	46		-	-
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	14,874,153	-	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 10,193,200	-	\$ -	-	\$ -	-
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,008,660	-	-	-	-	-
Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	8,139,570	-	-	-	-	-
Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	2,401,405	-	-	-	-	-
Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	870,024	-	-	-	-	-
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	8,014,451	-	-	-	-	-
Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	14,769,307	-	-	-	-	-
Delta International Holding Limited	Drake Investment (HK) Limited	Affiliated enterprise	990,604	-	-	-	-	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,102,648	-	-	-	-	-
Vivotek Inc.	Vatics Inc.	Affiliated enterprise	163,565	-	-	-	-	-
Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Affiliated enterprise	366,131	-	-	-	-	-

Note 1: Including other receivables in excess of \$100,000.

Note 2: The amount represents collections subsequent to December 31, 2019 up to March 10, 2020.

Delta Electronics, Inc.
 Significant inter-company transactions during the reporting period
 Year ended December 31, 2019
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 7)	Transaction terms	
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	\$ 13,226,927	(Note 4)	4.93
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales and other operating revenue	7,150,125	(Note 4)	2.67
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	5,954,782	(Note 4)	2.22
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	11,552,172	(Note 4)	4.31
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	16,805,200	(Note 4)	6.27
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	11,603,582	(Note 4)	4.33
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,813,726	(Note 4)	1.05
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales and other operating revenue	10,766,626	(Note 4)	4.02
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	6,078,444	(Note 4)	2.27
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales and other operating revenue	2,948,357	(Note 4)	1.10
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	2,767,840	(Note 4)	1.03
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	16,664,508	(Note 4)	6.22
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	24,064,206	(Note 4)	8.97
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	2,732,567	(Note 4)	1.02
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	14,654,249	(Note 4)	5.47

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 7)	Transaction terms (Note 4)	
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 8,241,746	(Note 4)	3.07
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	17,812,635	(Note 4)	6.64
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	6,179,388	(Note 4)	2.30
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	36,619,932	(Note 4)	13.66
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	11,389,974	(Note 4)	4.25
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	15,602,874	(Note 4)	5.82
7	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,044,774	(Note 4)	1.14
8	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	9,336,504	(Note 4)	3.48
9	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,788,305	(Note 4)	1.41
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	13,918,526	(Note 4)	5.19
11	Cynotec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	10,263,850	(Note 6)	3.83
12	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	14,639,861	(Note 4)	5.46
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Accounts receivable and other receivables	7,432,332	(Note 4)	2.39
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Accounts receivable	6,383,361	(Note 4)	2.05
11	Cynotec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Accounts receivable	3,147,932	(Note 4)	1.01
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Accounts receivable	4,020,275	(Note 4)	1.29
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Accounts receivable	3,185,866	(Note 4)	1.02

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 7)	Transaction terms (Note 4)	
12	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Accounts receivable	\$ 4,725,070		1.52
13	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	Other receivables	14,874,153	(Note 5)	4.78
14	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables	10,193,200	(Note 5)	3.28
14	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables	8,139,570	(Note 5)	2.62
13	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables	8,014,451	(Note 5)	2.58
13	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables	14,769,307	(Note 5)	4.75

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note 5: Lending of capital

Note 6: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 7: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Delta Electronics, Inc.
Information on investees
Year ended December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	100.00	\$ 71,598,502	\$ 8,372,730	8,900,336 (Note 6)	
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,581	29,581	83,800,000	100.00	5,547,216	247,367	180,995 (Note 6)	
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	162,376	162,376	5,250,000	39.62	243,787	199,548	79,061	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of film optic-electronic devices	12,067,931	12,067,931	2,341,204,333	100.00	33,929,506	1,140,122	910,629 (Note 6)	
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	3,253,241	350,000,000	100.00	3,835,853	308,435	308,435	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	34,498	7,270	1,500,000	100.00	24,194,633	9,621,278	9,347,995 (Note 6)	
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	21,761,836	100.00	218,817	18,955	18,061 (Note 6)	
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,769,895	(99,951)	(99,921)	
Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Taiwan	Design and sales of computer, peripheral and information system (software and hardware)	341,695	341,695	570,000	100.00	453,222	21,383	19,350 (Note 6)	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuits and information software services	-	462,442	-	-	-	702	689 (Note 16)	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	4,780,487	114,615	69,128,140	5.54	4,588,711	2,912,485	56,013 (Notes 6 and 13)	
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Netherlands	Sales of power products, display solution products, electronic components, industrial automation products and materials	4,529,355	4,247,073	128,492,272	100.00	10,740,522	2,289,934	925,303 (Note 6)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Research, development, design, manufacturing and sales of networking system and peripherals	\$ -	\$ 2,490,390	-	-	\$ -	\$ 44,610	(Notes 6 and 14)	
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	246,704	276,273	(Notes 6 and 9)	
Delta Electronics, Inc.	Vivotek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	4,039,937	4,039,937	43,404,058	49.87	3,908,920	274,905	(Note 6)	
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	-	9,845,345	-	-	-	4,676,058	(Notes land 17)	
Delta International Holding Limited	DAC Holding (Cayman) Limited	Cayman Islands	Equity investments	-	483,885	-	-	-	(109,484)	(Notes land 18)	
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and materials	85,712	85,712	5,600	100.00	578,816	78,893	(Note 1)	
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	342,982	342,982	19,249,667	41.00	240,059	26,332	(Note 1)	
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	239,840	239,840	8,000,000	60.38	354,973	199,548	(Note 1)	
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	86,072	14,990	1,000,000	100.00	229,496	6,860	(Note 1)	
Delta International Holding Limited	Ace Pillar Holding Co., Ltd.	Samoa	Equity investments	-	409,391	-	-	-	(6,563)	(Notes land 16)	
Delta International Holding Limited	Drake Investment (HK) Limited	Hong Kong	Equity investments	-	5,160,048	-	-	-	382,289	(Notes land 17)	
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	44,970	44,970	9,000,000	100.00	113,956	16,320	(Note 1)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta International Holding Limited	Delta Greentech SGP Pte. Ltd.	Singapore	Main business activities Equity investments	-	837,361	-	-	56,507	18,030	(Notes land 17)	
Delta International Holding Limited	Delta Electronics Europe Limited	Britain	Repair centre and providing support services	109,727	109,727	500,000	100.00	4,429	4,429	(Note 1)	
Delta International Holding Limited	Boom Treasure Limited	Hong Kong	Equity investments	-	2,614,486	-	-	172,212	45,831	(Notes land 17)	
Delta International Holding Limited	Apex Investment (HK) Limited	Hong Kong	Equity investments	-	3,787,800	-	-	268,214	130,956	(Notes land 19)	
Delta International Holding Limited	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	\$ -	3,787,800	-	-	268,214	130,956	(Notes land 19)	
Delta International Holding Limited	Jade Investment (HK) Limited	Hong Kong	Equity investments	-	3,787,800	-	-	268,214	130,956	(Notes land 19)	
Delta International Holding Limited	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	12,914,701	4,291,709	191,984,450	15.39	2,912,485	104,475	(Note 13)	
Delta International Holding Limited	ELTEK AS	Norway	Research, development and sales of power supplies and others	14,905,081	-	93,531,101	100.00	1,185,420	76,666	(Note 17)	
Delta International Holding Limited	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,047,331	-	1,060,624	100.00	226,967	10,001	(Note 17)	
Delta International Holding Limited	Delta Controls Inc.	Canada	Provide resolution of building management and control	2,248,500	-	75,000,000	100.00	107,725	3,225	(Note 17)	
Delta International Holding Limited	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	230,375	-	5,100	51.00	89,899	5,492	(Note 17)	
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico S.A. DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	181,379	181,379	252,002	100.00	8,120	8,120	(Note 2)	
Delta Electronics (Netherlands) B.V.	ELTEK AS	Norway	Research, development and sales of power supplies and others	-	14,905,081	-	-	1,185,420	323,381	(Note 17)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	-	2,047,331	-	-	226,967	234,615	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	689,045	689,045	8,179,182	39.95	276,273	109,466	(Notes 8 and 9)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Opiovue, Inc.	U.S.A.	Main business activities Research, development, design, manufacturing and sales of medical equipment	1,109,260	1,109,260	5,190,330	29.50	842,043	(97,786)		
Delta Electronics (Netherlands) B.V.	Delta Controls Inc.	Canada	Provide resolution of building management and control	-	2,248,500	-	-	-	107,725	(Note 17)	
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	169,527	169,527	10,001	100.00	219,815	24,284	(Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	790,742	790,742	471,800	100.00	1,025,336	113,304	(Notes 8 and 9)	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	\$ -	\$ 230,375	-	-	\$ -	\$ 89,899	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	115,723	115,723	479,750	51.00	47,389	(24,393)	(Note 8)	
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	213,158	213,158	4,315,657	100.00	161,644	58,758	(Note 8)	
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA.	Brazil	Manufacturing and sales of electronic products	332,295	332,295	37,000,000	100.00	252,004	3,383	(Note 8)	
Delta Electronics (Netherlands) B.V.	Amerlux, LLC	U.S.A.	Design and producing of dedicated lighting system and facilities	2,955,825	-	-	100.00	3,027,510	125,416	(Note 8)	
Delta Electronics (Netherlands) B.V.	Drake Investment (HK) Limited	Hong Kong	Equity investments	5,160,048	-	304,504,306	100.00	4,492,813	382,289	(Note 17)	
Delta Electronics (Netherlands) B.V.	Boom Treasure Limited	Hong Kong	Equity investments	2,614,486	-	1	100.00	1,965,502	172,212	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	9,845,345	-	2,549,297,600	100.00	17,387,743	4,676,058	(Note 17)	
Delta Electronics (Netherlands) B.V.	Delta Greentech SGP Pte. Ltd.	Singapore	Equity investments	837,361	-	12,175,470	100.00	645,313	56,507	(Note 17)	
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	216,809	216,809	250,000	100.00	1,187,993	162,720		
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	66,855	66,855	-	100.00	59,144	(1,677)		

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Austria	Main business activities Consulting service of building management and control solutions	2,433,160	2,071,849	-	100.00	2,459,179	117,931	58,213	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER INCORPORATED	Philippines	Sales of power supplies and others	22,584	-	11,400,000	100.00	24,157	(2,235)	(2,305)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER CO., LTD.	Thailand	Sales of power supplies and others	1	-	40,000	100.00	255,800	(6,769)	(6,861)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (CAMBODIA) LTD.	Cambodia	Sales of power supplies and others	1	-	1,000	100.00	(20,489)	(8)	(8)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Malaysia	Sales of power supplies and others	61,919	-	300,000	100.00	(63,876)	6,293	6,287	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	35,869,626	-	534,479,306	42.85	36,571,874	2,912,485	290,872	(Note 13)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Singapore	Sales of power supplies and others and system installation	\$ -	\$ -	-	-	\$ -	(\$ 4,775)	\$ 55	
Loy Tec electronics GmbH	LOYTEC Americas, Inc.	U.S.A.	Consulting service of building management and control solutions	322	322	9,978	100.00	18,101	9,724	9,724	
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,332,212	5,332,212	1,196,886,000	100.00	2,243,939	223,627	219,222	(Note 3)
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,049,300	1,049,300	35,000,000	100.00	2,218,893	220,448	220,448	(Note 4)
Delta Networks, Inc.	DNI Logistics (USA) Corporation	U.S.A.	Trading of networking system and peripherals	-	16,671	-	-	-	1,838	1,838	(Notes 4 and 21)
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	29,928,831	944,379	944,379	(Note 5)
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	179,161	179,161	8,702,934	59.03	162,778	700	(9,102)	(Note 5)
Vivotek Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	305,651	20,243,849	50.53	1,408	(98,050)	(46,717)	(Note 11)
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	196,957	13,960	13,960	(Note 11)
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Investment in the network communications industry	173,696	173,696	17,369,635	100.00	92,674	14,265	17,955	(Note 11)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Main business activities Sales service	11,418	11,418	3,000	100.00	10,006	1,076	1,076	(Note 11)
Vivotek Inc.	Olus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	44,294	6,000,000	100.00	7,228	(6,455)	6,455	(Note 11)
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	17,939	6,600	100.00	25,143	6,860	6,860	(Note 11)
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	29,980	29,980	10,000,000	100.00	283,619	13,969	13,969	(Note 10)
Realwin Investment Inc.	Skywatek INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	(4,173)	-	(Note 20)
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	47,911	2,304	2,304	(Note 12)
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	34,045	34,045	3,372,500	56.21	37,775	12,312	6,920	(Note 12)
Realwin Investment Inc.	Vivotek Middle East FZCO	United Arab Emirates	Sales of webcams and related components	11,242	11,242	1,322	89.99	(11,610)	9,785	8,805	(Note 12)
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	\$ 10,200	\$ 10,200	1,020,000	51.00	\$ 2,680	\$ 106	\$ 54	(Note 12)
Realwin Investment Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	31,123	31,123	1,556,142	3.88	1,887	(98,050)	(3,808)	(Note 12)
Delta Electronics (Thailand) Public Company Limited	DET International Holding Limited	Cayman Islands	Equity investments	9,542,307	9,542,307	264,357,330	100.00	8,386,628	320,641	320,641	(Note 15)
Delta Electronics (Thailand) Public Company Limited	Delta Green Industrial (Thailand) Co., Ltd.	Thailand	Integration, sales, trading, installation and providing services of uninterruptible power supply, photovoltaic inverter, electric cars charger and data center	208,019	208,019	20,600,000	100.00	208,019	39,501	39,501	(Note 15)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote (Note 15)
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Singapore) PTE. LTD.	Singapore	Equity investments, trading, management and consultancy	5,628,503	3,403,486	146,586,590	100.00	5,628,503	185,996	185,996	

Note 1: The Company's second-tier subsidiary or subsidiary, which was recognised as investment gains/losses through Delta International Holding Limited.

Note 2: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (H.K.) Ltd.

Note 3: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Networks Holding Limited.

Note 4: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Networks, Inc.

Note 5: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Cyntec Co., Ltd.

Note 6: The investment income /loss is net of the elimination of intercompany transactions.

Note 7: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (Netherlands) B.V.

Note 9: The Company indirectly acquired 39.95% and 49.79% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V. and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited, respectively, considering 10.26% equity shares of DAL held by the Company, the total ownership are 100%.

Note 10: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Vivotek Holdings, Inc.

Note 11: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Vivotek Inc.

Note 12: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Realwin Investment Inc.

Note 13: The total shareholding ratio is 63.78% when the Company's subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd., acquired the company's equity interests on April 2, 2019, which was including the original weighted-average comprehensive shareholding ratio of 20.01%.

Note 14: The company was merged into the Company on April 1, 2019, and the company was dissolved after the merger.

Note 15: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (Thailand) Public Company Limited.

Note 16: This company had been liquidated in October 2019.

Note 17: In November 2019, due to the reorganisation of the Group, Delta Electronics (Netherlands) B.V. exchanged 100% equity interests of its subsidiaries, ELTEK AS, Delta Controls Inc., and DELTA ELECTRONICS HOLDING (USA) INC. and a 51% equity interest of its subsidiary, Delta Electronics (Switzerland) AG, for 100% equity interests of the DIH' subsidiaries, Delta Electronics (H.K.) Limited, Drake Investment (HK) Limited, Delta Greentech SGP Pte. Ltd. and Boom Treasure Limited.

Note 18: This company had been liquidated in November 2019.

Note 19: In December 2019, the company began liquidation process and was dissolved, but has not yet been completed as at December 31, 2019.

Note 20: The Company's Associate was recognised as investment gains/losses due to significant influence by the Company's second-tier subsidiary Realwin Investment Inc., which owns one board member in the Company.

Note 21: In August 2019, DNI Cayman sold this company to DIH, and this company merged into its subsidiary-ALI. Under the merger, ALI was the surviving company while ALN was the dissolved company.

Delta Electronics, Inc.
Information on investments in Mainland China
Year ended December 31, 2019
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2019	Net income (loss) of year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 27)	Book value of investments in Mainland China as at December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Dongguan) Co., Ltd.	Main business activities Manufacturing and sales of transformer and thermal products	\$ 2,932,344	Invested by DHK	\$ 2,015,585	\$ 292,699	\$ -	\$ 2,308,284	\$ 220,725	100.00	\$ 205,774	\$ 3,759,398	\$ 289,607	(Notes 3 and 18)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,262,158	Invested by DHK	507,262	202,875	-	710,137	439,162	100.00	419,872	2,690,986	402,811	(Notes 6 and 18)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products	3,413,788	Invested by DHK	-	468,991	-	468,991	2,012,239	100.00	1,921,873	6,140,542	-	(Notes 9 and 18)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others	4,017,320	Invested by DHK	169,087	343,908	-	512,995	241,907	100.00	228,620	4,423,240	-	(Notes 10 and 18)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,888,740	Invested by DHK	-	128,161	-	128,161	143,709	100.00	143,629	1,896,810	-	(Notes 12 and 18)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,199,200	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	4,010,917	192,241	-	4,203,158	882,155	100.00	684,688	2,635,590	-	(Note 18)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	3,531,944	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	6,350,699	534,470	-	6,885,169	1,170,375	100.00	812,094	6,948,247	52,892	(Notes 7 and 18)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	869,420	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	1,330,764	97,940	-	1,428,704	149,464	100.00	113,264	1,246,912	-	(Notes 8 and 18)
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	-	Invested by DHK	11,272	-	-	11,272	-	-	1,736	-	-	(Note 26)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	135,809	Invested by DHK	930,890	61,002	-	991,892	(49,303)	100.00	(46,686)	(14,941)	-	(Notes 14 and 18)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	129,119	Invested by DHK	140,906	14,831	-	155,737	36,911	100.00	35,121	172,662	-	(Note 18)
PreOptix (Jiang Su) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	-	Invested by PHK	382,845	-	-	382,845	(12,821)	-	(12,052)	-	-	(Notes 13, 21 and 29)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers	-	Invested by DWH	-	-	-	-	3,358	100.00	3,192	-	-	(Notes 16 and 28)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	109,751	Invested by DCZ	-	-	-	-	42,538	100.00	40,194	186,923	-	(Note 16)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as at December 31, 2019	Net income (loss) of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 27)	Book value of investments in Mainland China as at December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment and energy management system as well as technology consulting service	\$ 129,119	Invested by DPEC and DDG	\$ -	\$ -	\$ -	\$ -	\$ 3,550	100.00	\$ 3,111	\$ 159,959	\$ -	(Note 16)
Delta Energy Technology (Shanghai) Co., Ltd.	Energy performance contracting, development of energy-saving technology, energy-saving equipment and energy management system as well as consulting service, installation, sales, etc.	43,040	Invested by DPEC and DGC	-	-	-	-	(5,242)	96.32	(5,085)	32,893	-	(Note 16)
Delta Greentech (China) Co., Ltd.	Sales of uninterruptible power systems	2,444,661	Invested by DIH, Ace, Boom, Drake-HK and DGSB	8,751,880	416,383	-	9,168,263	760,772	95.91	833,901	5,450,898	-	(Notes 4 and 17)
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	430	Invested by DET-SH	-	-	-	-	668	96.32	4,572	8,271	-	(Note 16)
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	6,069,822	Invested by CHK	5,949,902	-	-	5,949,902	777,637	100.00	777,637	7,587,354	-	(Note 20)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,049,300	Invested by DNHK	1,340,296	-	-	1,340,296	217,884	100.00	217,884	2,009,942	659,560	(Notes 5 and 19)
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	63,476	Invested by DNHK	20,986	-	-	20,986	4,149	30.00	4,061	16,342	-	(Note 19)
Elitek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sales of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	221,852	Invested by DHK / ELTEK CVI LIMITED	1,123,664	12,872	-	1,136,536	10,621	100.00	10,621	170,101	-	(Note 23)
DeiBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	119,920	Invested by DeiBio	119,920	-	-	119,920	26,112	100.00	26,078	168,592	-	(Note 22)
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	215,199	Invested by DHK	-	13,712	-	13,712	(23,031)	100.00	(21,914)	153,703	-	(Notes 15 and 18)
Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral equipment and software	236,719	Invested by DHK	253,396	18,189	-	253,585	(15,852)	100.00	(15,062)	217,407	-	(Note 18)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as at January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Net income (loss) of investee for the year ended December 31, 2019	Ownership held by the Company for the year ended December 31, 2019 (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 27)	Book value of investments in Mainland China as at December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as at December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan						
Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	\$ -	Invested by Delta Electronics (Beijing) Co., Ltd.	\$ -	\$ -	\$ -	(\$ 595)	(\$ 448)	\$ -	\$ -	-(Note 24)	
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	8,994	Invested by UNICOM	8,994	-	-	3,771	3,771	24,771	34,009	(Note 11)	
Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	14,241	Invested by Amerlux Lighting Hong Kong Limited	-	176,069	-	10,645	10,645	14,186	-	(Note 25)	

Note 1: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.96565 to US\$1 and NTD 4.30398 to RMB\$1.
Note 2: The accumulated remittance as at January 1, 2019, remitted or collected this period, accumulated remittance as at December 31, 2019 and investment income remitted back as at December 31, 2019 was translated into New Taiwan Dollars at the average exchange rate of NTD 29.98 to US\$1 at the balance sheet date.

Note 3: Except for the facility of US\$76,994 thousand permitted by Investment Commission, the capitalisation of earnings of US\$27,081 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 4: Except for the facility of US\$305,813 thousand permitted by Investment Commission, the capitalisation of earnings of US\$980 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 5: Except for the facility of US\$44,706 thousand permitted by Investment Commission, the capitalisation of earnings of US\$11,312 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 6: Except for the facility of US\$23,687 thousand permitted by Investment Commission, the capitalisation of earnings of US\$22,654 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 7: Except for the facility of US\$29,659 thousand permitted by Investment Commission, the capitalisation of earnings of US\$27,303 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 8: Except for the facility of US\$47,655 thousand permitted by Investment Commission, the capitalisation of earnings of US\$8,272 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 9: Except for the facility of US\$15,643 thousand permitted by Investment Commission, the capitalisation of earnings of US\$10,401 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 10: Except for the facility of US\$17,111 thousand permitted by Investment Commission, the capitalisation of earnings of US\$10,320 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 11: Indirect investment through UNICOM SYSTEM ENG. CORP.

Note 12: Except for the facility of US\$4,275 thousand permitted by Investment Commission, the capitalisation of earnings of US\$59,220 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 13: Except for the facility of US\$7,520 thousand permitted by Investment Commission, the investment of US\$5,250 thousand by PreOptix Co., Ltd. was permitted by Investment Commission.

Note 14: Except for the facility of US\$33,085 thousand permitted by Investment Commission, the capitalisation of earnings of US\$265 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note 15: Except for the facility of US\$457 thousand permitted by Investment Commission, the capitalisation of earnings of US\$7,268 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 16: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.

Note 17: Jointly invested through Drake Investment (HK) Limited., Delta Greentech SGP Pte. Ltd. and Boom Treasure Limited.

Note 18: Invest through Delta Electronics (H.K.) Ltd.

Note 19: Invest through Delta Networks (H.K.) Limited

Note 20: Invest through Cytex Holding (H.K.) Limited

Note 21: Invest through PreOptix (Hong Kong) Co., Ltd.

Note 22: Invest through DelBio Inc.

Note 23: In July 2019, this company was sold to Delta Electronics (H.K.) Ltd. by ELITEK CVI LIMITED., therefore it was invested through Delta Electronics (H.K.) Ltd.

Note 24: This company had been liquidated in July 2019.

Note 25: Invest through Amerlux Lighting Hong Kong Limited.

Note 26: This company had been liquidated in April 2019.

Note 27: The company recognised investment income / loss based on the audited financial statement.

Note 28: This company had been liquidated in December 2019.

Note 29: The ownership of PreOptix (Jiang Su) Co., Ltd. had been sold in October 2019.

Company name	Accumulated amount remitted from Taiwan to Mainland China as at December 31, 2019	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics, Inc. (Notes 2 and 3)	\$ 29,067,290	\$ 29,721,517	\$ -
Cytex Co., Ltd.	5,949,902	5,949,902	17,124,770
DelBio Inc. (Note 4)	119,920	119,920	131,884
UNICOM SYSTEM ENG. CORP. (Notes 5 and 6)	-	-	80,000

Note 1: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 29.98 to US\$1 at the balance sheet date.

Note 2: The investment income of US\$22,000 thousand, US\$18,000 thousand and US\$14,551 thousand were remitted back on March 11, 2011, June 27, 2012, August 14, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 28, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

Note 3: According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company obtained the approval of operation headquarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.

Note 4: The ceiling is calculated based on DelBio Inc.'s 60% of net assets as at December 31, 2019.

Note 5: The limitation pursuant to the regulations is NT \$80 million or 60% of net value or consolidated net assets, whichever is higher.

Note 6: The investment income of US\$1,134 thousand were remitted back on October 17, 2019 from the investee companies in Mainland China and was permitted by Investment Commission on November 12, 2019, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

The significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China as well as those that the Company indirectly conducted with investee companies in Mainland China through Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cytex International Limited. - Labuan (CIL-Labuan) for the year ended December 31, 2019 are shown in Table 6 and 7.

▶ 7.3 Audit committee's report for the most recent year's financial statement

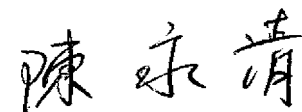
Audit Committee's Review Report

Attention: Annual General Shareholders' Meeting of Delta Electronics, Inc. 2020

We, the Audit Committee of the Company have reviewed the business report, parent company only financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2019 in accordance with applicable laws and regulations and found the same have been complied with. We hereby report to the shareholders as described above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee of Delta Electronics, Inc.

Convenor of the Audit Committee: Yung-Chin Chen



Date: March 10, 2020

► 7.4 Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

7.4.1 Condensed Balance Sheet – Consolidated (Based on IFRSs)

Unit: NT\$1,000

Item \ Year	Financial information for the past five fiscal years (Note 1)					Current year to March 31, 2020 (Note 3)	
	2015	2016	2017	2018	2019		
Current Assets	\$132,153,481	\$138,401,698	\$147,703,878	\$157,305,906	\$147,558,191	\$142,704,730	
Property, Plants and Equipment (Note 2)	41,891,417	40,558,137	44,338,628	46,428,874	63,590,981	63,815,846	
Intangible Assets	25,424,926	30,918,856	33,833,648	32,628,388	82,432,653	82,539,291	
Other Assets (Note 2)	26,806,112	25,235,979	24,662,405	25,572,256	17,455,465	16,694,015	
Total Assets	226,275,936	235,114,670	250,538,559	261,935,424	311,037,290	305,753,882	
Current Liabilities	Before Distribution	76,352,296	81,263,637	89,221,147	80,628,980	85,726,160	81,491,820
	After Distribution	89,340,013	94,251,354	102,208,864	93,616,697	(Note 4)	(Note 4)
Non-Current Liabilities	20,370,831	24,842,167	27,543,938	41,845,536	50,956,688	51,951,689	
Total Liabilities	Before Distribution	96,723,127	106,105,804	116,765,085	122,474,516	136,682,848	133,443,509
	After Distribution	109,710,844	119,093,521	129,752,802	135,462,233	(Note 4)	(Note 4)
Equity attributable to owners of the parent	124,370,187	124,114,426	124,556,969	130,271,159	140,156,877	139,714,557	
Share Capital	25,975,433	25,975,433	25,975,433	25,975,433	25,975,433	25,975,433	
Capital Surplus	48,344,161	48,442,451	48,446,318	48,397,067	49,103,331	49,431,190	
Retained Earnings	Before Distribution	46,131,086	51,936,736	57,223,361	63,459,691	72,700,147	74,264,865
	After Distribution	33,143,369	38,949,019	44,235,644	50,471,974	(Note 4)	(Note 4)
Other Equity	3,919,507	(2,240,194)	(7,088,143)	(7,561,032)	(7,622,034)	(9,956,931)	
Treasury Stock (Note 5)	-	-	-	-	-	-	
Non-controlling interest	5,182,622	4,894,440	9,216,505	9,189,749	34,197,565	32,595,816	
Total Equity	Before Distribution	129,552,809	129,008,866	133,773,474	139,460,908	174,354,442	172,310,373
	After Distribution	116,565,092	116,021,149	120,785,757	126,473,191	(Note 4)	(Note 4)

Note 1: All financial data from 2015 to 2019 are audited by the CPA.

Note 2: No asset revaluation was conducted in these stated fiscal years.

Note 3: The latest financial data reviewed by the CPA on the date of publication of this annual report April 29, 2020 is the financial statement for the first quarter and it shall also be disclosed therewith.

Note 4: The earnings distribution for 2019 has not been approved by the shareholders meeting, therefore the figures after distribution are not listed.

Note 5: The Company's financial statements do not be corrected or restated.

7.4.2 Condensed Income Statements - Consolidated (Based on IFRSs)

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Sales Revenue	\$203,451,661	\$214,355,571	\$223,577,514	\$237,017,809	\$268,131,397	\$55,678,341
Gross Profit	55,368,665	59,493,731	60,768,274	63,554,387	74,496,145	14,743,727
Operating Profit	20,498,914	20,825,671	19,773,788	18,166,723	19,408,790	1,979,490
Non-operating Income and Expenses	4,275,882	3,964,290	4,024,492	4,634,305	9,745,619	857,026
Profit before Income Tax	24,774,796	24,789,961	23,798,280	22,801,028	29,154,409	2,836,516
Profit from Continued Operations	19,882,374	19,259,982	18,756,952	18,648,584	23,927,756	2,228,069
Gain (Loss) from Discontinued Operations (Note 3)	-	-	-	-	-	-
Profit for the Year	19,882,374	19,259,982	18,756,952	18,648,584	23,927,756	2,228,069
Other Comprehensive Income (Loss) for the Year	566,477	(6,407,491)	(5,155,742)	602,036	(62,017)	(3,832,621)
Total Comprehensive Income for the Year	20,448,851	12,852,491	13,601,210	19,250,620	23,865,739	(1,604,552)
Profit Attributable to Owners of the Parent	18,714,623	18,797,799	18,380,552	18,193,093	23,117,797	2,067,299
Profit Attributable to Non-controlling Interest	1,167,751	462,183	376,400	455,491	809,959	160,770
Comprehensive Income Attributable to Owners of the Parent	19,248,822	12,633,666	13,430,608	18,813,838	22,165,228	(770,179)
Comprehensive Income Attributable to Non-controlling Interest	1,200,029	218,825	170,602	436,782	1,700,511	(834,373)
Earnings Per Share	7.67	7.24	7.08	7.00	8.90	0.80

Note 1: All financial data from 2015 to 2019 are audited by the CPA.

Note 2: The latest financial data reviewed by the CPA on the date of publication of this annual report, April 29, 2020 is the financial statement for the first quarter and it shall also be disclosed therewith.

Note 3: The gain (loss) from discontinued operations are the net amount after deducting income tax.

Note 4: The Company's financial statements do not be corrected or restated.

7.4.3 Condensed Balance Sheet – Parent Company Only (Based on IFRSs)

Unit: NT\$1,000

Item	Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019	
Current Assets		\$11,947,543	\$12,037,506	\$13,822,923	\$12,787,307	\$16,545,412	NA
Property, Plants and Equipment (Note 3)		11,174,713	11,253,913	11,834,121	14,686,584	19,793,789	
Intangible Assets		551,907	638,607	801,261	944,431	1,008,581	
Other Assets (Note 3)		131,752,554	135,727,597	136,671,248	148,613,876	164,456,369	
Total Assets		155,426,717	159,657,623	163,129,553	177,032,198	201,804,151	
Current Liabilities	Before Distribution	16,855,386	17,612,117	17,887,966	19,991,835	22,589,246	
	After Distribution	29,843,103	30,599,834	30,875,683	32,979,552	(Note 4)	
Non-Current Liabilities		14,201,144	17,931,080	20,684,618	26,769,204	39,058,028	
Total Liabilities	Before Distribution	31,056,530	35,543,197	38,572,584	46,761,039	61,647,274	
	After Distribution	44,044,247	48,530,914	51,560,301	59,748,756	(Note 4)	
Equity attributable to owners of the parent		-	-	-	-	-	
Share Capital		25,975,433	25,975,433	25,975,433	25,975,433	25,975,433	
Capital Surplus		48,344,161	48,442,451	48,446,318	48,397,067	49,103,331	
Retained Earnings	Before Distribution	46,131,086	51,936,736	57,223,361	63,459,691	72,700,147	
	After Distribution	33,143,369	38,949,019	44,235,644	50,471,974	(Note 4)	
Other Equity		3,919,507	(2,240,194)	(7,088,143)	(7,561,032)	(7,622,034)	
Treasury Stock (Note 5)		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total Equity	Before Distribution	124,370,187	124,114,426	124,556,969	130,271,159	140,156,877	
	After Distribution	111,382,470	111,126,709	111,569,252	117,283,442	(Note 4)	

Note 1: All financial data from 2015 to 2019 are audited by the CPA.

Note 2: The latest financial data reviewed by the CPA on the date of publication of this annual report April 29, 2020, please see "7.4.1 Condensed Balance Sheet – Consolidated (Based on IFRSs)".

Note 3: No asset revaluation was conducted in these stated fiscal years.

Note 4: The earnings distribution for 2019 has not yet been approved by the shareholders' meeting, therefore the figure after distribution is not listed

Note 5: Not applicable to the Company.

7.4.4 Condensed Income Statements – Parent Company Only (Based on IFRSs)

Unit: NT\$1,000 (EPS=NT\$)

Item \ Year	Financial information for the most recent five years (Note 1)					Current year to March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Sales Revenue	\$37,892,526	\$38,547,696	\$38,577,747	\$38,948,885	\$47,945,673	NA
Gross Profit	4,308,296	4,529,028	4,517,782	12,535,782	16,350,556	
Operating Profit	1,928,788	1,943,726	2,332,328	1,437,896	1,609,646	
Non-operating Income and Expenses	18,382,303	18,392,397	17,671,868	16,933,685	23,586,291	
Profit before Income Tax	20,311,091	20,336,123	20,004,196	18,371,581	25,195,937	
Profit from Continued Operations	18,714,623	18,797,799	18,380,552	18,193,093	23,117,797	
Gain (Loss) from Discontinued Operations (Note 3)	-	-	-	-	-	
Profit for the Year	18,714,623	18,797,799	18,380,552	18,193,093	23,117,797	
Other Comprehensive Income (Loss) for the Year	534,199	(6,164,133)	(4,949,944)	620,745	(952,569)	
Total Comprehensive Income for the Year	19,248,822	12,633,666	13,430,608	18,813,838	22,165,228	
Profit Attributable to Owners of the Parent	-	-	-	-	-	
Profit Attributable to Non-controlling Interest	-	-	-	-	-	
Comprehensive Income Attributable to Owners of the Parent	-	-	-	-	-	
Comprehensive Income Attributable to Non-controlling Interest	-	-	-	-	-	
Earnings Per Share	7.67	7.24	7.08	7.00	8.90	

Note 1: All financial data from 2015 to 2019 are audited by the CPA.

Note 2: The latest financial data reviewed by the CPA on the date of publication of this annual report April 29, 2020, please see "7.4.2 Condensed Income Statements - Consolidated (Based on IFRSs)"

Note 3: The gain (loss) from discontinued operations are the net amount after deducting income tax.

7.4.5 Names and opinions of external auditors over the past five years

Item \ Year	Names and opinions of external auditors over the past five years				
	2015	2016	2017 (Note)	2018	2019
Names of the CPA	Liang, Hua-Ling	Liang, Hua-Ling	Lin, Yu-Kuan	Lin, Yu-Kuan	Lin, Yu-Kuan
	Tseng, Hui-Chin	Tseng, Hui-Chin	Chou, Chien-Hung	Chou, Chien-Hung	Chou, Chien-Hung
Audit Opinion	Modified Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

Note: The main reason for the change of CPA in 2017 is due to the internal organizational adjustment by the CPA firm.

► 7.5 Financial analyses for the past 5 fiscal years

7.5.1 Consolidated Financial Analysis – Based on IFRSs

Analysis Items (Note 3)		Financial Analysis for the Past Five Fiscal Years					Analysis of financial ratio difference exceeding 20% for the last two years	Current year to March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019		
Financial Structure (%)	Debt Ratio	42.75	45.13	46.61	46.76	43.94	NA	43.64
	Ratio of Long-term Capital to Property, Plant and Equipment	345.51	367.27	343.04	370.71	300.54	NA	300.34
Solvency (%)	Current Ratio	173.08	170.31	165.55	195.10	172.13	NA	175.12
	Quick Ratio	136.57	134.95	129.06	151.13	123.46	NA	125.38
	Interest Coverage Ratio	5,532.64	6,561.66	6,381.53	4,277.51	4,084.23	NA	2,614.08
Operating Performance	Accounts Receivable Turnover (Times)	4.15	4.13	4.12	4.13	4.59	NA	4.15
	Average Collection Days	87.95	88.38	88.59	88.38	79.52	NA	87.95
	Inventory Turnover (Times)	5.99	5.59	5.15	4.76	4.58	NA	3.61
	Accounts Payable Turnover(Times)	4.25	4.22	4.32	4.42	4.84	NA	4.42
	Average Days in Sales	60.93	65.30	70.87	76.68	79.69	NA	101.11
	Property, Plant and Equipment Turnover (Times)	5.17	5.20	5.27	5.22	4.87	NA	3.50
	Total Assets Turnover (Times)	0.91	0.93	0.92	0.92	0.94	NA	0.72
Profitability	Return on Total Assets (%)	8.55	8.29	7.70	7.27	8.27	NA	2.80
	Return on Equity (%)	16.47	15.13	14.78	14.28	17.10	NA	5.91
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	95.38	95.44	91.62	87.78	112.24	Analysis 1	43.68
	Profit Ratio(%)	9.20	8.77	8.22	7.68	8.62	NA	3.71
	Earnings Per Share(NT\$)	7.67	7.24	7.08	7.00	8.90	Analysis 2	0.80
Cash Flow	Cash Flow Ratio (%)	40.68	38.02	30.23	29.36	48.89	Analysis 3	43.90
	Cash Flow Adequacy Ratio (%)	98.90	115.40	107.66	103.11	90.33	NA	106.79
	Cash Reinvestment Ratio (%)	8.61	10.62	7.92	5.27	13.63	Analysis 3	16.85
Leverage	Operating Leverage	2.60	2.81	3.04	3.14	3.75	NA	7.23
	Financial Leverage	1.02	1.02	1.02	1.03	1.04	NA	1.06

Analysis of financial ratio difference exceeding 20% for the last two years:

Analysis 1: The increase in the pre-tax income to paid-in capital ratio was mainly due to the increase in pre-tax income.

Analysis 2: The increase in the earnings per share was mainly due to the increase in income after tax.

Analysis 3: The increase in cash flow ratio and cash reinvestment ratio was mainly due to the increase in the cash inflow generated from operations.

Note 1: The financial analysis figures from 2015 to 2019 are audited by CPA.

Note 2: The latest financial reports reviewed by the CPA on the date of publication of the annual report April 29, 2020 is the financial reports on March 31, 2020 and it is included in the analysis.

Note 3: The calculation formulas of the analysis items are as below.

1. Financial Structure:

(1) Debt Ratio=Total liabilities / Total assets

(2) Ratio of Long-term Capital to Property, Plant and Equipment=(Total equity + non-current liabilities) / Net Property, Plant and Equipment

2. Solvency:

(1) Current Ratio=Current assets / Current liabilities

(2) Quick Ratio=(Current assets – inventories – prepaid expenses) / Current liabilities

(3) Interest Coverage Ratio=Income before tax and interest expenses / Current Interest expenses

3. Operating Performance:

- (1) Accounts Receivable (included accounts receivable and operating notes receivable) Turnover= Net sales / Average accounts receivable for each period (included accounts receivable and operating notes receivable)
- (2) Average Collection Days=365 / Accounts receivable turnover
- (3) Inventory Turnover=Cost of sale / Average inventories
- (4) Accounts Payable (included accounts payable and operating notes payable) Turnover=Cost of sales / Average accounts payable for each period (included accounts payable and operating notes payable)
- (5) Average Days in Sales=365 / Inventory turnover
- (6) Property, Plant and Equipment Turnover=Net sales / Net average of Property, Plant and Equipment
- (7) Total Assets Turnover=Net sales / Average of total assets

4. Profitability:

- (1) Return on Total Assets= [Net income after tax + interest expense × (1 – tax rate)] / Average of total assets
- (2) Return on Equity=Net income after tax / Average of equity
- (3) Profit Ratio=Net income after tax / Net sales
- (4) Earnings Per Share=Net income attributable to owners – preferred share dividends / Weighted average of outstanding shares (Note4)

5. Cash Flow:

- (1) Cash Flow Ratio=Net cash flow from operating activities / Current liabilities
- (2) Cash Flow Adequacy Ratio=Net cash flow from operating activities in recently five years / Recently five years of (capital expenses + increase in inventories + cash dividend)
- (3) Cash Reinvestment Ratio=(Net cash flow from operating activities - cash dividends) / (Gross Property, Plant and Equipment + long-term investments + other non-current assets + working capital)

6. Leverage:

- (1) Operating Leverage=(Net sales – variable operating cost and expense) / Operating income (Note 6)
- (2) Financial Leverage=Operating income / (Operating income – interest expense)

Note 4: The calculation formula of the above earnings per share shall consider the following items for evaluation:

1. The evaluation shall be based on the weighted average number of common shares instead of the number of shares outstanding at the end of the year.
2. Capital increase by cash or treasury shares transaction shall be based on the issuance period of the shares and calculate the weighted average number of shares.
3. Increase of capital by transferring from retained earnings or by capital surplus shall be based on the proportion of capital increase when calculating the annual or the semi-annual earnings per share of the previous year. The issuance period of shares does not be taken into consideration.
4. If the preferred share is a non-convertible accumulative preferred share, its annual dividend (whether paid or not) shall be deducted from the net income after tax, or increase the net loss after tax. If the preferred share is non-cumulative, in the case of net profit after tax, the preferred share dividend shall be deducted from the net profit after tax. It shall not be adjusted in the case if there is a loss.

Note 5: The cash flow analysis shall consider the following items for evaluation:

1. Net cash flow from operating activities refers to the net cash inflows from operating activities in the cash flow statement.
2. Capital expense refers to the number of cash outflows per year of capital investment.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory is decreased at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for common shares and preferred shares.
5. The gross property, plant and equipment value refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall classify various operating costs and operating expenses into non-current and current items. Any estimation or subjective judgment shall consider the reasonableness and consistency.

Note 7: If the company issues shares without a par value or the face value the shares is not NT\$10, the above calculation of the proportion of the paid-up capital shall be based on the interests attributable to parent company in the balance sheet.

7.5.2 Parent Only Financial Analysis – Based on IFRSs

Analysis Items(Note 3)		Financial Analysis for the Last Five Years					Analysis of financial ratio difference exceeding 20% for the last two years	Current year to March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019		
Financial Structure (%)	Debt Ratio	19.98	22.26	23.65	26.41	30.55	NA	NA
	Ratio of Long-term Capital to Property, Plant and Equipment	1,240.04	1,262.19	1,227.31	1,069.28	905.41	NA	
Solvency (%)	Current Ratio	70.88	68.35	77.27	63.96	73.24	NA	
	Quick Ratio	62.95	56.51	65.89	51.62	52.66	NA	
	Interest Coverage Ratio	10,152.61	38,850.97	26,102.10	22,009.01	19,068.13	NA	
Operating Performance	Accounts Receivable Turnover(Times)	4.95	4.70	4.56	4.77	5.38	NA	
	Average Collection Days	73.74	77.66	80.04	76.52	67.84	NA	
	Inventory Turnover(Times)	31.11	27.85	23.09	14.54	9.67	Analysis 1	
	Accounts Payable Turnover(Times)	4.21	4.55	4.47	3.26	3.34	NA	
	Average Days in Sales	11.73	13.11	15.81	25.10	37.75	Analysis 1	
	Property, plant and equipment Turnover (Times)	3.57	3.44	3.34	2.94	2.78	NA	
	Total Assets Turnover(Times)	0.24	0.24	0.24	0.23	0.25	NA	
Profitability	Return on Total Assets(%)	12.11	11.96	11.43	10.74	12.26	NA	
	Return on Equity(%)	16.47	15.13	14.78	14.28	17.10	NA	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 4)	78.19	78.29	77.01	70.73	97.00	Analysis 2	
	Profit Ratio(%)	49.39	48.77	47.65	46.71	48.22	NA	
	Earnings Per Share(NT\$)	7.67	7.24	7.08	7.00	8.90	Analysis 3	
Cash Flow	Cash Flow Ratio(%)	67.78	66.84	103.19	34.40	43.75	Analysis 4	
	Cash Flow Adequacy Ratio(%)	72.77	72.73	72.91	65.45	61.65	NA	
	Cash Reinvestment Ratio(%)	-3.45	-0.83	3.66	-3.77	-1.67	Analysis 4	
Leverage	Operating Leverage	2.56	2.64	2.28	8.60	10.52	Analysis 5	
	Financial Leverage	1.12	1.03	1.03	1.06	1.09	NA	

Analysis of financial ratio difference exceeding 20% for the last two years:

Analysis 1: The decrease in inventory turnover rate and the increase in average days in sale was mainly due to the increase in average inventories.

Analysis 2: The increase in pre-tax income to paid-in capital ratio was mainly due to the increase in profit before income tax.

Analysis 3: The increase in earnings per share was mainly due to the increase in profit after income tax.

Analysis 4: The increase in cash flow ratio and cash reinvestment ratio was mainly due to the increase in the cash inflow generated from operations.

Analysis 5: The increase in operating leverage was mainly due to the increase in operating profit.

Note 1: The financial analysis figures from 2015 to 2019 are audited by CPA.

Note 2: The financial analysis reviewed by the CPA on the date of publication of this annual report April 29, 2020, please see 7.5.1 Consolidated Financial Analysis – Based on IFRS.

Note 3: The calculation formulas are based on the descriptions in the Note 3 in 7.5.1 Consolidated Financial Analysis – Based on IFRS.

Note 4: If the company issues shares without a par value or the face value the shares is not NT\$10, the calculation of the proportion of the paid-up capital shall be based on the interests attributable to parent company in the balance sheet.

► 7.6 The financial situation of the Company and its affiliates

The Company and its affiliates have not incurred any financial or cash flow difficulties in last year and as of the date of publication of this Annual Report.

8. Review and Analysis of Financial Position and Financial Performance, and Risks Assessment

► 8.1 Financial position

Unit: NT\$1,000

Item	Year	December 31, 2019	December 31, 2018	Difference		Comment (Note)
				Amount	%	
Current assets		\$147,558,191	\$157,305,906	\$(9,747,715)	(6)	NA
Property, plant and equipment		63,590,981	46,428,874	17,162,107	37	Comment 1
Intangible assets		82,432,653	32,628,388	49,804,265	153	Comment 1
Other assets		17,455,465	25,572,256	(8,116,791)	(32)	Comment 1
Total assets		311,037,290	261,935,424	49,101,866	19	NA
Current liabilities		85,726,160	80,628,980	5,097,180	6	NA
Non-current liabilities		50,956,688	41,845,536	9,111,152	22	Comment 1
Total liabilities		136,682,848	122,474,516	14,208,332	12	NA
Share capital		25,975,433	25,975,433	-	-	NA
Capital surplus		49,103,331	48,397,067	706,264	1	NA
Retained earnings		72,700,147	63,459,691	9,240,456	15	NA
Other equity interest		(7,622,034)	(7,561,032)	(61,002)	(1)	NA
Non-controlling interest		34,197,565	9,189,749	25,007,816	272	Comment 1
Total equity		174,354,442	139,460,908	34,893,534	25	Comment 1

Note: detailed analysis is not required when difference in the rate of variance does not exceed 20% or the indicated amount does not exceed NTD 10 million.

Comment 1: Increase in property, plant and equipment, intangible assets, other assets, non-current liabilities, non-controlling interests, and total equity was mainly because the Company acquired 42.85% shareholdings of the affiliated company, DET, on April 2, 2019 and gained control of it, and acquired 100% ownership and gained control of Amerlux on June 1, 2019.

► 8.2 Financial performance

Unit: NT\$1,000

Item \ Year	2019	2018	Increased (Decreased) Amount	Rate of Variance (%)	Comment on the difference analysis for the rate of variance(Note)
Sales revenue	\$268,131,397	\$237,017,809	\$31,113,588	13	NA
Operating costs	193,635,252	173,463,422	20,171,830	12	NA
Gross profit	74,496,145	63,554,387	10,941,758	17	NA
Operating expenses	55,087,355	45,387,664	9,699,691	21	Comment 1
Operating profit	19,408,790	18,166,723	1,242,067	7	NA
Non-operating income and expenses	9,745,619	4,634,305	5,111,314	110	Comment 2
Profit before income tax	29,154,409	22,801,028	6,353,381	28	Comment 2
Income tax expense	5,226,653	4,152,444	1,074,209	26	Comment 3
Gain (Loss) from Discontinued Operations	-	-	-	-	NA
Profit for the year	23,927,756	18,648,584	5,279,172	28	Comment 2
Other comprehensive income (loss) for the year	(62,017)	602,036	(664,053)	(110)	Comment 4
Total comprehensive income for the year	23,865,739	19,250,620	4,615,119	24	Comment 2

Note: detailed analysis is not required when difference in the rate of variance does not exceed 20% or the indicated amount does not exceed NTD 10 million.

Comment 1: The increase in operating expenses was mainly due to the increase in research and development expenses and selling expenses.

Comment 2: The increase in non-operating income and expenses, profit before income tax, profit for the year and total comprehensive income for the year was mainly due to the increase in gain on disposal of investments.

Comment 3: The increase in income tax expense was mainly due to the increase in profit before income tax.

Comment 4: The decrease in other comprehensive income (loss) for the year was mainly due to the decrease in the exchange differences in the conversion of financial statements of foreign entities.

Sales volume forecast and the basis therefor, and the effect upon the Company's financial operations as well as measures to be taken in response:

Delta's products range from power electronics to integrated solutions, the selling prices of various product lines are largely different (varying from USD1/pc below to millions) therefore sales volume is not an appropriate measurement basis. From the perspective of Delta's entire sales, we're aiming to increase the production capacity and the yield rate along with new product development to meet the rising demand. Moreover, Delta is devoted to driving energy conservation and environmental protection as our mission and will continuously develop more valuable, more efficient and more environment-friendly products to fulfill the customers' requirements.

► 8.3 Cash flow

8.3.1 Cash Flow Analysis for the Past 2 Fiscal Years

Item \ Year	December 31, 2019	December 31, 2018	Variance (%)
Cash flow ratio	48.89%	29.36%	67
Cash flow adequacy ratio	90.33%	103.11%	(12)
Cash reinvestment ratio	13.63%	5.27%	159

Analysis of change in variance: (It is not applicable when the variance is under 20%)

1. Cash flow ratio and cash reinvestment ratio

Variance of cash flow ratio and cash reinvestment ratio increased due to the increase of cash inflow from operating activities.

8.3.2 Corrective Measure to Be Taken in Response to Illiquidity: Not applicable.

8.3.3 Liquidity Analysis for the Coming Year

Unit: NT\$1,000

Estimated Cash and Cash Equivalents at Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Estimated Cash Surplus (Deficit)	Estimated Remedy for Cash Deficit	
				Investment Plans	Financial Plans
\$43,960,001	\$32,100,000	\$37,920,000	\$38,140,001	\$-	\$-

1. Liquidity Analysis for the Coming Year

(1) Estimated Net Cash Flow from Operating Activities

The Company reduces production costs through process improvement and automation enhancements as well as manages the balance of inventory and accounts receivable; therefore, the net cash flow is estimated to be grown steadily.

(2) Estimated Cash Outflow

Estimated cash outflow is described as follows focusing on investing activities and financing activities

a. Investing Activities

The Company continues looking for targets for merging, developing and applying technology in intelligent and environment protection industries as well as focusing on capital expenditure and capacity expansion on our own products and automatic equipment.

b. Financing Activities

The Company estimates to distribute cash dividends, so the cash flow from financing activities will cause greater outflow for the current year.

2. Estimated Remedy for Cash Deficit and Liquidity Analysis : Not applicable.

► 8.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year.

8.4.1 Major capital expenditures and sources of funds

Unit: NT\$1,000

Project	Actual or expected of funds sources	Actual or expected date of project completion	Required amount	Actual or expected capital expenditures		
				2018	2019	2020
Procurements of self-use machinery and equipment (Note)	Own funds	2020. 12.31	\$23,200,657	\$5,139,999	\$7,727,557	\$10,333,101
Investments in domestic companies	Own funds	2020. 12.31	1,267,973	654,524	445,222	168,227
Investments in foreign companies	Own funds	2020. 12.31	45,572,335	698,179	44,622,778	251,378
Procurement (or Construction) of factories and office buildings (Note)	Own funds	2020. 12.31	17,342,267	5,046,948	6,614,949	5,680,370

Note: Includes construction in progress and machineries that require acceptance.

8.4.2 Estimated benefits

- 8.4.2.1 The procured machinery and equipment are primarily applied to research, development, manufacturing and testing. These are not only used for the development of new products, but can also assist in the improvement of product quality and business operations. Delta dedicates its effort in enhancing energy saving, environmental protection and product development techniques in the hope of keeping environmental integrity while making a progress in technological development.
- 8.4.2.2 Investments in domestic and foreign companies are applied to obtain high-tech information, strengthen the group's territory of total solution, enhance manufacturing facilities and reduce labor costs to diversify company's business operations. The long-term benefits are generated through the technical collaboration among Delta and its peers and alliances, where enhancement of core technologies of the Company and the development of energy saving and environmental protection products are involved. Such collaboration can also result in a mid-term benefit of an increment in Company's return on investments.

► 8.5 The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

The Company's current investment policy for the year includes a complementary marketing strategy and target as well as non-core investments. The major factor behind investment income in recent years is economies of scale achieved through investment operations, solid implementation of a management system, and competitive products in the market. The Company continues to assist new and unprofitable subsidiaries, enabling some of them to rapidly reduce losses and reach profitability targets.

► 8.6 The section on risks during the most recent fiscal year and as they stood on the date of publication of the annual report

8.6.1 The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

- 8.6.1.1 Effects of interest rate fluctuations on company's profits (losses) and response measures to be taken in the future

Up to the date of the publication of the annual report (April 29th, 2020), the short-term and long-term loans held by the Company can continue to perform as revolving funds in accordance with the loan contracts. Under the condition that financial structures are improved, the supplement of middle-to-long term operational funds and the reduction of risks in changes of interest rates will take place, the Company may regularly evaluate the financial conditions of the markets and bank rates to make careful decisions on funding options and aim to obtain better lending rates. Therefore, the projected interest rate fluctuations are considered to have minimal influence on the Company.

- 8.6.1.2 Effects of exchange rate fluctuations on company's profits (losses) and response measures to be taken in the future

The main currency of the revenue, account receivables and payables of the Company are quoted in U.S. dollars. The holding of foreign currency evens out the Company's foreign debt to minimize the risk of exchange rate fluctuations, therefore naturally achieving the hedging functions. Furthermore, the Company had engaged in several transactions that deal with derivatives. The Company suffers from low market risks as the effect that exchange rate has on the fair value are offset by the hedging items.

- 8.6.1.3 Effects of changes in inflation rate on company's profits (losses) and response measure to be taken in the future

The CPI is 102.55 in the year 2019 with a 0.56% increase annually. However, the risk of inflation is still considered to fall within the acceptable range. In addition, the changes in inflation rate have no significant effects on the industry that the Company belongs to; therefore, the change in inflation rate does not cause significant effects to very minimal impact on the operations of the Company.

8.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

8.6.2.1 High-risk investment and high leveraged investments

Delta mainly engages in R&D, manufacturing and sales activities where high-risk investments, highly leveraged investments are not involved.

8.6.2.2 Loans to other parties, endorsements, guarantees

All loans to other parties, endorsement and guarantees are strictly handled under the Company's regulations stated in the "Standard Procedures for loans to other parties" and "Standard Procedures for endorsements and guarantees". The Company only provides fund lending or endorsement guarantee to subsidiaries or affiliates of the group. There were no losses incurred.

8.6.2.3 Derivatives transactions

All derivatives transactions follow the Company's regulations stated in the "Standard Procedures for the processing of asset receipt and discharge". The derivatives transactions engaged in by Delta are mainly for hedging purposes. The transactions in 2019 on forward exchange agreement (FXA) and swap agreement are used to hedge the influence that the changes of currency exchange pose towards the Company's assets and liabilities. The relative calculations of the fair value are provided based on the assessment done by the banks; the fair value represents the projected amount received or the payment that shall be paid by the Company if the Company is to terminate the contract on the day of the publication of the report, including the unrealized profit and loss occurring from outstanding contracts.

8.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work

Delta has prioritized the satisfaction of customer needs and implementing environment-friendly measures, including the research and development of energy efficient products. Delta has succeeded in the research and development of a variety of new technologies and products in recent years. Delta will persist in R&D work on fields involving computers, servers, communication, network, new energy/storages, smart home appliances, consumer electronics, vehicle-based electronics, industrial products, medical devices and instruments, and so on. Delta follows up the progress of all R&D plans on a regular basis and maintains strict control over it.

The main factors to the success of R&D include cultivation of R&D personnel, mastering of core technology, maintaining the stability of human resources, accumulation of experience and technology, and adequate funding for R&D. Delta is a company passing ISO9001, 14001, ISO13485 and GMP certifications. It has launched a variety of comprehensive trainings for its R&D personnel and keeps the system under control.

So far, Delta has thousands of R&D Engineers, which is sufficient. There has been a 6-9% of the consolidated revenue appropriated stably as the budget for R&D work every year. Take the year 2019 as an example. Including bonuses for its employees, Delta has appropriated a budget of about 23.9 billion New Taiwan Dollars for R&D work, accounting for about 8.9% of consolidated revenue and the budget for 2020 R&D activities is expected to remain 6-9% of the consolidated revenue. Delta R&D centers in the Headquarter and overseas sites will keep going on, reinforce R&D work in frontier core technology and create cooperative plan with domestic and overseas research institution; hence, Delta is predicted to master those main factors to the success of R&D work, develop new niche-based products constantly.

Summary of 2020 R&D projects and estimated target schedule for mass production :

Business Fields	Project	Estimated Production Schedule
Power Electronics	High power & compact size power adapter	2021
	High power and high power switching, power supply with digital signal control	2021
	High output power and compact size DC/DC converter	2021
	New low noise, low vibration HVAC blower development	2020
	High efficiency, low vibration DC ceiling fan development	2020
	Hi-weather resistance / hi-reliability / long life DC fan for cooling requirement from outdoor device, such as solar inverter, and device that locates in serious polluted surrounding	2020
	Miniaturization Coupling choke for Multi-Phase DC to DC Converter for Smartphone Application	2020
	High Power Efficiency Power Module for 48V Server Application	-
	High Current Sensor Module for EV BMS Application	2022
	Concept III, Development of 48-V integrated EV power module system	2022
	Development of Software engineering with AutoSAR, ISO 26262, and MBSE	2021
Automation	New Generation Advanced Elevator Drive	2020
	ASD-B3 Dual Axis Drive	2020
	Dual-core PLC control system	2021
	3D Inspection System	2021
	4-Axis SCARA robot, Reach 800/1000mm, Max. payload 22kg	2020
	Glass grinding machine	2020
	Smart machine suite - DIASudio	2020
	A new equipment controller with multiple air quality testing functions	2020
	Air quality monitoring platform	2020
	Parking lot management system - integrate with the third party billing system to support monthly rental and temporary parking	2020
	Research and development in bluetooth building software technology platform	2020
Infrastructure	3KW 1U/2U PV charger	2020
	High efficiency high power density rack 10/11/15/17/20kVA UPS	2020
	High Power and intelligent 225-500kVA power distribution system development	2020
	400G datacenter super spine switch	2020
	Indoor Ultra High Efficiency Wi-Fi 6E IoT Router	2020
	Large Office SDWAN Controller	2020
	Remote pure laser light source projector, multiple light source module	2020
	Mode 2 portable AC Cordset compliant with automotive requirements	2020
	1500W Arena sport lighting LED driver, with DALI 2 & DMX intelligent control system	2020
	50KW 6MPPT String inverter	2020
	3000W configurable module power supply	2020

8.6.4 Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

Delta's operations team pays close attention to relevant domestic and international policies and laws, as well as conduct risk management and corresponding plans through its business units and functional units located worldwide. In 2019 and up to the publication date of this annual report, there have been no policy and regulatory changes that have had any significant impact on Delta's financial business.

8.6.5 Effect on the Company's financial operations of development in science and technology as well as industrial change, and measures to be taken in response

In terms of technology, the power supply industry continues to focus on smaller size, efficiency, and functional enhancements. In terms of manufacturing, the trend is to switch from labor-intensive production lines in the past to highly automated production lines. Delta is already leading the industry in terms of technology, combined with its continuous investments in research and development, Delta will gain an even larger competitive advantage which will be reflected in its stable revenue and profit rate. Delta's continuous efforts to research and develop high value-added products are expected to expand Delta's market share in high-end markets.

8.6.6 Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response

Delta continues to strengthen corporate governance by independent directors in the Board of Directors and establishing functional committees such as Compensation Committee and Audit committee. This is done to ensure the improvement of compensation structures while setting the rightful performance goals for the Board of Directors and managers. The Company also effectively promotes internal control and risk management to cope with potential corporate challenges. In addition, Delta has consistently and promptly disclosed material information to shareholders in accordance with regulations to ensure information transparency and symmetry.

Delta, as a corporate member of the community, focuses not only on business development, but also carries the weight of investing and implementing corporate social responsibility. Its employees are highly committed to helping create a good corporate image. Such effort has been widely recognized and nearly around 65 percent of Delta's shares are held by foreign institutional shareholders, which suggest a general appreciation of the methods Delta partakes in approaching corporate social responsibility.

In emergency or material events, Delta immediately initiates its emergency contingency mechanism. The CEO of Delta acts as the chief commander of the emergency contingency team and calls to assemble managers from the legal, finance, sales, human resources and corporate communications. The contingency team is then set up according to each function in order to swiftly provide impact assessments on business development, financial situations and other aspects of the Company operation based on the emergency event encountered. Moreover, the Company will prepare and issue communiqués to potential shareholders of the events, such as government agencies, institutions, clients, dealers, and employees, etc, to ensure information transparency and immediacy.

8.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

Delta Electronics (Netherlands) B.V., a wholly-owned subsidiary of Delta, acquired 100% of Amerlux's interests for USD 90,000,000 (approx. NTD 2,769,300 thousand). The transaction is closed during the second quarter of 2019. The aforementioned agreement includes an earn-out mechanism in which Delta will pay an additional pre-established amount for the transaction should Amerlux's 2019 EBITDA (Earnings before interest, taxes, depreciation and amortization) and revenue reach a predetermined target.

Building automation has become a major focus for Delta's long-term growth strategy. The acquisition is expected to benefit customers with a broader portfolio of Delta IoT-enabled smart green solutions for sustainable buildings and cities, which already includes building automation, energy management, commercial and industrial LED lighting, surveillance, as well as indoor environmental quality systems. The combination of Delta and Amerlux will enhance its broad portfolio of smart green solutions to accelerate the development of solutions for smart buildings and sustainable cities.

8.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

For the growth of revenue and profitability, Delta puts in more investment on expanding plants and equipments to increase production capacity and efficiency based on research and expansion requirements in order to enlarge market share and to explore new markets. The possible risks include the global economic recession, demand mitigation from end users, below- expectation of market demand and postponement of research and development schedule. Delta's strategies for the possible risks are to strive for larger market share and outsourcing ratio of customers through product innovation and competitive cost and providing total solution, etc. Therefore, even the market demand becomes slow, Delta can still grow steadily for market share expansion. As for the speed of new product development, Delta takes systematic approaches to plan, execute, monitor and supervise improvement. Moreover, the possible risks of impact should be avoided by means of Delta's long-standing accumulated technical advantages and the increased R&D team with great ability of flexible adjustments.

8.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The entities of purchase and sales of Delta and its subsidiaries are quite diversified. The purchase from single suppliers did not reach 10% of Delta consolidated net purchases, and sales to single customers did not reach 10% of Delta consolidated net revenue; therefore, it is viewed as low risk.

8.6.10 Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In 2019 and as of the date of publication of the annual report, there was no major quantity of shares being transferred or changed hands.

8.6.11 Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

There was no any change in governance personnel or top management in 2019 and as of the date of publication of the annual report.

8.6.12 Litigious and non-litigious matters

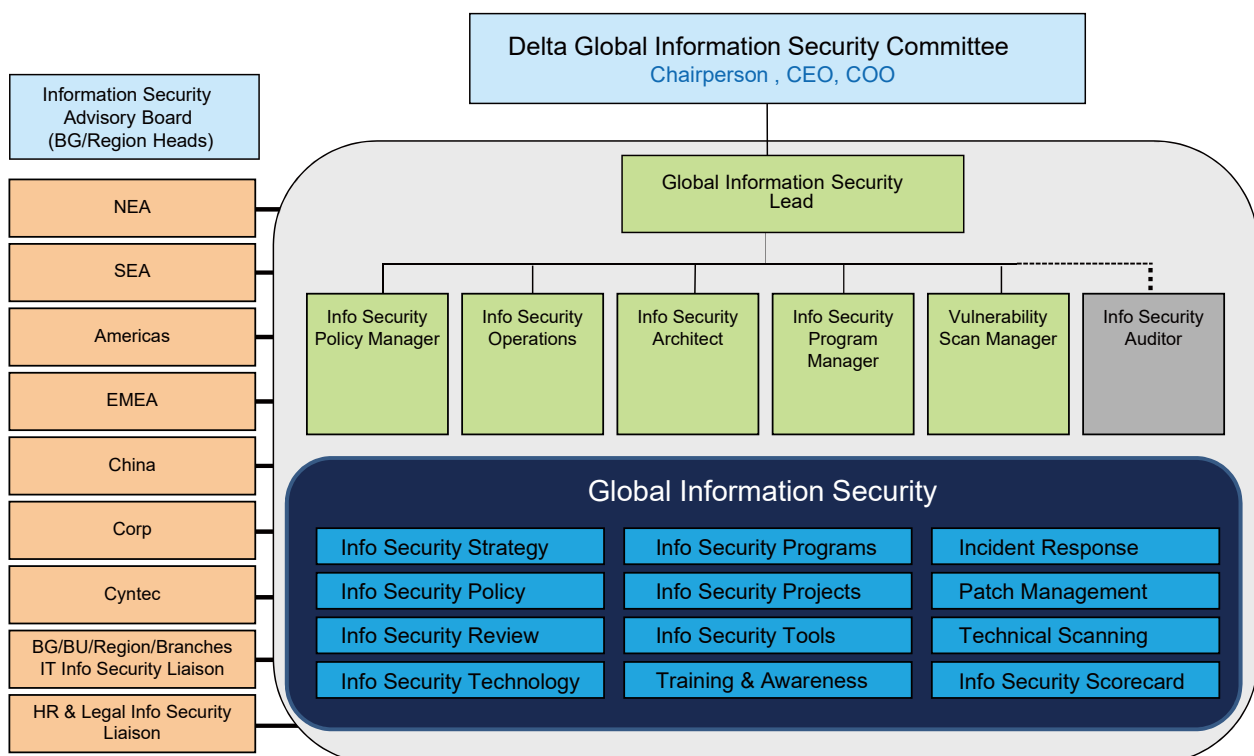
Number	Plaintiff	Defendant	Case Number	Offense charged	Case summary
1	SAE Power Incorporated; SAE Power Company	Delta Electronics (Americas) Ltd.	SAE Power Inc., v. Delta Electronics (Americas) Ltd. (formerly "Delta Products Corporation") Docket No. ESX-L-1136-11	Misappropriation of trade secrets	Plaintiff filed a claim against the defendant for misappropriation of trade secrets and asked for USD40 million as compensation. The co-defendant in this case, Avaya, has completed the process of filing for bankruptcy; the case is therefore resumed and undergoes legal proceedings.
2	SAE Power Incorporated; SAE Power Company	Delta Electronics, Inc., etc.	SAE Power Incorporated et al. v. Delta Electronics (Thailand) Public Company Limited et al. Docket No. 5:16cv07197NC	Misappropriation of trade secrets	Plaintiff filed a claim against the defendant for misappropriation of trade secrets. Requests were made to the defendant to cease all production and sales activities of products related to the plaintiff's trade secrets. Compensation for damage and loss of interests were also requested by the plaintiff. This case is currently on hold.
3.	Barco N.V.	Delta Electronics, Inc., Delta Electronics (Netherlands) B.V.	Court of the Hague, Case Number: C/09/562325	Patent infringement	Plaintiff filed a claim against the defendant for patent infringement. Requests were made to the defendant and its relative companies in ceasing all sales activities of the products in relation to the patent in the Netherlands. Compensation for the damage and loss of interests is also requested by the plaintiff. The Company had appointed a lawyer to make a plea towards the indictment and had proposed to the European Patent Office (EPO) to nullify the patent indicated in this case.

Number	Plaintiff	Defendant	Case Number	Offense charged	Case summary
4	Barco N.V. & Barco, Inc.	Vivitek Corporation, Delta Electronics, Inc.	U.S. District of Northern District of California. Docket No. 4:19-cv-03250-JST	Patent infringement	Plaintiff filed a claim against the defendant for patent infringement. Requests were made to the defendant and its affiliated companies to cease all sales activities pertaining to products and patent in the United States. Compensation for damages and loss were also requested by the plaintiff. The Company has appointed a lawyer to plead in the indictment.
5	Appotronics Corp.	Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Ltd. etc.	(2019) GD 03 Civil No. 2942-2951	Patent infringement	Plaintiff filed a claim against the defendant for patent infringement. Requests were made to the defendant and its relative companies to cease all manufacturing, sale, use, and promotion of products. Compensation for damages and loss were also requested by the plaintiff. The Company has appointed a lawyer to plead in the indictment and file for patent invalidity with the CNIPA.
6	Delta Electronics (Shanghai) Co., Ltd., Delta Video Display System (Wujiang) Ltd.	Appotronics Corp.	(2019) GD 73 Civil No. 662-664, (2019) BJ 73 Civil No. 1275, 1276.	Patent infringement	Plaintiff filed a claim against the defendant for patent infringement. Requests were made to the defendant and its relative companies to cease all manufacturing, sales, use, and promotion of products. Compensation for damages and loss were also requested by the plaintiff. The Company has appointed a lawyer to plead in the indictment and file for patent invalidity with the CNIPA.

8.6.13 Other important risks, and mitigation measures being or to be taken:

Information security

1. Organizational Chart of Delta Information Security



2. Delta Information Security Policy

Delta Group's global employees and contracted personnel shall observe the Delta Information Security Policy as follows:

- Internet user policy
- Corporate E-mail user policy
- Computer user policy
- Anti-virus/DLP arrangement and user policy
- Process and security principle of storage media
- Password principle
- Information backup and recovery policy
- Event management policy
- Acceptable use of mobile devices
- Encryption and its policy
- The use of device and countermeasures
- Mobile computation and remote work policy
- Remote access policy

3. Construction and risk assessment for information security management system

- In response to increasing demands on the outsourcing market for customers' information, Delta implemented the Information Security Management System in 2018 to identify, manage and continue improving the security needs of customers' information, which may be encountered internally and externally, based on information security management regulations set forth in ISO 27001:2013 published by the International Organization for Standardization (ISO) in order to ensure the confidentiality, completeness and availability of customers' information asset.
- Delta has stipulated assessment policy on information security risk, requesting all aspects of information security, including but not limited to physical objects, network, environment and constant operation to be in compliance with international security standards; besides, Delta also has set up an emergency response plan, including quick response to potential events, crisis process and disaster recovery, constant improvement, and high-risk event measures.

4. Re-validation of the Information Security Management System (ISMS)

- Date: 2019/7/8~2019/7/9
- Scope: Delta introduces the New Product Introduction (NPI) process, IT data center, network and Enterprise Resource Planning System (ERP).
- There was no non-compliance found by independent validation institution SGS to pass the ISO27001:2013 Certificate re-validation.

5. Delta Electronics (Jiangsu) Ltd., Delta Electronics Power (Dongguan) Co., Ltd., Delta Video Display System (Wujiang) Ltd., and Delta Electronics Components (Wujiang) Ltd. obtained the Authorized Economic Operator status in China on Jun. 20, July 18, Sept. 3, and Nov. 19 of 2019.

6. The impact of historically severe information security events and countermeasures

- No severe information security events occurred in the latest year and as of the day of publishment of the annual report.

► 8.7 Other important matters

The method and assumptions used for estimating the fair value of the financial products are as follows:

1. For the Group's financial instruments that are not measured at fair value such as cash, cash equivalent, notes receivable, accounts receivable, other receivable, short-term loan, notes payable, accounts payable, other payable, and long-term loan (includes those with a due date that is less than one year or one business cycle), the book value is a reasonable close to the fair value.
2. For the Group's financial instruments that are measured at fair value, they are classified based on the nature, characteristics and risks and fair value hierarchy of the assets and liabilities. For information on fair value, please refer to note 12 (3) on the 2019 consolidated financial statement.

9. Affiliates Information and Other Special Items

▶ 9.1 Affiliates Information

9.1.1 Affiliated Companies of Delta Electronics, Inc



9.1.2 Affiliated Companies

FOR THE YEAR ENDED DECEMBER 31, 2019

Amounts in Thousands of New Taiwan Dollars or Thousands of Foreign Currencies

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
Delta Electronics, Inc.	1971/4	Taoyuan City, Taiwan	TWD	25,975,433	Research and development, design manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc.
Delta International Holding Limited	1993/6	Cayman Islands	TWD	2,029,046	Equity investments
			USD	67,680	
Delta Electronics (Japan), Inc.	1991/11	Tokyo, Japan	TWD	77,280	Sales of power products, display solution products, electronic components, industrial automation products and their materials
			JPY	280,000	
Delta Electronics (H.K.) Ltd.	1994/8	Hong Kong	TWD	9,812,246	Equity investments, operations management and engineering services
			HKD	2,549,298	
Delta Electronics (Dongguan) Co., Ltd.	1993/10	Dongguan City, Guangdong Province, China	TWD	2,932,344	Manufacturing and sales of transformer and thermal products
			USD	97,810	
Delta Networks (Dongguan) Ltd.	1998/10	Dongguan City, Guangdong Province, China	TWD	1,049,300	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system
			USD	35,000	
Delta Electronics Power (Dongguan) Co., Ltd.	1998/12	Dongguan City, Guangdong Province, China	TWD	1,262,158	Manufacturing and sales of power supplies
			USD	42,100	
Addtron Technology (Japan), Inc.	1998/3	Tokyo, Japan	TWD	9,936	Trading of networking system and peripherals
			JPY	36,000	
DEI Logistics (USA) Corp.	2000/1	CA, USA	TWD	14,990	Warehousing and logistics services
			USD	500	
Delta Electronics (Jiangsu) Ltd.	1999/12	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	1,199,200	Manufacturing and sales of power supplies and transformers
			USD	40,000	
Delta Electronics Components (Wujiang) Ltd.	2000/8	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	3,531,944	Manufacturing and sales of new-type electronic components, variable-frequency drive and others
			USD	117,810	
Delta Video Display System (Wujiang) Ltd.	2001/2	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	869,420	Manufacturing and sales of various projectors
			USD	29,000	
Delta Networks Holding Limited	2002/11	Cayman Islands	TWD	53,965	Equity investments
			USD	1,800	
Delta Networks Inc.	2002/11	Cayman Islands	TWD	1,794,132	Equity investments
			USD	59,844	
Delta Electronics (Shanghai) Co., Ltd.	2003/12	Shanghai, China	TWD	3,413,788	Product design, management consulting service and distribution of electronic products
			RMB	793,170	
Delta Electronics (Korea), Inc.	2004/3	Seoul, Korea	TWD	1,304	Sales of power products, display solution products electronic components, industrial automation products and their materials
			KRW	50,000	
Delta Electronics (Netherlands) B.V.	2000/2	The Netherlands	TWD	4,237,418	Sales of power products, display solution products, electronic components, industrial automation products and materials
			USD	141,342	

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
Delta Electronics (Wuhu) Co., Ltd.	2006/12	Wuhu Economic and Technological Development Area, Anhui Province, China	TWD	4,017,320	Manufacturing and sales of LED light source, power supplies and others
			USD	134,000	
Delta Electronics (Chenzhou) Co., Ltd.	2007/10	Suxian District, Chenzhou City, Hunan Province, China	TWD	1,888,740	Manufacturing and sales of transformers
			USD	63,000	
Delta Networks (H.K.) Limited	2007/10	Hong Kong	TWD	1,049,300	Equity investments
			USD	35,000	
PreOptix (Hong Kong) Co., Ltd.	2008/6	Hong Kong	TWD	397,235	Equity investments
			USD	13,250	
Cyntec Co., Ltd.	1991/10	Hsinchu County, Taiwan	TWD	23,412,043	Research, development, manufacturing and sales of film optic-electronics devices
Fairview Assets Ltd.	2000/1	Cayman Islands	TWD	981,547	Equity investments
			USD	32,740	
Grandview Holding Ltd.	2006/7	Cayman Islands	TWD	6,214,854	Equity investments
			USD	207,300	
Cyntec Holding (HK) Limited	2007/11	Hong Kong	TWD	6,064,954	Equity investments
			USD	202,300	
Cyntec International Limited	2006/10	Labuan, Malaysia	TWD	149,900	Trading
			USD	5,000	
Cyntec Electronics (Suzhou) Co., Ltd.	2006/9	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	6,055,960	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products
			USD	202,000	
Chenzhou Delta Technology Co., Ltd.	2010/4	Chenzhou City, Hunan Province, China	TWD	109,751	Manufacturing and sales of transformers
			RMB	25,500	
DelBio Inc.	2010/5	Taoyuan City, Taiwan	TWD	217,618	Manufacturing, wholesale and retail of medical equipment
Delta Electronics Capital Company	2010/9	Taipei City, Taiwan	TWD	3,500,000	Equity investments
Delta Electronics Int'l (Singapore) Pte. Ltd.	2010/8	Singapore	TWD	33,420	Research, development and sales of electronics products
			SGD	1,500	
Delta Electronics International Mexico S.A. DE C.V.	1997/4	Mexico	TWD	79	Sales of power management system of industrial automation product and telecommunications equipment
			MXN	50	
Allied Material Technology Corp.	2000/5	Taoyuan City, Taiwan	TWD	2,114,580	Lease services, etc.
Delta Green (Tianjin) Industries Co., Ltd.	1998/11	Tianjin Port Free Trade Zone, China	TWD	387,285	Manufacturing and sales of transformers
			USD	12,918	
Drake Investment (HK) Limited	2007/10	Hong Kong	TWD	1,172,037	Equity investments
			HKD	304,504	
Delta Greentech (China) Co., Ltd.	1992/3	Shanghai, China	TWD	2,444,661	Sales of uninterruptible power systems
			RMB	568,000	
Delta Energy Technology (Shanghai) Co., Ltd.	2012/8	Shanghai, China	TWD	43,040	Energy performance contracting, development of energy saving technology, energy-saving equipment and energy management system as well as consulting service, installation, sales, etc.
			RMB	10,000	
Delta Energy Technology (Dongguan) Co., Ltd.	2012/9	Dongguan City, Guangdong Province, China	TWD	129,119	Research and development of energy-saving technology, energy-saving equipment and energy management system as well as technology consulting service
			RMB	30,000	

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
Vivitek Corporation	2005/3	CA, USA	TWD	269,820	Sales of projector products and their materials
			USD	9,000	
DelBio (Wujiang) Co., Ltd.	2013/1	Wujiang Economic and Technological Development Zone, Jiangsu Province, China	TWD	119,920	Manufacturing, wholesale and retail of medical equipment
			USD	4,000	
Delta Greentech SGP Pte. Ltd.	2007/11	Singapore	TWD	365,021	Equity investments
			USD	12,175	
Delta Electronics Europe Ltd.	1989/9	UK	TWD	19,680	Repair centre and providing support services
			GBP	500	
Boom Treasure Limited	2007/12	Hong Kong	TWD	0	Equity investments
			USD	0.00013	
Delta Electronics (Pingtan) Co., Ltd.	2014/9	Pingtan, China	TWD	129,119	Wholesale and retail of electronic products and energy-saving equipment
			RMB	30,000	
Eltek AS	1997/5	Norway	TWD	159,384	Research, development and sales of power supplies and others
			NOK	46,766	
ELTEK PAKISTAN (PRIVATE) LIMITED	2001/4	ISLAMABAD, Pakistan	TWD	52,127	Sales of power supplies and others
			PKR	269,000	
Eltek Egypt for Power Supply S.A.E.	2007/1	Cairo, Egypt	TWD	51,742	Sales of power supplies and others
			EGP	27,690	
Eltek SGS Pvt Ltd.	1996/9	Haryana, India	TWD	3,244	Sales of power supplies and others and system installation
			INR	7,720	
Eltek SGS Mechanics Pvt Ltd.	2006/7	New Delhi, India	TWD	134,853	Sales of power supplies and others
			INR	320,918	
Eltek MEA DMCC	2010/3	Dubai, UAE	TWD	1,628	Sales of power supplies and others
			USD	54	
ELTEK KENYA LIMITED	2012/2	Nairobi, Kenya	TWD	3	Sales of power supplies
			KES	10	
ELTEK WEST AFRICA LIMITED	2012/3	Lagos, Nigeria	TWD	1,253	Sales of power supplies
			NGN	15,000	
Eltek Polska Sp. z o.o.	2001/7	Poland	TWD	1,892	Sales of power supplies and others and system installation
			PLN	240	
Eltek Italia S.r.l.	2008/11	Roma, Italy	TWD	3,863	Sales of power supplies and others
			EUR	115	
ELTEK POWER FRANCE SAS	1966/5	Tarbes, France	TWD	17,104	Sales of power supplies and others and system installation
			EUR	509	
Eltek Power (UK) Ltd.	1983/9	UK	TWD	20,555	Sales of power supplies
			GBP	522	
Eltek Power Sweden AB	1998/6	Sollentuna, Sweden	TWD	385	Sales of power supplies and equity investments
			SEK	120	
Eltek Power Oy	2005/2	ESPOO, FINLAND	TWD	6,718	Sales of power supplies and others
			EUR	200	
OOO Eltek	2001/4	St. Petersburg, Russia	TWD	70	Sales of power supplies and others and system installation
			RUB	144	
ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	2012/1	Istanbul, Turkey	TWD	27,715	Sales of power supplies and others
			TRY	5,500	
Eltek Deutschland GmbH	2002/1	Frankfurt am Main, Germany	TWD	67,180	Sales of power supplies and others and system installation
			EUR	2,000	

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
Eltek Montage GmbH	1995/8	Frankfurt am Main, Germany	TWD	2,576	Installation and maintenance of power supplies
			EUR	77	
ELTEK LIMITED	1994/3	Hong Kong	TWD	3,849	Equity investments and trading
			HKD	1,000	
ELTEK CVI LIMITED	2000/4	British Virgin Islands	TWD	3,753	Equity investments
			HKD	975	
ELTEKAUSTRALIA PTY LIMITED	1996/2	Belrose, Australia	TWD	37,809	Sales of power supplies and others and system installation
			AUD	1,800	
ELTEK POWER INCORPORATED	2004/5	Ortigas Pasig City, Philippines	TWD	6,744	Sales of power supplies and others
			PHP	11,400	
ELTEK POWER CO., LTD.	2005/8	Bangkok, Thailand	TWD	4,039	Sales of power supplies and others
			THB	4,000	
ELTEK POWER (CAMBODIA) LTD.	2009/10	Phnom Penh, Cambodia	TWD	150	Sales of power supplies and others
			USD	5	
ELTEK POWER (MALAYSIA) SDN. BHD.	1997/2	Kuala Lumpur, Malaysia	TWD	2,197	Sales of power supplies and others
			MYR	300	
DELTA ELECTRONICS HOLDING (USA) INC.	2007/4	Plano, USA	TWD	318	Equity investments
			USD	11	
DELTA ELECTRONICS (USA) INC.	2001/1	Plano, USA	TWD	0	Manufacturing and sales of power supplies
			USD	0.00318	
DELTA ELECTRONICS (ARGENTINA) S.R.L.	2010/4	Córdoba, Argentina	TWD	12,359	Sales of power supplies and others
			ARS	24,683	
Eltek Sistemas de Energia Industria e Comercio S.A.	2004/11	SÃO JOSÉ DOS CAMPOS, BRAZIL	TWD	568,835	Manufacturing and sales of power supplies
			BRL	76,269	
DELTA ELECTRONICS (PERU) INC. S.R.L.	2001/6	Lima, Peru	TWD	88,593	Sales of power supplies and others
			PEN	9,781	
DELTA ELECTRONICS (COLOMBIA) S.A.S	2011/6	Bogotá, Colombia	TWD	7,319	Sales of power supplies and others
			COP	801,614	
Eltekenegy Services, S.A. de C.V.	1997/4	Naucalpan, Mexico	TWD	550	Providing support services
			MXN	346	
Eltekenegy International de Mexico, S. de R.L. de C.V.	1997/4	Naucalpan, Mexico	TWD	33,271	Sales of power supplies and others
			MXN	20,945	
Eltek Energy Technology (Dongguan) Ltd.	2000/10	Dongguan City, Guangdong Province, China	TWD	231,128	Development, manufacturing and sale of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy
			RMB	53,701	
2009 PPA LLC	2009/11	CA, USA	TWD	8,994	Sales of power supplies
			USD	300	
DSS-CI LLC	2010/4	CA, USA	TWD	11,992	Rental of solar power systems
			USD	400	

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
DSS-USF LLC	2010/4	CA, USA	TWD	55,913	Rental of solar power systems
			USD	1,865	
Delta Solar Solutions LLC	2010/4	New Castle DE, USA	TWD	68,055	Equity investments
			USD	2,270	
Delta Electronics (Americas) Ltd.	1995/3	CA, USA	TWD	1,162	Sales of electronic components
			USD	39	
Delta America Ltd.	1988/9	Delaware, USA	TWD	614	Equity investments
			USD	20	
Apex Investment (HK) Limited	2007/10	Hong Kong	TWD	0	Equity investments
			USD	0	
Galaxy Star Investment (HK) Limited	2007/10	Hong Kong	TWD	0	Equity investments
			USD	0	
Jade Investment (HK) Limited	2007/10	Hong Kong	TWD	0	Equity investments
			USD	0	
Power Forest Technology Corporation	2009/11	Hsinchu County, Taiwan	TWD	147,420	IC design of power management
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	2015/12	Shanghai, China	TWD	430	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment
			RMB	100	
Delta Controls Inc.	2016/4	British Columbia, Canada	TWD	2,228,605	Provide resolution of building management and control
			CAD	96,938	
Loy Tec electronics GmbH	1999/5	Vienna, Austria	TWD	1,176	Consulting service of building management and control solutions
			EUR	35	
LOYTEC Americas, Inc.	2003/10	Pewaukee, USA	TWD	299	Consulting service of building management and control solutions
			USD	10	
Castle Horizon Limited	2014/12	Republic of Seychelles	TWD	707,228	Equity investments
			USD	23,590	
Energy Dragon Global Limited	2014/9	British Virgin Islands	TWD	151,639	Equity investments
			USD	5,058	
Delta Electronics (Xi'an) Co., Ltd.	2016/10	Xi'an, China	TWD	236,719	Sales of computer, peripheral and software
			RMB	55,000	
Delta Electronics (Beijing) Co., Ltd.	2016/7	Beijing, China	TWD	215,199	Installation of mechanic, electronic, telecommunication and circuit equipment
			RMB	50,000	
UNICOM SYSTEM ENG. CORP.	1989/4	Taoyuan City, Taiwan	TWD	5,700	Design and sales of computer, peripheral and information system (software and hardware)
Unicom (Nanjing) System Eng. Corp.	2011/9	Jianye District, Nanjing, China	TWD	10,598	Design and sales of computer, peripheral and information system (software and hardware)
			RMB	2,462	
Delta Electronics (Switzerland) AG	1992/12	Bern-Bümpliz, Switzerland	TWD	309,250	Equity investments, research, development and sales of electronic products
			CHF	10,000	
Delta Electronics (Czech Republic), spol. s.r.o.	1991/8	Czech Republic	TWD	10,539	Sales of electronic products
			CZK	8,000	
Delta Solutions (Finland) Oy	1991/5	Espoo, Finland	TWD	4,520	Sales of electronic products
			EUR	135	
Delta Electronics (France) SA	1997/7	LISSES, France	TWD	33,590	Sales of electronic products
			EUR	1,000	
Delta Electronics (Italy) S.r.l.	1994/11	Roma, Italy	TWD	3,359	Sales of electronic products
			EUR	100	

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
Delta Electronics Solutions (Spain) SL	2003/7	Spain	TWD	6,718	Sales of electronic products
			EUR	200	
Delta Energy Systems (Sweden) AB	1991/6	Sweden	TWD	6,452	Sales of electronic products
			SEK	2,010	
Delta Electronics (Poland) Sp. z o.o.	2004/8	Warsaw, Poland	TWD	19,710	Sales of electronic products
			PLN	2,500	
Delta Greentech (Brasil) S.A.	2000/6	Bairro Afonso, Brasil	TWD	285,700	Manufacturing and sales of electronic products
			BRL	38,306	
Delta Greentech Electronics Industry LLC	2008/4	Istanbul, Turkey	TWD	118,507	Marketing and sales of electronic products
			TRY	23,517	
DELTA ELECTRONICS BRASIL LTDA.	2017/9	State of São Paulo, Brazil	TWD	275,956	Manufacturing and sales of electronic products
			BRL	37,000	
Vivotek Inc.	2000/2	New Taipei City, Taiwan	TWD	870,339	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components
Vatics Inc.	2007/9	CA, USA	TWD	400,645	Designing and sales of multimedia integrated circuits
Vivotek Holding, Inc.	2008/1	CA, USA	TWD	31,479	Holding company
			USD	1,050	
Vivotek USA, Inc.	2008/1	CA, USA	TWD	29,980	Sales of webcams and related components
			USD	1,000	
Realwin Investment Inc.	2012/1	New Taipei City, Taiwan	TWD	173,696	Investment in the network communications industry
Wellstates Investment, LLC	2012/10	CA, USA	TWD	35,976	Investment and commercial lease of real estate
			USD	1,200	
Vivotek Netherlands B.V.	2012/9	The Netherlands	TWD	10,077	Sales service
			EUR	300	
Otus Imaging, Inc.	2014/1	New Taipei City, Taiwan	TWD	60,000	Sales of webcams and related components
Aetek Inc.	2015/3	New Taipei City, Taiwan	TWD	60,000	Sales of webcams and related components
Vivotek Middle East FZCO	2015/2	Dubai, United Arab Emirates	TWD	11,992	Sales of webcams and related components
			AED	1,469	
Lidlight Inc.	2017/2	New Taipei City, Taiwan	TWD	20,000	Sale of lighting equipment
Vivotek (Japan) Inc.	2018/10	Tokyo, Japan	TWD	18,216	Sales service
			JPY	66,000	
Delta Electronics (Thailand) Public Company Limited	1988/6	Thailand	TWD	1,259,606	Manufacture and exporting power supplies, other electronics parts and components
			THB	1,247,382	
DET International Holding Ltd.	1997/11	Cayman Islands	TWD	7,925,433	Equity investment
			USD	264,357	
DET Logistics (USA) Corporation	2000/01	CA, USA	TWD	14,990	Providing logistics services in USA
			USD	500	
Delta Energy Systems (Germany) GmbH	1978/07	Soest, Germany	TWD	614,731	Development, marketing and sales of electronic products
			EUR	18,301	
Delta Energy Systems Property (Germany) GmbH	2013/08	Soest, Germany	TWD	840	Property rights business
			EUR	25	
Delta Energy Systems (India) Private Ltd.	1996/11	Haryana, India	TWD	206,103	Marketing and sales of electronic products
			INR	490,476	

Company	Date of Incorporation	Location	Paid-in Capital		Major Business Activities
			Currency	Amount	
Delta Electronics (Slovakia) s.r.o	2006/07	Slovakia	TWD	1,582,793	Manufacturing and sales of power supplies, power system and OEM power system
			EUR	47,121	
Delta Energy Systems (Romania) S.R.L.	1993/01	Romania	TWD	2,777	Research and development
			RON	395	
Delta Energy Systems (Singapore) Pte. Ltd.	2011/02	Singapore	TWD	5,194,442	Equity investments, sales of electronic products management and consultancy
			USD	173,264	
Delta Electronics (Australia) Pty. Ltd.	2010/12	Australia	TWD	69,926	Marketing and sales of renewable energy products
			AUD	3,329	
Delta Electronics India Pvt. Ltd.	2008/06	Chennai, India	TWD	3,479,712	Manufacturing and marketing of non-telecom power system and uninterruptible power supply, and sales of uninterruptible power supply
			INR	8,280,888	
Delta Electronics (Myanmar) Co., Ltd.	2015/10	Yangon, Myanmar	TWD	70,453	Manufacturing of electronics products used in CMP manufacturing process and machinery
			USD	2,350	
Delta Energy Systems (UK) Ltd.	2018/05	UK	TWD	27,552	Research and development of electronic products
			GBP	700	
Delta PBA Engineering Solutions Co., Ltd.	2017/09	Thailand	TWD	35,343	Providing solutions for industrial automation
			THB	35,000	
Delta Greentech (Netherlands) Cooperatie U.A.	2008/03	The Netherlands	TWD	906,836	Equity investments
			EUR	26,997	
Delta Greentech (Netherlands) B.V.	2008/03	The Netherlands	TWD	748,711	Equity investments
			EUR	26,937	
Delta Energy Systems LLC	2004/09	Moscow, Russia	TWD	14	Marketing and sales of power systems
			RUB	30	
Eltek s.r.o.	2004/12	Slovakia	TWD	111,498	Manufacturing of telecom power systems
			EUR	3,319	
Delta Electronics (Automotive) Americas Inc.	2018/02	CA, USA	TWD	74,950	Research and development of automotive power and traction inverter
			USD	2,500	
Delta Green Industrial (Thailand) Co., Ltd.	2010/11	Thailand	TWD	208,019	Integration, sales, trading, installation and providing services of uninterruptible power supply, photovoltaic inverter, electric cars charger and data center
			THB	206,000	
Amerlux, LLC	1983/9	NJ, USA	TWD	0	Design and producing of dedicated lighting system and facilities
			USD	0	
Amerlux Lighting Asia, LLC	2010/2	NJ, USA	TWD	0	Equity investments
			USD	0	
Amerlux Lighting Hong Kong Limited	2010/3	Hong Kong	TWD	38	Equity investments
			HKD	10	
Guangzhou Amerlux Lighting Co., Ltd.	2010/12	Guangzhou, China	TWD	12,978	Wholesale of lighting fixture and decorative objects
			RMB	3,015	

9.1.3 Shareholders in Common of the Company and affiliates with deemed control and subordination:

The Reason for Presumption	Name (Note 1)	Shareholding (Note 2)		Date of Incorporation	Address	Paid-in Capital	Major Business Activities
		Shares	%				
None	None	None	None	None	None	None	None

Note 1: For common shareholder who is a juridical person, fill in the name of the juridical person; for common shareholder who is a natural person, fill in the name of the natural person. For shareholder who is a natural person, only fill in the reason for such presumption, name and shareholding.

Note 2: The shareholding of the shareholder in the controlling company should be filled in the shareholding column.

9.1.4 Business scope of the Company's affiliates

The business scope of the Company's affiliates mainly includes equity investment, research and development, design, manufacturing, sales, trading and warehousing of electronic products, operations management services, solutions to building management and control, design and producing dedicated lighting system and facilities.

Description of the state of cooperation between affiliated companies:

9.1.4.1. Delta Electronics, Inc., Cyntec Co., Ltd., Eltek AS, Vivotek Inc. and Delta Electronics (Thailand) Public Company Limited manufacture electronic products through the affiliates shown below :

- | | |
|---|--|
| (1) Delta Electronics (Dongguan) Co., Ltd. | (2) Delta Electronics Power (Dongguan) Co., Ltd. |
| (3) Delta Electronics (Jiangsu) Ltd. | (4) Delta Electronics Components (Wujiang) Ltd. |
| (5) Delta Video Display System (Wujiang) Ltd. | (6) Delta Electronics (Wuhu) Co., Ltd. |
| (7) Delta Electronics (Chenzhou) Co., Ltd. | (8) DELTA ELECTRONICS BRASIL LTDA |
| (9) Delta Networks (Dongguan) Ltd | (10) Cyntec Electronics (Suzhou) Co., Ltd. |
| (11) DELTA ELECTRONICS (USA) INC. | (12) Vatics Inc. |
| (13) Delta Electronics (Slovakia) s.r.o. | (14) Delta Electronics India Pvt. Ltd. |
| (15) Eltek s.r.o. | |

9.1.4.2. The above (1) to (14) companies sale electronic products through the following affiliates :

- Delta Electronics (Japan), Inc.
- Delta Electronics (Korea), Inc.
- Delta Electronics (Netherlands) B.V.
- Delta Electronics Int'l (Singapore) Pte. Ltd. and its subsidiaries
- Delta Electronics International Mexico S.A. DE C.V.
- Delta Electronics (Americas) Ltd.
- Vivitek Corporation
- Cyntec International Ltd.
- Delta Greentech (China) Co., Ltd.
- Delta Electronics (Shanghai) Co., Ltd.
- Delta Electronics (Pingtan) Co., Ltd.
- Eltek AS and its subsidiaries
- Delta Electronics (Switzerland) AG and its subsidiaries
- Delta Greentech Electronics Industry LLC
- Vivotek Inc. and its subsidiaries
- Delta Energy Systems (Singapore) PTE. LTD and its subsidiaries
- Delta Green Industrial (Thailand) Co., Ltd.
- Delta Energy Systems (Germany) GmbH
- Delta Energy Systems (India) private Ltd.
- Delta Greentech (Brasil) S.A.
- DELTA ELECTRONICS (USA) INC. and its subsidiaries

9.1.4.3. The affiliates listed below provides logistics and warehousing services overseas:

DEI Logistics (USA) Corp. and DET Logistics (USA) Corporation.

9.1.4.4. UNICOM SYSTEM ENG. CORP. and Unicom (Nanjing) System Eng. Corp. provide solutions to smart manufacturing, Loy Tec electronics GmbH, LOYTEC Americas, Inc. and Delta Controls Inc. provide solutions to building management and control solutions, Amerlux, LLC and Guangzhou Amerlux Lighting Co., Ltd. provide solutions to dedicated lighting system and facilities.

9.1.5 Information of Directors, Supervisors, and Presidents of Affiliates

As of the year ended December 31, 2019

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Electronics, Inc.	Chairman	Yancey Hai	984,067	0.0379%
	Vice-Chairman	Mark Ko	837,630	0.0322%
	Director	Bruce CH Cheng	81,878,039	3.1521%
	Director/CEO	Ping Cheng	55,090,093	2.1209%
	Director/President and COO	Simon Chang	903,811	0.0348%
	Director	Albert Chang	1,101,917	0.0424%
	Director	Victor Cheng	50,194,764	1.9324%
	Independent Director	Yung-Chin Chen	0	0.00%
	Independent Director	George Chao	0	0.00%
	Independent Director	Tsong-Pyng Perng	0	0.00%
	Independent Director	Ji-Ren Lee	0	0.00%
Delta International Holding Limited	Director	Dalip Sharma	0	0.00%
	Director	Maggie Hao	0	0.00%
	Director	Betty Chung	0	0.00%
Delta Electronics (Japan), Inc.	Representative Director	Bruce CH Cheng	0	0.00%
	Representative Director	CH Ko	0	0.00%
	Representative Director	RT Tsai	0	0.00%
	Director	Mark Ko	0	0.00%
	Supervisor	Judy Wang	0	0.00%
Delta Electronics (H.K.) Ltd.	Director	Bruce CH Cheng	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Jimmy Yin	0	0.00%
	Director	Jess Lo	0	0.00%
Delta Electronics (Dongguan) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Victor Cheng	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Networks (Dongguan) Ltd.	Chairman/General Manager	Victor Cheng	NA	NA
	Director	George Chen	NA	NA
	Director	Rock Huang	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Electronics Power (Dongguan) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Yancey Hai	NA	NA
	Supervisor	Allen Wang	NA	NA
Addtron Technology (Japan), Inc.	Representative Director	CH Ko	0	0.00%
	Supervisor	Judy Wang	0	0.00%
DEI Logistics (USA) Corp.	Director/General Manager	ChungHsiu Yao	0	0.00%
	Director	Judy Lee	0	0.00%
	Director	Judy Wang	0	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Electronics (Jiangsu) Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director	Mark Ko	NA	NA
	Director	Ping Cheng	NA	NA
	Supervisor	Allen Wang	NA	NA
	General Manager	Ping Cheng	NA	NA
Delta Electronics Components (Wujiang) Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director/General Manager	Ronald Chung	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Video Display System (Wujiang) Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Jeff Fu	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Networks Holding Limited	Director	Bruce CH Cheng	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Victor Cheng	0	0.00%
Delta Networks Inc.	Director	Victor Cheng	0	0.00%
	Director	Bruce CH Cheng	0	0.00%
	Director	Yancey Hai	0	0.00%
Delta Electronics (Shanghai) Co., Ltd.	Chairman	Bruce CH Cheng	NA	NA
	Director	Fred Lee	NA	NA
	Director	Yancey Hai	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Electronics (Korea), Inc.	Representative Director	Jeff Chang	0	0.00%
	Representative Director	CH Ko	0	0.00%
	Director	SY Hiramatsu	0	0.00%
	Director	Edwin Kung	0	0.00%
	Supervisor	Iris Chu	0	0.00%
Delta Electronics (Netherlands) B.V.	Director	Dalip Sharma	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Andy Liu	0	0.00%
Delta Electronics (Wuhu) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Allen Wang	NA	NA
	General Manager	JP Wang	NA	NA
Delta Electronics (Chenzhou) Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Allen Wang	NA	NA

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Networks (H.K.) Limited	Director	Victor Cheng	0	0.00%
	Director	George Chen	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Christine Jen	0	0.00%
	Director	Jess Lo	0	0.00%
PreOptix (Hong Kong) Co., Ltd.	Director	Jeff Fu	0	0.00%
	Director	Judy Wang	0	0.00%
Cyntec Co., Ltd.	Chairman	Steven Liu (Representative of Delta Electronics, Inc.)	2,341,204,333	100.00%
	Vice-Chairman	Shou-Fong Chin (Representative of Delta Electronics, Inc.)		
	Director	Bruce CH Cheng (Representative of Delta Electronics, Inc.)		
	Director	Yancey Hai (Representative of Delta Electronics, Inc.)		
	Director	Ping Cheng (Representative of Delta Electronics, Inc.)		
	Director/CEO	Ted Shyy (Representative of Delta Electronics, Inc.)		
	Director	IAN Chan (Representative of Delta Electronics, Inc.)		
Supervisor	Shalin Chen (Representative of Delta Electronics, Inc.)			
Fairview Assets Ltd.	Director	Bruce CH Cheng	0	0.00%
	Director	Steven Liu	0	0.00%
	Director	Ted Shyy	0	0.00%
Grandview Holding Ltd.	Director	Steven Liu	0	0.00%
	Director	Ted Shyy	0	0.00%
Cyntec Holding (H.K.) Ltd.	Director	Steven Liu	0	0.00%
	Director	Ted Shyy	0	0.00%
Cyntec International Limited	Director	Ted Shyy	0	0.00%
	Director	Juichen Liao	0	0.00%
Cyntec Electronics (Suzhou) Co., Ltd.	Executive Director	Jason Chen	NA	NA
	Supervisor	Allen Wang	NA	NA
	General Manager	Victor Wang	NA	NA
Chenzhou Delta Technology Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Allen Wang	NA	NA
DelBio Inc.	Chairman	Herbert Ho (Representative of Delta Electronics, Inc.)	21,761,836	100.00%
	Director	JJ Chang (Representative of Delta Electronics, Inc.)		
	Director	Kevin Liu (Representative of Delta Electronics, Inc.)		
	Supervisor	CC Young (Representative of Delta Electronics, Inc.)		

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Electronics Capital Company	Chairman	Lanford Liu (Representative of Delta Electronics, Inc.)	350,000,000	100.00%
	Director	Bruce CH Cheng (Representative of Delta Electronics, Inc.)		
	Director	Yancey Hai (Representative of Delta Electronics, Inc.)		
	Director	Mark Ko (Representative of Delta Electronics, Inc.)		
	Director	Ryan Wang (Representative of Delta Electronics, Inc.)		
	Supervisor	Judy Wang (Representative of Delta Electronics, Inc.)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Director	Cecilia Ku	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Simon Chang	0	0.00%
	Director	Steven Liu	0	0.00%
	Director	Judy Wang	0	0.00%
Delta Electronics International Mexico S.A. DE C.V.	Chairman/General Manager	Andy Liu	0	0.00%
	Director	MS Huang	0	0.00%
	Legal Representative	Dave Morse	0	0.00%
	Legal Representative	Alberto Sosa	0	0.00%
Allied Material Technology Corp.	Chairman	Sonia Wang (Representative of Delta Electronics, Inc.)	211,400,909	99.97%
	Director	Sam Wu (Representative of Delta Electronics, Inc.)		
	Director	Joseph Chang (Representative of Delta Electronics, Inc.)		
	Supervisor	Shalin Chen	0	0.00%
Delta Green (Tianjin) Industries Co., Ltd.	Chairman	Mark Ko	NA	NA
	Director/General Manager	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director	Herbert Ho	NA	NA
	Supervisor	Judy Wang	NA	NA
Drake Investment (HK) Limited	Director	Ping Cheng	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Delta Greentech (China) Co., Ltd.	Chairman	Ping Cheng	0	0.00%
	Director	Xiaohua Wei	0	0.00%
	Vice-Chairman	Simon Chang	0	0.00%
	Director/General Manager	Kevin Tan	0	0.00%
	Director	Mark Ko	0	0.00%
	Supervisor	Judy Wang	0	0.00%
	Supervisor	Benjamin Lin	0	0.00%
Supervisor	Allen Wang	0	0.00%	

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Energy Technology (Shanghai) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director/General Manager	Kevin Tan	NA	NA
	Director	Jimmy Yin	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Energy Technology (Dongguan) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director/General Manager	Rock Huang	NA	NA
	Director	Simon Chang	NA	NA
	Supervisor	Jiashien Chen	NA	NA
Vivitek Corporation	Director/President	JJ Chang	0	0.00%
	Director	Jeff Fu	0	0.00%
DelBio (Wujiang) Co., Ltd.	Chairman	Herbert Ho	NA	NA
	Director/General Manager	Ronald Chung	NA	NA
	Director	JJ Chang	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Greentech SGP Pte. Ltd.	Director	Cecilia Ku	0	0.00%
	Director	Ping Cheng	0	0.00%
Delta Electronics Europe Ltd.	Director	Sean Tan	0	0.00%
	Director	Tim Lee	0	0.00%
Boom Treasure Limited	Director	Ping Cheng	0	0.00%
	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Delta Electronics (Pingtan) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director	Jimmy Yin	NA	NA
	Director/General Manager	Kevin Tan	NA	NA
	Supervisor	Allen Wang	NA	NA
Eltek AS	Director	Kelvin Huang	0	0.00%
	Director	Victor Cheng	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Ulf Ellingsen	0	0.00%
	Director	Willy Høydal	0	0.00%
ELTEK PAKISTAN (PRIVATE) LIMITED	Director	Naveed Ahmed Farooqi	0	0.00%
	Director	Miloud Abdelilah	0	0.00%
Eltek Egypt for Power Supply S.A.E.	Director	Mahmoud Morsy	1,386	5.00%
	Director	Marwa Farid	12	0.04%
	Director	Miloud Abdelilah	0	0.00%
Eltek SGS Pvt Ltd.	Director	Kelvin Huang	0	0.00%
	Director	Victor Cheng	0	0.00%
	Director	Rahul Sharma	0	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Eltek SGS Mechanics Pvt Ltd.	Director	Bengt Johannes Lundberg	0	0.00%
	Director	Ranjit Singh Lonial	5,000	0.03%
	Director	Jasbir Singh Gujral	5,000	0.03%
Eltek MEA DMCC	Director	Miloud Abdelilah	0	0.00%
ELTEK KENYA LIMITED	Director	Melody Punzal	0	0.00%
	Director	Miloud Abdelilah	0	0.00%
ELTEK WEST AFRICA LIMITED	Director	Melody Punzal	0	0.00%
	Director	Miloud Abdelilah	0	0.00%
Eltek Polska Sp. z o.o.	Director	Volker Rossmann	0	0.00%
	Director	Zbigniew Wawrzyniak	235	48.96%
	Director	Mark Baker	0	0.00%
Eltek Italia S.r.l.	Director	Alessandro Cassici	0	0.00%
ELTEK POWER FRANCE SAS	President	Kelvin Huang	0	0.00%
	General Manager	Isabelle Giraud	0	0.00%
Eltek Power (UK) Ltd.	Director	Colin Howe	0	0.00%
	Director	Jason Butcher	0	0.00%
	Director	Ian Fenwick	0	0.00%
Eltek Power Sweden AB	Director	Kelvin Huang	0	0.00%
	Director	Allan Christiansen	0	0.00%
	Director	Therese Gibbs Lofgren	0	0.00%
	Director	Nils Bäckman	0	0.00%
Eltek Power Oy	Director	Colin Howe	0	0.00%
	Director	Allan Christiansen	0	0.00%
	Director	Mark Baker	0	0.00%
OOO Eltek	Legal Representative	Allan Christiansen	0	0.00%
ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	Legal Representative	Allan Christiansen	0	0.00%
Eltek Deutschland GmbH	Legal Representative	Volker Rossmann	0	0.00%
Eltek Montage GmbH	Legal Representative	Volker Rossmann	0	0.00%
ELTEK LIMITED	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
	Director	Teresa Chen	0	0.00%
ELTEK CVI LIMITED	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
	Director	Albert Cheung	0	0.00%
ELTEK AUSTRALIA PTY LIMITED	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
ELTEK POWER INCORPORATED	Director	Kelvin Huang	1	0.00%
	Director	Victor Cheng	1	0.00%
	Director	Thadeo A. Pulian	1	0.00%
	Director	Leo Homer Fandino	1	0.00%
	Director	Learn Mae Espiritu	1	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
ELTEK POWER CO., LTD.	Director	Kelvin Huang	0	0.00%
	Director	Wiboon Rasmeepaisarn	0	0.00%
	Director	Aruwan	1	0.00%
ELTEK POWER (CAMBODIA) LTD.	Director	Kelvin Huang	0	0.00%
	Director	David Robert Leal	0	0.00%
	Director	Wong Chee Boon	0	0.00%
ELTEK POWER (MALAYSIA) SDN. BHD.	Director	Kelvin Huang	0	0.00%
	Director	Datuk Feroz Moidunny	0	0.00%
	Director	Ang Soon Lee	0	0.00%
DELTA ELECTRONICS HOLDING (USA) INC.	Director/ President	Kelvin Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Director	MS Huang	0	0.00%
	Director	Charlie Wu	0	0.00%
DELTA ELECTRONICS (USA) INC.	Director/ President	Kelvin Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Director	MS Huang	0	0.00%
	Director	Charlie Wu	0	0.00%
DELTA ELECTRONICS (ARGENTINA) S.R.L.	Director	Kelvin Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Director	Luis Garino	0	0.00%
Eltek Sistemas de Energia Industria e Comercio S.A.	Director/Legal Representative	Alvaro Augusto Simoes De Oliveira	1	0.01%
	Director	Clas Goran Otto Wanning	0	0.00%
	Director	Eduardo Henrique Figueiredo	0	0.00%
	Director	Antoine Balady	0	0.00%
DELTA ELECTRONICS (PERU) INC. S.R.L.	Legal Representative	Kelvin Huang	0	0.00%
	Legal Representative	Allen Pitts	0	0.00%
	Legal Representative	Gina Gonzales	0	0.00%
DELTA ELECTRONICS (COLOMBIA) S.A.S	Legal Representative	Kelvin Huang	0	0.00%
	Legal Representative	Allen Pitts	0	0.00%
	Legal Representative	Fermin Luna	0	0.00%
Eltekenegy Services, S.A. de C.V.	Director/General Manager	Kelvin Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Legal Representative	Alberto Sosa	0	0.00%
Eltekenegy Internacional de Mexico, S. de R.L. de C.V.	Director/General Manager	Kelvin Huang	0	0.00%
	Director	Allen Pitts	0	0.00%
	Legal Representative	Alberto Sosa	0	0.00%
Eltek Energy Technology (Dongguan) Ltd.	Chairman	Kelvin Huang	NA	NA
	Director	David Robert Leal	NA	NA
	Director	Albert Cheung	NA	NA
2009 PPA LLC	President	Mike Lin	0	0.00%
DSS-CI LLC	President	Mike Lin	0	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
DSS-USF LLC	President	Mike Lin	0	0.00%
Delta Solar Solutions LLC	President	Rebert Luor	0	0.00%
Delta Electronics (Americas) Ltd.	Director	MS Huang	0	0.00%
	Director	James Tang	0	0.00%
	Director	Wilson Huang	0	0.00%
Delta America Ltd.	Director	MS Huang	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%
Apex Investment (HK) Limited	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Galaxy Star Investment (HK) Limited	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Jade Investment (HK) Limited	Director	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Power Forest Technology Corporation	Chairman	IAN Chan (Representative of Cyntec Co., Ltd.)	8,702,934	59.03%
	Director	Steven Liu (Representative of Cyntec Co., Ltd.)	8,702,934	59.03%
	Director/General Manager	Frank Shih	233,000	1.58%
	Director	JJ Chang (Representative of Cyntec Co., Ltd.)	8,702,934	59.03%
	Director	Ted Shyy (Representative of Cyntec Co., Ltd.)	8,702,934	59.03%
	Director	Austin Kao (Representative of Cyntec Co., Ltd.)	8,702,934	59.03%
	Director	Ray Jiang (Representative of Cyntec Co., Ltd.)	8,702,934	59.03%
	Supervisor	Celine Liu	0	0.00%
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Executive Director	Ping Cheng	NA	NA
	General Manager	Kevin Tan	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Controls Inc.	Director	Mark Ko	0	0.00%
	Director	MS Huang	0	0.00%
	Director	John Nicholls	0	0.00%
	Director	Bill Lo	0	0.00%
Loy Tec electronics GmbH	Managing Director	Dietmar Loy	0	0.00%
	Managing Director	Hans-Jörg Schweinzer	0	0.00%
	Managing Director	Bill Lo	0	0.00%
LOYTEC Americas, Inc.	Director/President	Hans-Jörg Schweinzer	0	0.00%
	Director	Dietmar Loy	0	0.00%
	Director	Josef Wojak	0	0.00%
Castle Horizon Limited	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%
Energy Dragon Global Limited	Director	Ping Cheng	0	0.00%
	Director	Judy Wang	0	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Electronics (Xi'an) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Simon Chang	NA	NA
	Director/General Manager	Jimmy Yin	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Electronics (Beijing) Co., Ltd.	Chairman	Ping Cheng	NA	NA
	Director	Jimmy Yin	NA	NA
	Director/General Manager	Thomas Li	NA	NA
	Supervisor	Allen Wang	NA	NA
UNICOM SYSTEM ENG. CORP.	Chairman	Ping Cheng (Representative of Delta Electronics, Inc.)	570,000	100.00%
	Director	ChienTan Lien (Representative of Delta Electronics, Inc.)	570,000	100.00%
	Director	Andy Liu (Representative of Delta Electronics, Inc.)	570,000	100.00%
	Supervisor	Jackie Huang (Representative of Delta Electronics, Inc.)	570,000	100.00%
Unicom (Nanjing) System Eng. Corp.	Chairman	Ping Cheng	NA	NA
	Director	Jimmy Yin	NA	NA
	Director	Andy Liu	NA	NA
	Supervisor	Allen Wang	NA	NA
Delta Electronics (Switzerland) AG	Chairman /General Manager	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Peter Hofstetter	0	0.00%
Delta Electronics (Czech Republic), spol. s.r.o.	Legal Representative	Jiri Koutensky	0	0.00%
Delta Solutions (Finland) Oy	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Andreas Grewing	0	0.00%
Delta Electronics (France) SA	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Andreas Hoischen	0	0.00%
Delta Electronics (Italy) S.r.l.	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
Delta Electronics Solutions (Spain) S.L	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Dalip Sharma	0	0.00%
Delta Energy Systems (Sweden) AB	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
	Director	Andreas Grewing	0	0.00%
Delta Electronics (Poland) Sp. z o.o.	Chairman	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
Delta Greentech (Brasil) S.A.	Legal representative	Andy Yu	0	0.00%
	Director/Legal Representative	Hewton Seiji Hiroki	1	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Greentech Electronics Industry LLC	Director	Kelvin Huang	0	0.00%
	Director	Tim Lee	0	0.00%
DELTA ELECTRONICS BRASIL LTDA	Legal Representative	Andy Yu	0	0.00%
Vivotek Inc.	Chairman/General Manager	Owen Chen	1,228,528	1.41%
	Vice Chairman	Eddy Lan	738,261	0.85%
	Director	Simon Chang (Representative of Delta Electronics, Inc.)	43,404,058	49.87%
	Director	Bill Lo (Representative of Delta Electronics, Inc.)	43,404,058	49.87%
	Director	Alex Liao (Representative of Delta Electronics, Inc.)	43,404,058	49.87%
	Director	William Ku (Representative of Delta Electronics, Inc.)	43,404,058	49.87%
	Independent Director	Sin-Hui Yen	0	0.00%
	Independent Director	Chung-Yang Huang	0	0.00%
	Independent Director	Ji-Ren Lee	0	0.00%
Vatics Inc.	Chairman	Steve Ma (Representative of Vivotek Inc.)	20,243,849	50.53%
	Director	Owen Chen (Representative of Vivotek Inc.)	20,243,849	50.53%
	Director	Alex Liao (Representative of Vivotek Inc.)	20,243,849	50.53%
	Director	Sor Shen	1,275,000	3.18%
	Director	NXP B.V.	5,530,000	13.80%
	Supervisor	Golden Group Investment Co., Ltd	3,183,004	7.94%
	Supervisor	Pony Che	65,044	0.16%
Vivotek Holding, Inc.	Director	Eddy Lan	0	0.00%
Vivotek USA, Inc.	Director	Owen Chen	0	0.00%
	Director	Eddy Lan	0	0.00%
Realwin Investment Inc.	Chairman	Owen Chen (Representative of Vivotek Inc.)	17,369,635	100%
Wellstates Investment, LLC	Director	Owen Chen	0	0.00%
	Director	Eddy Lan	0	0.00%
Vivotek Netherlands B.V.	Director	Owen Chen	0	0.00%
	Director	William Ku	0	0.00%
Otus Imaging, Inc.	Chairman	Owen Chen (Representative of Vivotek Inc.)	6,000,000	100.00%
Aetek Inc.	Chairman	Owen Chen (Representative of Realwin Investment Inc.)	3,372,500	56.21%
	Director/General Manager	Tim Su	222,500	3.71%
	Director	Brian Lee	250,000	4.17%
	Supervisor	Arway Hsu	95,000	1.58%
Vivotek Middle East FZCO	Director	Steve Ma	0	0.00%
	Director	William Ku	0	0.00%
Lidlight Inc.	Chairman	Owen Chen	100,000	5.00%
	Director/General Manager	Elvis Chang	150,000	7.50%
	Director	Andy Chen	150,000	7.50%
	Supervisor	Realwin Investment Inc.	1,020,000	51.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Vivotek (Japan) Inc.	Chairman	Alex Liao	0	0.00%
	Director	William Ku	0	0.00%
Delta Electronics (Thailand) Public Company Limited	Chairman	Kong Meng Ng	80,000	0.0064%
	President	Shen Yen Hsien	0	0.00%
	Director	Anusorn Muttaraid	0	0.00%
	Director	Mark Ko	0	0.00%
	Director	Ping Cheng	0	0.00%
	Director	Jackie Chang	0	0.00%
	Independent Director	Boonsak Chiempricha	0	0.00%
	Independent Director	George Chu	0	0.00%
	Independent Director	Witoon Simachokedee	0	0.00%
	Independent Director	Tipawan Chayutimand	0	0.00%
DET International Holding Ltd.	Director	Kong Meng Ng	0	0.00%
	Director/ President	Shen Yen Hsieh	0	0.00%
	Director	Anusorn Muttaraid	0	0.00%
DET Logistics (USA) Corporation	Director/ President	Chung Hsiu Yao	0	0.00%
	Director	Judy Lee	0	0.00%
	Director	Beau Yu	0	0.00%
Delta Energy Systems (Germany) GmbH	Managing Director	Chia Long Chung	0	0.00%
	Managing Director	Peter Ide	0	0.00%
Delta Energy Systems Property (Germany) GmbH	Managing Director	Peter Ide	0	0.00%
	Managing Director	Chia Long Chung	0	0.00%
Delta Energy Systems (India) Pvt. Ltd.	Chairman	Shen Yen Hsieh	0	0.00%
	Director	Beau Yu	0	0.00%
	Director	Om Prakash	0	0.00%
Delta Electronics (Slovakia) s.r.o	Management Body	Kuik Keong Sim	0	0.00%
	Management Body	Teck Beng Seow	0	0.00%
Delta Energy Systems (Romania) S.R.L.	Administrator	Shen Yen Hsieh	0	0.00%
	Administrator	Basile Margaritis	0	0.00%
Delta Energy Systems (Singapore) Pte. Ltd.	Director	Kong Meng Ng	0	0.00%
	Director	Cecilia Ku	0	0.00%
	Director	Jackie Chang	0	0.00%
Delta Electronics (Australia) Pty. Ltd.	Chairman	Kong Meng Ng	0	0.00%
	Director	Shen Yen Hsieh	0	0.00%
Delta Electronics India Pvt. Ltd.	Chairman	Shen Yen Hsieh	0	0.00%
	Director	Beau Yu	0	0.00%
	Director	Om Prakash	0	0.00%
Delta Electronics (Myanmar) Co., Ltd.	Director	Shen Yen Hsieh	1	0.00%
	Director	Anusorn Muttaraid	0	0.00%
	Director	Vichai Saksuriya	0	0.00%

Company	Title	Name or Representative	Shareholding	
			Shares	%
Delta Energy Systems (UK) Ltd.	Director	Shen Yen Hsieh	0	0.00%
	Director	Chia Long Chung	0	0.00%
Delta PBA Engineering Solutions Co., Ltd.	Director	Shen Yen Hsieh	0	0.00%
	Director	Vichai Saksuriya	0	0.00%
	Director	Khiam Wee Yap	0	0.00%
Delta Greentech (Netherlands) Cooperatie U.A.	Director	Kong Meng Ng	0	0.00%
	Director	Egbert Ausems	0	0.00%
Delta Greentech (Netherlands) B.V.	Director	Kong Meng Ng	0	0.00%
	Director	Egbert Ausems	0	0.00%
Delta Energy Systems LLC	General Director	Fairushin Marat Glimkhanovich	0	0.00%
Eltek s.r.o.	Managing Director	Kuik Keong Sim	0	0.00%
	Executive Director	Teck Beng Seow	0	0.00%
Delta Electronics (Automotive) Americas Inc.	Director/ President	Shen Yen Hsieh	0	0.00%
Delta Green Industrial (Thailand) Co., Ltd.	General Director	Shen Yen Hsieh	1	0.00%
	General Director	Anusorn Muttaraid	1	0.00%
Amerlux LLC	Director	Joe Oberle	0	0.00%
	Director	Calvin Wang	0	0.00%
	Director	Chuck Campagna	0	0.00%
Amerlux Lighting Asia, LLC	Director	MS Huang	0	0.00%
	Director	Joe Oberle	0	0.00%
Amerlux Lighting HK Limited	Director/Legal Representative	Teresa Chen	0	0.00%
	Director	Jess Lo	0	0.00%
Guangzhou Amerlux Lighting Co., Ltd.	Chairman/Legal Representative	Ping Cheng	0	0.00%
	Director	Bill Lo	0	0.00%
	Director	Calvin Wang	0	0.00%
	Supervisor	Allen Wang	0	0.00%

9.1.6 Operational Highlights of Affiliates

As of December 31, 2019 Unit: NT\$ thousands (except for EPS=NT\$)

Company	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income	EPS (NT\$) (after tax)
Delta Electronics, Inc.	25,975,433	201,804,151	61,647,274	140,156,877	47,945,673	1,609,646	23,117,797	8.90
Delta Networks Holding Limited and its subsidiaries	53,965	6,950,947	2,639,621	4,311,326	16,459,793	317,184	247,380	137.43
Delta Networks, Inc. (Taiwan)	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	1,769,977	(75,850)	32,827	NA(Note 3)
Delta International Holding Limited	2,029,046	71,523,868	81,613	71,442,255	-	(98,375)	8,362,695	116.73
DEI Logistics (USA) Corp.	14,990	9,707,485	9,477,989	229,496	32,973,802	18,816	6,655	13.31
Delta Greentech SGP Pte Ltd., etc.	1,537,058	5,615,476	1,277,501	4,337,975	11,637	(2,279)	603,855	-
Delta Electronics (Japan), Inc.	77,280	3,159,677	2,571,441	588,236	5,457,662	102,899	79,934	14,274.00
Addtron Technology (Japan), Inc.	9,936	35,450	7,568	27,882	52,018	2,647	2,775	3,854.71
Delta Electronics (Korea), Inc.	1,304	230,455	95,383	135,072	434,654	20,539	16,951	1,695.08
DAC Holding (Cayman) Limited	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	-	(1,078)	(109,773)	NA(Note 3)
Delta Video Technology Limited	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	-	(330)	(324)	NA(Note 3)
Delta Electronics Mexico S.A. DE C.V.	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	257	(16,586)	(17,357)	NA(Note 3)
Vivitek Corporation	269,820	242,230	128,274	113,956	664,874	13,249	16,465	1.83
Delta Electronics Europe Ltd.	19,680	71,296	16,465	54,831	78,904	4,715	4,436	8.87
Delta Greentech (China) Co., Ltd., etc.	2,488,131	11,555,391	5,734,847	5,820,544	17,497,677	941,235	754,777	-
PreOptix (Hong Kong) Co., Ltd.	397,235	587,899	-	587,899	-	(439)	200,932	15.16
PreOptix (Jiang Su) Co., Ltd.	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	-	(8,545)	(12,622)	NA(Note 3)
Delta Electronics (H.K.) Ltd.	9,812,246	32,736,200	15,348,457	17,387,743	42,101	(5,433)	4,680,200	1.84
Apex Investment (HK) Limited	-	-	-	-	-	(454)	265,185	132.59
Galaxy Star Investment (HK) Limited	-	-	-	-	-	(454)	265,185	132.59
Jade Investment (HK) Limited	-	-	-	-	-	(454)	265,185	132.59
Delta Electronics (Dongguan) Co., Ltd., etc.	3,061,463	6,761,567	2,750,960	4,010,607	10,558,959	233,057	224,254	-
Delta Electronics Power (dongguan) Co., Ltd.	1,262,158	7,658,794	4,967,154	2,691,640	20,285,200	604,656	439,560	NA (Note 2)
Delta Electronics (Shanghai) Co., Ltd.	3,413,788	14,481,126	8,354,783	6,126,343	28,514,428	1,944,850	2,028,490	NA (Note 2)
Delta Electronics (Wuhu) Co., Ltd., etc.	4,017,320	6,108,891	1,693,899	4,414,992	9,546,243	233,254	244,241	-
Delta Electronics (Chenzhou) Co., Ltd., etc.	1,998,491	4,344,689	2,663,670	1,681,019	6,460,800	105,864	144,136	-

Company	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income	EPS (NT\$) (after tax)
Delta Electronics (Jiangsu) Ltd.	1,199,200	14,044,890	11,419,490	2,625,400	43,613,773	967,858	882,399	NA (Note 2)
Delta Electronics Components (Wujiang) Ltd.	3,531,944	12,936,293	6,006,864	6,929,429	27,380,501	1,406,679	1,166,418	NA (Note 2)
Delta Video Display System (Wujiang) Ltd.	869,420	2,377,937	1,157,073	1,220,864	5,250,292	182,919	150,299	NA (Note 2)
Delta Electronics International Mexico S.A. DE C.V.	79	381,128	240,413	140,715	223,262	(12,361)	(8,194)	(3.54)
Delta Electronics (Pingtan) Co., Ltd., etc.	968,322	1,402,406	679,356	723,050	1,857,416	(62,446)	(51,876)	-
Cyntec Co., Ltd. and its subsidiaries	23,412,043	39,108,465	10,466,488	28,641,977	17,930,343	1,359,189	1,133,805	0.49
Allied Material Technology Corp.	2,114,580	1,738,391	18,076	1,720,315	76,046	(97,174)	(95,239)	(0.45)
DelBio Inc.	217,618	258,951	39,163	219,788	76,247	(10,560)	18,955	0.22
DelBio (Wujiang) Co., Ltd.	119,920	250,398	81,806	168,592	273,275	27,507	26,206	NA (Note 2)
Delta Electronics Capital Company	3,500,000	3,939,129	103,276	3,835,853	389,829	322,803	308,435	0.88
Delta Electronics Int'l (Singapore) Pte. Ltd.	33,420	92,111,753	67,243,694	24,868,059	217,442,935	9,285,814	9,308,819	8,462.56
Delta Eletronics (Netherlands) B.V., etc.	5,096,285	35,665,954	22,747,478	12,918,476	6,070,681	198,430	2,316,157	-
Delta Solar Solutions LLC , etc.	135,960	118,299	94	118,205	4,191	(1,627)	(3,352)	-
Delta America Ltd.	614	3,547,805	1,080,819	2,466,986	-	(72,003)	274,752	13.42
Delta Electronics (Americas) Ltd., etc.	10,156	3,505,072	2,314,541	1,190,531	7,576,174	186,753	162,073	-
Eltek AS	159,384	5,940,452	3,707,394	2,233,058	6,658,086	147,691	1,999,372	21.38
ELTEK PAKISTAN (PRIVATE) LIMITED	52,127	18,295	5,346	12,949	670	(3,038)	(2,438)	(0.91)
Eltek Egypt for Power Supply S.A.E.	51,742	392,923	279,752	113,171	387,060	59,899	53,042	1,915.58
Eltek SGS Pvt Ltd.	3,244	281,384	73,095	208,289	440,823	12,875	13,046	16.90
Eltek SGS Mechanics Pvt Ltd.	134,853	22,495	(108)	22,603	-	-	-	-
Eltek MEA DMCC	1,628	161,492	146,179	15,313	441,014	1,877	(88)	(438.95)
ELTEK KENYA LIMITED	3	5,015	441	4,574	-	(65)	(675)	(6,752.36)
ELTEK WEST AFRICA LIMITED	1,253	19,433	1,300	18,133	-	(914)	(1,075)	(0.11)
Eltek Polska Sp. z o.o.	1,892	159,582	42,479	117,103	214,701	12,930	8,608	17,932.78
Eltek Italia S.r.l.	3,863	152,131	145,679	6,452	140,834	6,475	1,438	NA (Note 2)
ELTEK POWER FRANCE SAS	17,104	540,111	345,270	194,841	1,220,894	42,442	28,605	5,138.27
Eltek Power (UK) Ltd.	20,555	615,040	428,727	186,313	1,131,355	39,718	32,039	60.83

Company	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income	EPS (NT\$) (after tax)
Eltek Power Sweden AB	385	81,743	38,104	43,639	173,765	8,260	7,793	7,792.83
Eltek Power Oy	6,718	37,885	18,726	19,159	97,801	1,729	2,600	103.99
OOO Eltek	70	320,345	21,978	298,367	500,519	53,049	51,571	NA (Note 2)
ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	27,715	41,160	19,375	21,785	112,675	2,371	2,847	12.94
Eltek Deutschland GmbH, etc.	69,756	705,498	462,891	242,607	1,272,297	33,588	63,961	-
ELTEK LIMITED, etc.	7,602	44,746	27,154	17,592	-	(20,563)	30,867	-
Eltek Energy Technology (Dongguan) Ltd.	231,128	231,578	61,477	170,101	153,355	8,757	8,350	NA(Note 2)
ELTEK AUSTRALIA PTY LIMITED	37,809	293,795	118,333	175,462	873,854	27,611	22,046	4,941.88
ELTEK POWER PTE. LTD.	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	295,152	27,245	(13,567)	NA(Note 3)
ELTEK POWER INCORPORATED	6,744	56,224	32,066	24,158	55,234	(5,399)	(5,646)	(0.50)
ELTEK POWER CO., LTD.	4,039	373,644	59,118	314,526	313,210	(7,117)	(4,347)	(108.68)
ELTEK POWER (CAMBODIA) LTD.	150	650	11,405	(10,755)	-	(8)	(8)	(8.01)
ELTEK POWER (MALAYSIA) SDN. BHD.	2,197	80,009	143,886	(63,877)	80,089	10,505	9,380	31.27
Delta Electronics Holding (USA) Inc.	318	2,148,637	-	2,148,637	-	-	-	-
Delta Electronics (USA) Inc., etc.	710,927	4,286,635	2,322,952	1,963,683	8,624,869	267,830	235,945	-
NeoEnergy Microelectronics, Inc.	NA(Note 3)	NA(Note 3)	NA(Note 3)	NA(Note 3)	-	(166)	702	NA(Note 3)
Delta Controls Inc.	2,228,605	5,130,322	2,470,182	2,660,140	1,810,695	155,086	107,726	1.44
Loy Tec electronics GmbH	1,176	570,118	160,024	410,094	601,636	117,588	108,897	NA (Note 2)
LOYTEC Americas, Inc.	299	45,416	27,315	18,101	145,028	12,111	9,724	974.54
Delta Electronics (Switzerland) AG	309,250	1,217,653	662,055	555,598	2,155,018	46,107	45,493	4,549.26
Delta Greentech (Brasil) S.A.	285,700	627,825	482,653	145,172	902,256	42,474	59,401	13.76
Delta Greentech Electronics Industry LLC	118,507	314,002	206,879	107,123	544,660	(36,771)	(39,029)	(41.49)
DELTA ELECTRONICS BRASIL LTDA	275,956	298,033	46,029	252,004	78,634	10,610	2,083	0.06
Delta Electronics (Czech Republic), spol. s.r.o.	10,539	31,049	4,618	26,431	22,024	1,616	787	NA (Note 2)
Delta Solutions (Finland) Oy	4,520	173,527	88,008	85,519	227,127	6,883	8,548	1,068.54
Delta Electronics (France) SA	33,590	157,767	60,294	97,473	211,196	9,327	5,301	3.63

Company	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income	EPS (NT\$) (after tax)
Delta Electronics (Italy) S.r.l.	3,359	216,260	108,046	108,214	400,177	8,787	9,430	94.30
Delta Electronics Solutions (Spain) S.L	6,718	289,553	191,017	98,536	467,709	20,344	15,132	75.66
Delta Energy Systems (Sweden) AB	6,452	95,358	41,647	53,711	147,145	3,589	4,888	243.19
Delta Electronics (Poland) Sp. z o.o.	19,710	52,708	12,342	40,366	77,071	2,113	1,642	32.85
UNICOM SYSTEM ENG. CORP.	5,700	139,059	110,810	28,249	80,618	13,757	21,383	37.51
Unicom (Nanjing) System Eng. Corp.	10,598	26,120	1,348	24,772	51,652	2,952	3,955	NA (Note 2)
Vivotek Inc.	870,339	4,399,494	1,515,969	2,883,525	5,996,794	318,754	274,906	3.19
Vatics Inc.	400,645	297,215	248,637	48,578	299,985	(88,944)	(98,050)	(2.45)
Vivotek Holdings, Inc.	31,479	284,652	21	284,631	-	(8)	13,960	13,295.80
Vivotek USA, Inc.	29,980	478,461	194,842	283,619	836,681	17,564	13,969	1.40
Otus Imaging, Inc.	60,000	31,353	24,125	7,228	41,084	(6,556)	(6,455)	(1.08)
Realwin Investment Inc.	173,696	107,545	11,618	95,927	-	(157)	14,265	0.82
Aetek Inc.	60,000	92,310	25,107	67,203	134,998	14,228	12,312	2.05
Lidlight Inc.	20,000	8,895	3,639	5,256	21,417	111	106	0.05
Wellstates Investment, LLC	35,976	109,481	61,570	47,911	13,969	2,950	2,304	NA (Note 2)
Vivotek Middle East FZCO	11,992	4,952	17,854	(12,902)	7,610	1,510	9,785	66.61
Vivotek Netherlands B.V.	10,077	16,510	6,504	10,006	43,099	1,457	1,076	358.67
Vivotek (Japan) Inc.	18,216	32,507	7,972	24,535	25,435	11,096	6,860	1,039.34
Delta Electronics (Thailand) Public Company Limited	1,259,606	42,907,158	9,651,756	33,255,402	39,708,815	2,008,986	2,394,216	1.92
DET International Holding Ltd., etc.	7,925,433	13,243,302	6,845,829	6,397,473	20,356,735	155,285	254,581	0.96
Delta Energy Systems (Singapore) Pte. Ltd., etc.	5,194,442	9,800,046	2,183,810	7,616,236	9,184,621	(53,163)	152,583	1.04
Delta Green Industrial (Thailand) Co., Ltd.	208,019	203,517	91,659	111,858	390,642	35,583	38,715	1.88
Amerlux LLC	-	2,083,084	723,394	1,359,690	2,630,199	183,928	119,948	NA(Note 2)
Amerlux Lighting Asia, LLC, etc.	-	41,551	4,409	37,142	28,962	14,047	10,461	NA(Note 2)

Note 1: If an affiliate is a foreign company, related numbers shall be expressed in NTD with the exchange rate of the reporting date.

Note 2: Shares not applicable due to limited company type.

Note 3: It merged with other companies in the Group, liquidated or disposed to others in 2019.

9.1.7 Declaration of consolidated financial statements of Delta Electronics, Inc. and subsidiaries

DELTA ELECTRONICS, INC. and Subsidiaries
REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of DELTA ELECTRONICS, INC. as of and for the year ended December 31, 2019, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, DELTA ELECTRONICS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DELTA ELECTRONICS, INC.

Chairman: Yancey Hai



March 10, 2020

Affiliation Reports: None.

▶ **9.2 Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.

▶ **9.3 Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:** None.

▶ **9.4 Other matters that require additional description**

The certifications received by finance, accounting and auditing personnel in the Company and its subsidiaries:

9.4.1 Certifications received by financial and accounting personnel

1. Accountant of higher examination (Republic of China): 9 persons
2. Accounting and auditing-civil service 3rd-level senior examiner of Taiwan: 1 person
3. American Institute of Certified Accountants: 3 persons
4. Certified Public Accountants (People's Republic of China): 1 persons
5. Intermediate Accountants (People's Republic of China): 55 persons
6. Primary Accountants (People's Republic of China): 114 persons
7. Certified Public Accountants of the Institute of Chartered Accountants of Scotland: 1 person
8. Hong Kong Institute of Certified Public Accountants: 1 person
9. Certified Australian Accountant: 1 person
10. Chartered Financial Analyst: 1 person
11. Certified Internal Auditor: 2 persons
12. Senior sales representative of stocks: 7 persons
13. Sales representative of futures: 3 persons
14. Investment trust and consulting representative: 2 persons
15. Trust representative: 5 persons
16. Financial planner: 2 persons
17. Level B technician for accounting (Republic of China): 3 persons
18. Level C technician for accounting (Republic of China): 6 persons
19. Accountants of accounting practices (Japan): 1 person
20. Certified Management Accountants: 1 person
21. Accountants of the Institute of Chartered Accountants in England and Wales : 2 persons
22. Accountants of the Chartered Institute of Management Accountants (CIMA) : 1 person
23. Accountants of Philippine Institute of Certified Public Accountants : 1 person
24. Thailand Public Accountants : 1 person
25. Accountants of the Chartered Professional Accountants of British Columbia (CPABC) : 3 persons
26. Certified Public Accountant in Missouri, USA : 1 person
27. Accountants of the Union of Chambers of Certified Public Accountants of Turkey : 2 persons

9.4.2 Certifications received by auditing personnel

1. Certified Accountant (Republic of China): 2 persons
2. Certified Internal Auditor (Republic of China): 3 persons

3. Certified International Internal Auditor: 5 persons
4. 19th and 28th Excellent Auditors of The Institute of Internal Auditors (Republic of China): 2 persons
5. Six Sigma Black Belt certification issued by Kind Management Consulting Inc.: 1 person
6. Six Sigma Green Belt certification issued by Kind Management Consulting Inc.: 1 person
7. 5s Management Mechanism certification issued by Kind Management Consulting Inc.: 1 person
8. Internal Quality Audit certification issued by Kind Management Consulting Inc.: 1 person
9. Gauge Instrument Calibration certification issued by Kind Management Consulting Inc.: 1 person
10. ISO auditor: 1 person
11. Risk Management Assurance certification: 1 person
12. Qualicert - Service Quality Certification: 1 person
13. Jacksoft Certified CAATs Practitioner (JCCP) / E-commerce professional certification from the Ministry of Economic Affairs (Republic of China): 2 persons
14. Certified Patent Attorney: 1 person
15. Stock sales representative: 1 person
16. Certification in Control Self-Assessment: 1 person
17. International Certified CAATs Practitioner (ICCP): 1 person
18. Futures Specialist: 1 person
19. Proficiency Test for Trust Operations Subject B Personnel: 1 person
20. Junior Examination for insurance personnel: 1 person

► **9.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one:**

Situations might materially affect shareholders' equity or the price of Company's securities set forth in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act during the most recent year and up to the date of publication of the annual report

9.5.1 The acquisition of other companies stipulated in Article 36, paragraph 3, Subparagraph 2 of the Securities and Exchange Act of the Company has taken place.

- (1) The Company's subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd. acquired a 42.85% stake in the Group's associate company, Delta Electronics (Thailand) Public Company Limited on April 2, 2019 for THB 37,948,030 thousands through the Conditional Voluntary Tender Offer. The Company and subsidiaries' current cumulative shareholding percentage in Delta Electronics (Thailand) Public Company Limited increased to 63.78%, enabling Delta Group to gain control power.
- (2) The Company's subsidiary, Delta Electronics (Netherlands) B.V., acquired 100% interests in Amerlux, LLC from The Unicorn Group, Inc. in the amount of US\$90,000,000 on June 1, 2019. The agreement also includes an earn-out mechanism in which Delta Electronics (Netherlands) B.V. will pay an additional pre-established amount for the transaction should Amerlux's 2019 revenue and EBITDA reaches a pre-determined target.
- (3) We believe that the above 1-2 acquisitions will facilitate the integration of resources to expand the scale of operation, reduce management costs thereby enhancing operational efficiency and overall competitive advantage. It is expected that the projected synergies in M&A can be fully utilized with both the net value per share and earnings per share of the Company providing positive benefits.



DELTA ELECTRONICS, INC.



Chairman Yancey Hai



186 Ruey Kuang Rd., Neihu, Taipei 114501, Taiwan
Tel: +886-2-8797-2088
Fax: +886-2-8797-2120