

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2020 AND 2019

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Delta Electronics, Inc. and its subsidiaries (the “Group”) as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard (IAS) No. 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these interim financial statements based on our reviews and the review reports of other independent auditors.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Statements”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3)B and 6(8), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under the equity method were not reviewed by independent

auditors. Those statements reflect total assets of NT\$19,509,339 thousand and NT\$21,502,713 thousand, constituting 5.94% and 6.68% of the consolidated total assets, and total liabilities of NT\$5,733,834 thousand and NT\$9,371,423 thousand, constituting 3.69% and 6.50% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively, and total comprehensive income of NT\$695,237 thousand and NT\$310,289 thousand, constituting 9.12% and 10.48% of the consolidated total comprehensive income for the three months then ended, respectively, and NT\$489,987 thousand and NT\$518,336 thousand, constituting 3.88% and 2.23% of the consolidated total comprehensive income for the nine months then ended, respectively.

Qualified Conclusion

Based on our reviews and the review reports of other independent auditors as described in the Other Matter–Review Reports By Other Independent Auditors section of our report, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the “Rules Governing the Preparation of Financial Reports by Securities Issuers” and IAS No. 34, “Interim Financial Reporting” as endorsed by the FSC.

Other Matter–Review Reports By Other Independent Auditors

We did not review the financial statements of certain consolidated subsidiaries and investment accounted for under the equity method. Total assets of the subsidiaries amounted to NT\$53,787,725 thousand and NT\$50,677,219 thousand, constituting 16.39% and 15.75% of the consolidated total assets as at September 30, 2020 and 2019, respectively, and total operating revenues amounted to NT\$15,377,308 thousand and NT\$9,743,225 thousand, constituting 19.80% and 13.45% of the consolidated total operating revenues for the three months then ended, respectively, and NT\$39,914,735 thousand and NT\$25,279,440 thousand, constituting 19.56% and 12.64% of the consolidated total operating revenues for the nine months then ended, respectively. The share of profit of associates and

joint ventures accounted for under the equity method and share of other comprehensive income of associates and joint ventures accounted for under the equity method was NT\$0 and NT\$429,060 thousand, constituting 0% and 1.84% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2019, respectively. Those financial statements and information disclosed in Note 13 were reviewed by other independent auditors whose reports thereon have been furnished to us, and our conclusion expressed herein, is based solely on the review reports of the other independent auditors.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as at and for the nine months ended September 30, 2020 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 \$28.955 to US\$1.00 at September 30, 2020. 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 FSC.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

October 28, 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 review 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 review report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
 (EXPRESSED IN THOUSANDS OF DOLLARS)
 (THE BALANCE SHEETS AS OF SEPTEMBER 30, 2020 AND 2019 ARE UNAUDITED)

Assets	Notes	US Dollars		New Taiwan Dollars	
		September 30, 2020	September 30, 2020	December 31, 2019	September 30, 2019
Current assets					
Cash and cash equivalents	6(1)	\$ 1,787,491	\$ 51,756,792	\$ 43,960,001	\$ 45,339,164
Financial assets at fair value through profit or loss - current	6(2)	30,958	896,377	1,122,458	1,135,016
Financial assets at fair value through other comprehensive income - current	6(3)	-	-	319,823	327,521
Contract assets - current		79,748	2,309,122	1,087,489	1,643,836
Notes receivable, net	6(5)	124,672	3,609,871	3,816,628	3,767,415
Accounts receivable, net	6(5)	2,045,294	59,221,494	52,955,106	58,513,473
Accounts receivable - related parties	7	2,222	64,331	263,644	398,299
Other receivables		53,454	1,547,758	1,479,625	1,597,095
Other receivables - related parties	7	1	41	532	4,891
Current income tax assets		13,803	399,681	372,654	421,854
Inventories	6(7)	1,503,520	43,534,414	39,316,423	39,677,545
Prepayments		79,390	2,298,742	2,400,734	2,116,067
Other current assets	8	50,723	1,468,682	463,074	403,060
Total current assets		<u>5,771,276</u>	<u>167,107,305</u>	<u>147,558,191</u>	<u>155,345,236</u>
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	72,411	2,096,674	2,225,239	2,245,444
Financial assets at fair value through other comprehensive income - non-current	6(3)	59,063	1,710,171	1,797,301	2,022,049
Contract assets - non-current		15,454	447,467	304,338	311,444
Investments accounted for under the equity method	6(8)	27,991	810,486	1,138,920	1,186,542
Property, plant and equipment	6(9) and 8	2,294,486	66,436,832	63,590,981	62,484,270
Right-of-use assets	6(10)	101,710	2,945,001	3,113,833	3,305,325
Investment property, net	6(11)	486	14,070	14,070	14,070
Intangible assets	6(12)	2,696,788	78,085,483	82,432,653	85,743,361
Deferred income tax assets		229,924	6,657,453	6,679,405	6,928,918
Other non-current assets	6(5)(13) and 8	67,152	1,944,381	2,182,359	2,257,135
Total non-current assets		<u>5,565,465</u>	<u>161,148,018</u>	<u>163,479,099</u>	<u>166,498,558</u>
Total assets		<u>\$ 11,336,741</u>	<u>\$ 328,255,323</u>	<u>\$ 311,037,290</u>	<u>\$ 321,843,794</u>

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(THE BALANCE SHEETS AS OF SEPTEMBER 30, 2020 AND 2019 ARE UNAUDITED)

Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
		September 30, 2020	September 30, 2020	December 31, 2019	September 30, 2019
Current liabilities					
Short-term borrowings	6(14)	\$ 119,422	\$ 3,457,856	\$ 7,575,932	\$ 8,675,357
Financial liabilities at fair value	6(2)				
through profit or loss - current		3,256	94,271	15,929	55,205
Contract liabilities - current		125,347	3,629,410	3,352,208	3,235,444
Notes payable		355	10,265	21,669	64,429
Accounts payable		1,539,897	44,587,731	39,478,462	39,427,911
Accounts payable - related parties	7	837	24,239	32,197	15,241
Other payables		972,877	28,169,645	28,829,379	25,785,746
Current income tax liabilities		96,707	2,800,139	2,187,076	2,351,718
Other current liabilities	6(15)	147,786	4,279,185	4,233,308	4,431,711
Total current liabilities		3,006,484	87,052,741	85,726,160	84,042,762
Non-current liabilities					
Long-term borrowings	6(15)	1,516,274	43,903,709	27,748,839	36,996,707
Deferred income tax liabilities		523,498	15,157,898	14,008,861	14,159,397
Lease liabilities - non-current		45,511	1,317,772	1,421,265	1,503,268
Other non-current liabilities		268,885	7,785,562	7,777,723	7,545,703
Total non-current liabilities		2,354,168	68,164,941	50,956,688	60,205,075
Total liabilities		5,360,652	155,217,682	136,682,848	144,247,837
Equity					
Share capital					
Common stock	6(17)	897,097	25,975,433	25,975,433	25,975,433
Capital surplus	6(18)				
Capital surplus		1,705,285	49,376,527	49,103,331	48,415,598
Retained earnings	6(19)				
Legal reserve		944,311	27,342,534	25,030,754	25,030,754
Special reserve		263,237	7,622,034	7,561,032	7,561,032
Unappropriated retained earnings		1,415,761	40,993,363	40,108,361	35,440,231
Other equity interest					
Other equity interest		(372,365)	(10,781,833)	(7,622,034)	(4,386,576)
Equity attributable to owners of the parent		4,853,326	140,528,058	140,156,877	138,036,472
Non-controlling interest	4(3)	1,122,763	32,509,583	34,197,565	39,559,485
Total equity		5,976,089	173,037,641	174,354,442	177,595,957
Significant contingent liabilities and unrecorded contract commitments	9				
Total liabilities and equity		\$ 11,336,741	\$ 328,255,323	\$ 311,037,290	\$ 321,843,794

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

Items	Notes	US Dollars		New Taiwan Dollars		
		Nine months ended September 30, 2020	Three months ended September 30,		Nine months ended September 30,	
			2020	2019	2020	2019
Sales revenue	6(20) and 7	\$ 7,047,228	\$ 77,679,681	\$ 72,461,809	\$ 204,052,473	\$ 199,938,137
Operating costs	6(7)(25)(26) and 7	(4,878,595)	(52,864,947)	(52,023,978)	(141,259,704)	(145,446,789)
Gross profit		2,168,633	24,814,734	20,437,831	62,792,769	54,491,348
Operating expenses	6(25)(26)					
Selling expenses		(473,084)	(4,711,373)	(5,271,960)	(13,698,143)	(14,772,886)
General and administrative expenses		(305,101)	(3,177,630)	(3,173,670)	(8,834,195)	(8,476,417)
Research and development expenses		(644,717)	(6,654,253)	(6,369,559)	(18,667,769)	(17,177,356)
Expected credit impairment gain (loss)	12(2)	3,447	176,078	(102,258)	99,788	(36,625)
Total operating expenses		(1,419,455)	(14,367,178)	(14,917,447)	(41,100,319)	(40,463,284)
Operating profit		749,178	10,447,556	5,520,384	21,692,450	14,028,064
Non-operating income and expenses						
Interest income	6(21)	14,327	106,350	192,616	414,847	685,584
Other income	6(22)	93,913	907,380	780,923	2,719,258	2,464,971
Other gains and losses	6(23)	(3,395)	(27,955)	243,520	(98,320)	6,109,409
Finance costs	6(24)	(9,628)	(67,946)	(204,150)	(278,772)	(575,187)
Share of profit (loss) of associates and joint ventures accounted for under the equity method	6(8)	(2,011)	(4,884)	(28,491)	(58,226)	181,491
Total non-operating income and expenses		93,206	912,945	984,418	2,698,787	8,866,268
Profit before income tax		842,384	11,360,501	6,504,802	24,391,237	22,894,332
Income tax expense	6(27)	(170,189)	(2,246,416)	(1,161,947)	(4,927,822)	(4,075,786)
Profit for the period		\$ 672,195	\$ 9,114,085	\$ 5,342,855	\$ 19,463,415	\$ 18,818,546

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

Items	Notes	US Dollars	New Taiwan Dollars			
		Nine months ended September 30, 2020	Three months ended September 30,		Nine months ended September 30,	
			2020	2019	2020	2019
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		\$ 60	(\$ 18,626)	(\$ 86,207)	\$ 1,744	(\$ 271,287)
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	3,540	304,663	(191,009)	102,504	272,087
Share of other comprehensive income of associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		-	-	5	-	8,381
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	-	-	-	-	3,363
Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>3,600</u>	<u>286,037</u>	<u>(277,211)</u>	<u>104,248</u>	<u>12,544</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
Financial statements translation differences of foreign operations		(251,684)	(1,812,896)	(2,276,704)	(7,287,504)	1,620,223
Gain (loss) on hedging instrument		(599)	4,732	(5,679)	(17,342)	4,810
Share of other comprehensive income (loss) of associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss		8	398	(5,009)	220	3,566,844
Income tax relating to the components of other comprehensive income (loss) that will be reclassified to profit or loss	6(27)	<u>12,331</u>	<u>29,149</u>	<u>183,286</u>	<u>357,034</u>	<u>(739,759)</u>
Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(239,944)</u>	<u>(1,778,617)</u>	<u>(2,104,106)</u>	<u>(6,947,592)</u>	<u>4,452,118</u>
Other comprehensive (loss) income for the period		<u>(\$ 236,344)</u>	<u>(\$ 1,492,580)</u>	<u>(\$ 2,381,317)</u>	<u>(\$ 6,843,344)</u>	<u>\$ 4,464,662</u>
Total comprehensive income for the period		<u>\$ 435,851</u>	<u>\$ 7,621,505</u>	<u>\$ 2,961,538</u>	<u>\$ 12,620,071</u>	<u>\$ 23,283,208</u>
Profit attributable to:						
Owners of the parent		\$ 623,532	\$ 8,389,630	\$ 5,129,602	\$ 18,054,383	\$ 18,031,687
Non-controlling interest		\$ 48,663	\$ 724,455	\$ 213,253	\$ 1,409,032	\$ 786,859
Comprehensive income (loss) attributable to:						
Owners of the parent		\$ 453,968	\$ 7,594,510	\$ 3,022,002	\$ 13,144,663	\$ 20,732,556
Non-controlling interest		(\$ 18,117)	\$ 26,995	(\$ 60,464)	(\$ 524,592)	\$ 2,550,652
Basic earnings per share	6(28)					
Basic earnings per share		\$ 0.24	\$ 3.23	\$ 1.97	\$ 6.95	\$ 6.94
Diluted earnings per share	6(28)					
Diluted earnings per share		\$ 0.24	\$ 3.21	\$ 1.96	\$ 6.92	\$ 6.91

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

		Equity attributable to owners of the parent											
		Retained Earnings				Other Equity Interest							
						Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income							
						Financial statements translation differences of foreign operations				Gain (loss) on hedging instruments			
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Total	Total	Non-controlling interest	Total equity			
<u>2019 New Taiwan Dollars</u>													
	\$	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	\$ 9,189,749	\$ 139,460,908	
		-	-	-	-	1,943	-	-	-	1,943	-	1,943	
		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	9,189,749	139,462,851	
		-	-	-	-	18,031,687	-	-	-	18,031,687	786,859	18,818,546	
		-	-	-	(134,341)	2,555,912	275,450	3,848	2,700,869	1,763,793	4,464,662		
		-	-	-	-	17,897,346	2,555,912	275,450	3,848	20,732,556	2,550,652	23,283,208	
	6(19)												
		-	-	1,819,310	-	(1,819,310)	-	-	-	-	-	-	
		-	-	-	472,889	(472,889)	-	-	-	-	-	-	
		-	-	-	-	(12,987,717)	-	-	(12,987,717)	-	(12,987,717)		
		-	11,474	-	-	-	-	-	-	11,474	-	11,474	
	6(31)												
		-	7,057	-	-	-	-	-	-	7,057	(379,614)	(372,557)	
		-	-	-	-	-	-	-	-	-	28,198,698	28,198,698	
	6(3)												
		-	-	-	-	(339,246)	-	339,246	-	-	-	-	
		\$ 25,975,433	\$ 48,415,598	\$ 25,030,754	\$ 7,561,032	\$ 35,440,231	(\$ 1,866,113)	(\$ 2,655,463)	\$ 135,000	\$ 138,036,472	\$ 39,559,485	\$ 177,595,957	
<u>2020 New Taiwan Dollars</u>													
	\$	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	\$ 34,197,565	\$ 174,354,442	
		-	-	-	-	18,054,383	-	-	-	18,054,383	1,409,032	19,463,415	
		-	-	-	-	4,293	(5,000,909)	102,504	(15,608)	(4,909,720)	(1,933,624)	(6,843,344)	
		-	-	-	-	18,058,676	(5,000,909)	102,504	(15,608)	13,144,663	(524,592)	12,620,071	
	6(19)												
		-	-	2,311,780	-	(2,311,780)	-	-	-	-	-	-	
		-	-	-	61,002	(61,002)	-	-	-	-	-	-	
		-	-	-	-	(12,987,717)	-	-	(12,987,717)	-	(12,987,717)		
		-	322,272	-	-	-	-	-	-	322,272	-	322,272	
	6(31)												
		(49,076)	-	-	(58,961)	-	-	-	(108,037)	(268,064)	(376,101)		
		-	-	-	-	-	-	-	-	(895,326)	(895,326)		
	6(3)												
		-	-	-	(1,754,214)	-	-	1,754,214	-	-	-	-	
		\$ 25,975,433	\$ 49,376,527	\$ 27,342,534	\$ 7,622,034	\$ 40,993,363	(\$ 10,335,901)	(\$ 577,580)	\$ 131,648	\$ 140,528,058	\$ 32,509,583	\$ 173,037,641	

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

		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) from financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total	Non-controlling interest	Total equity
Notes												
<u>2020 US Dollars</u>												
		\$ 897,097	\$ 1,695,850	\$ 864,471	\$ 261,130	\$ 1,385,196	(\$ 184,251)	(\$ 84,072)	\$ 5,086	\$ 4,840,507	\$ 1,181,059	\$ 6,021,566
		-	-	-	-	623,532	-	-	-	623,532	48,663	672,195
		-	-	-	-	148	(172,713)	3,540	(539)	(169,564)	(66,780)	(236,344)
		-	-	-	-	623,680	(172,713)	3,540	(539)	453,968	(18,117)	435,851
	6(19)											
		-	-	79,840	-	(79,840)	-	-	-	-	-	-
		-	-	-	2,107	(2,107)	-	-	-	-	-	-
		-	-	-	-	(448,548)	-	-	-	(448,548)	-	(448,548)
		-	11,130	-	-	-	-	-	-	11,130	-	11,130
	6(31)											
		-	(1,695)	-	-	(2,036)	-	-	-	(3,731)	(9,259)	(12,990)
		-	-	-	-	-	-	-	-	-	(30,920)	(30,920)
	6(3)											
		-	-	-	-	(60,584)	-	60,584	-	-	-	-
		\$ 897,097	\$ 1,705,285	\$ 944,311	\$ 263,237	\$ 1,415,761	(\$ 356,964)	(\$ 19,948)	\$ 4,547	\$ 4,853,326	\$ 1,122,763	\$ 5,976,089

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Notes	US Dollars	New Taiwan Dollars	
		Nine months ended September 30, 2020	Nine months ended September 30, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated profit before tax for the period		\$ 842,384	\$ 24,391,237	\$ 22,894,332
Adjustments				
Income and expenses having no effect on cash flows				
Depreciation	6(9)(10)(25)	310,004	8,976,153	8,022,373
Amortisation	6(12)(25)	100,690	2,915,460	2,209,819
Expected credit impairment (gain) loss	12(2)	(3,447)	(99,788)	36,625
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(23)	5,772	167,130	(173,417)
Interest expense	6(24)	9,628	278,772	569,063
Interest income	6(21)	(14,327)	(414,847)	(685,584)
Dividend income	6(22)	(5,066)	(146,684)	(264,732)
(Reversal of) share-based payments	6(29)	(31)	(900)	33,707
Share of loss (profit) of associates accounted for under the equity method	6(8)	2,011	58,226	(181,491)
Loss on disposal of property, plant and equipment	6(23)	1,464	42,382	45,423
Loss (gain) on disposal of investments	6(23)	2,777	80,415	(5,813,219)
Reversal of impairment loss on non-financial assets	6(23)	-	-	(87,323)
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		7,974	230,887	172,605
Contract assets		(47,134)	(1,364,762)	248,886
Notes receivable		7,141	206,757	323,816
Accounts receivable		(204,919)	(5,933,431)	2,655,364
Accounts receivable - related parties		6,884	199,313	2,698,776
Other receivables		(2,571)	(74,433)	(289,754)
Other receivables - related parties		17	491	104,535
Inventories		(139,463)	(4,038,155)	5,280,755
Prepayments		3,522	101,992	(37,309)
Other current assets		867	25,114	78,635
Other non-current assets		(2,637)	(76,350)	131,709
Net changes in liabilities relating to operating activities				
Contract liabilities		9,574	277,202	592,126
Notes payable		(394)	(11,404)	56,474
Accounts payable		159,325	4,613,254	(6,773,683)
Accounts payable - related parties		(275)	(7,958)	(2,398,099)
Other payables		(22,850)	(661,635)	(3,174,134)
Other current liabilities		1,715	49,652	(631,388)
Other non-current liabilities		46	1,372	450,470
Cash inflow generated from operations		1,028,681	29,785,462	26,095,360
Interest received		14,606	422,906	719,393
Dividends received		5,005	144,925	264,732
Interest paid		(9,562)	(276,871)	(568,859)
Income taxes paid		(99,848)	(2,891,095)	(2,973,281)
Net cash flows from operating activities		938,882	27,185,327	23,537,345

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Notes	US Dollars	New Taiwan Dollars	
		Nine months ended September 30, 2020	Nine months ended September 30, 2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through other comprehensive income		\$ -	\$ -	(\$ 11,190)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	17,332	501,840	995,455
Proceeds from capital withdrawal from liquidation of financial assets at fair value through profit or loss		-	12	-
Proceeds from disposal of investments accounted for under the equity method		250	7,240	-
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(30)	(7,620)	(220,624)	(24,018,015)
Acquisition of property, plant and equipment	6(9)	(441,347)	(12,779,210)	(12,359,134)
Proceeds from disposal of property, plant and equipment		4,404	127,520	284,831
Acquisition of intangible assets	6(12)	(18,158)	(525,767)	(537,581)
Increase in other financial assets		(35,506)	(1,028,073)	(20,803)
Decrease (increase) in other non-current assets		11,578	335,222	(615,079)
Net cash flows used in investing activities		(469,067)	(13,581,840)	(36,281,516)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
(Decrease) increase in short-term borrowings	6(32)	(142,223)	(4,118,076)	2,416,295
Proceeds from long-term debt	6(32)	600,836	17,397,225	11,901,754
Repayment of long-term debt	6(32)	(43,293)	(1,253,549)	(134,436)
Lease principal repayment		(14,585)	(422,303)	(437,591)
Cash dividends paid	6(19)	(448,548)	(12,987,717)	(12,987,717)
Cash dividends paid to minority share interests		(30,920)	(895,326)	(2,310,444)
Acquisition of ownership interests in subsidiaries	6(31)	(10,875)	(314,844)	(372,338)
Net cash flows used in financing activities		(89,608)	(2,594,590)	(1,924,477)
Effects due to changes in exchange rate		(110,934)	(3,212,106)	389,115
Net increase (decrease) in cash and cash equivalents		269,273	7,796,791	(14,279,533)
Cash and cash equivalents at beginning of period		1,518,218	43,960,001	59,618,697
Cash and cash equivalents at end of period		<u>\$ 1,787,491</u>	<u>\$ 51,756,792</u>	<u>\$ 45,339,164</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on October 28, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021

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 3, 'Reference to the conceptual framework'	January 1, 2022
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform- Phase 2'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of

preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(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 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 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 Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
1	Delta Electronics, Inc.	Delta International Holding Limited (DIH)	Equity investments	100	100	94	Note 3
2	"	Delta Networks Holding Limited (DNH)	"	100	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	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
4	Delta Electronics, Inc. and DIH	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	100	100	100	Note 1 Note 2 Note 4
5	Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuits and information software services	-	-	98.17	Note 2 Note 5
6	"	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	100	100	100	
7	"	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	100	100	100	Note 1 Note 2
8	"	Delta Electronics Capital Company (DECC)	Equity investments	100	100	100	
9	"	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	100	100	100	
10	"	Allied Material Technology Corp. (AMT)	Lease services, etc.	99.97	99.97	99.97	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
11	Delta Electronics, Inc. and DEN/Delta Electronics, Inc., DEN, Castle Horizon Limited and Energy Dragon Global Limited	Delta America Ltd. (DAL)	Equity investments	100	100	100	Note 6
12	DEN/DIH	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	100	100	100	Note 7
13	DIH	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	100	100	100	
14	"	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and materials	100	100	100	Note 2
15	"	DAC Holding (Cayman) Limited (DAC)	Equity investments	-	-	100	Note 2 Note 8
16	"	Ace Pillar Holding Co., Ltd. (Ace)	"	-	-	100	Note 5
17	DEN/DIH	Drake Investment (HK) Limited (Drake-HK)	"	100	100	100	Note 7

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
18	DGSG, Drake-HK and Boom	Delta Greentech (China) Co., Ltd. (DGC)	Sales of uninterruptible power systems and others	95.91	95.91	95.91	
19	DIH	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	100	100	100	Note 1 Note 2
20	DEN/DIH	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	100	100	100	Note 7
21	DIH	Delta Electronics Europe Limited (DEU)	Repair centre and providing support services	100	100	100	Note 1 Note 2
22	DEN/DIH	Boom Treasure Limited (Boom)	Equity investments	100	100	100	Note 7
23	DIH	Apex Investment (HK) Limited (Apex-HK)	"	100	100	100	Note 9
24	"	Galaxy Star Investment (HK) Limited (Galaxy Star-HK)	"	100	100	100	Note 9
25	"	Jade Investment (HK) Limited (Jade-HK)	"	100	100	100	Note 9
26	DHK	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and thermal products	100	100	100	
27	"	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of power supplies	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
28	DHK	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design, management consulting service and distribution of electronic products	100	100	100	
29	"	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	100	100	100	
30	"	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	100	100	100	
31	"	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	100	100	100	
32	"	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of LED light source, power supplies and others	100	100	100	
33	"	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of transformers	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
34	DHK	Cyntec Electronics (Wuhu) Co., Ltd. (CEWH)	Research, development, manufacturing, processing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and molding as well as processing of semi-finished alloy steel powder; import and export of goods or technique	100	-	-	Note 1 Note 22
35	DHK and DIH	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	100	Note 1 Note 2
36	DHK	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers	100	100	100	Note 1 Note 2
37	//	Delta Electronics (Pingtan) Co., Ltd. (Delta Pingtan)	Wholesale and retail of electronic products and energy-saving equipment	100	100	100	Note 1 Note 2
38	PHK	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	-	-	100	Note 2 Note 10
39	DEJ	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	100	100	100	Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
40	DEJ	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products electronic components, industrial automation products and their materials	100	100	100	Note 2
41	DWH	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of transformers	-	-	100	Note 11
42	DCZ	Chenzhou Delta Technology Co., Ltd. (CDT)	"	100	100	100	
43	DDG and DPEC	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	-	100	100	Note 2 Note 12
44	DPEC and DGC	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.	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
45	DNH	Delta Networks, Inc. (DNI Cayman)	Equity investments	100	100	100	
46	DNI Cayman	Delta Networks (HK) Limited (DNHK)	Equity investments	100	100	100	
47	DNHK	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	100	100	100	
48	Cyntec	Fairview Assets Ltd. (Fairview)	Equity investments	100	100	100	
49	Fairview	Grandview Holding Ltd. (Grandview)	"	100	100	100	
50	Grandview	Cyntec Holding (H.K.) Limited. (CHK)	"	100	100	100	
51	"	Cyntec International Ltd. (CIL-Labuan)	Trading	100	100	100	
52	CHK	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	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
53	DelBio	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	100	100	100	Note 1 Note 2
54	DIH/DEN	ELTEK AS	Research, development and sales of power supplies and others	100	100	100	Note 7
55	DEN	Castle Horizon Limited	Equity investments	-	100	100	Note 13
56	''	Energy Dragon Global Limited	''	-	100	100	Note 13
57	DIH/DEN	Delta Controls Inc. (DCI)	Provide solutions to building management and control	100	100	100	Note 7
58	''	DELTA ELECTRONICS HOLDING (USA) INC.	Equity investments	100	100	100	Note 1 Note 2 Note 7
59	ELTEK AS	ELTEK PAKISTAN (PRIVATE) LIMITED	Sales of power supplies and others	100	100	100	Note 1 Note 2
60	''	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	100	100	100	Note 1 Note 2
61	''	ELTEK AUSTRALIA PTY LIMITED	''	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
62	ELTEK AS	Eltek Egypt for Power Supply S.A.E.	Sales of power supplies and others	95	95	95	Note 1 Note 2
63	"	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	100	100	100	Note 1 Note 2
64	ELTEK AS and Eltek SGS Pvt Ltd.	Eltek SGS Mechanics Pvt Ltd.	Sales of power supplies and others	51	51	51	Note 1 Note 2
65	ELTEK AS	Eltek Polska Sp. z o. o. (Eltek Polska)	"	100	51.04	51.04	Note 1 Note 2 Note 14
66	"	ELTEK POWER FRANCE SAS	"	100	100	100	Note 1 Note 2
67	"	ELTEK LIMITED	Equity investments and trading	100	100	100	Note 1 Note 2
68	"	ELTEK MEA DMCC	Sales of power supplies and others	100	100	100	Note 1 Note 2
69	ELTEK MEA DMCC and ELTEK AS	ELTEK KENYA LIMITED	Sales of power supplies	100	100	100	Note 1 Note 2
70	"	ELTEK WEST AFRICA LIMITED	"	100	100	100	Note 1 Note 2
71	ELTEK AS	Eltek Italia S.r.l.	Sales of power supplies and others	100	100	100	Note 1 Note 2
72	"	Eltek Power Sweden AB	Sales of power supplies	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
73	ELTEK AS	Eltek Power (UK) Ltd.	Sales of power supplies	100	100	100	Note 1 Note 2
74	"	Eltek Power Oy	Sales of power supplies and others	100	100	100	Note 1 Note 2
75	"	OOO Eltek	Sales of power supplies and others and system installation	100	100	100	Note 1 Note 2
76	"	ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	Sales of power supplies and others	100	100	100	Note 1 Note 2
77	Eltek Deutschland GmbH	Eltek Montage GmbH	Installation and maintenance of power supplies	100	100	100	Note 1 Note 2
78	DEIL-SG	ELTEK POWER INCORPORATED	Sales of power supplies and others	100	100	100	Note 1 Note 2
79	"	ELTEK POWER CO., LTD.	"	100	100	100	Note 1 Note 2 Note 15
80	"	ELTEK POWER (CAMBODIA) LTD.	"	100	100	100	Note 1 Note 2
81	"	ELTEK POWER (MALAYSIA) SDN. BHD.	"	100	100	100	Note 1 Note 2 Note 16
82	ELTEK LIMITED	ELTEK CVI LIMITED	Equity investments	-	100	100	Note 2 Note 17

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
83	DHK	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	100	100	100	Note 1 Note 2
84	DELTA ELECTRONICS HOLDING (USA) INC.	DELTA ELECTRONICS (USA) INC.	Manufacturing and sales of power supplies	100	100	100	
85	DELTA ELECTRONICS (USA) INC.	DELTA ELECTRONICS (ARGENTINA) S.R.L.	Sales of power supplies and others	100	100	100	Note 1 Note 2
86	DEN and DELTA ELECTRONICS (USA) INC.	Eltek Sistemas de Energia Industria e Comercio S.A.	Manufacturing and sales of power supplies	100	100	100	Note 1 Note 2
87	"	DELTA ELECTRONICS (PERU) INC. S.R.L.	Sales of power supplies and others	100	100	100	Note 1 Note 2
88	"	DELTA ELECTRONICS (COLOMBIA) S.A.S.	"	100	100	100	Note 1 Note 2
89	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	Eltek energy Services, S.A. de C.V.	"	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
90	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	Eltek energy International de México, S. de R.L. de C.V.	Sales of power supplies and others	100	100	100	Note 1 Note 2
91	DAL	Delta Electronics (Americas) Ltd.	Sales of electronic components	100	100	100	Note 1 Note 2
92	"	Delta Solar Solutions LLC	Equity investments	100	100	100	Note 1 Note 2
93	Delta Electronics (Americas) Ltd.	2009 PPA LLC	Sales of power supplies	100	100	100	Note 1 Note 2
94	Delta Solar Solution LLC	DSS-CI LLC	Rental of solar power systems	100	100	100	Note 1 Note 2
95	"	DSS-USF LLC	"	100	100	100	Note 1 Note 2
96	Cyntec	Power Forest Technology Corporation (Power Forest)	IC design of power management	100	59.03	59.03	Note 1 Note 2 Note 18
97	DET-SH	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	100	100	100	Note 1 Note 2
98	DEIL-SG	Loy Tec electronics GmbH (Loy Tec)	Consulting service of building management and control solutions	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
99	Loy Tec	LOYTEC Americas, Inc.	Consulting service of building management and control solutions	-	100	100	Note 2 Note 17
100	DHK	Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	100	100	100	Note 1 Note 2
101	"	Delta Electronics (Xi'an) Co., Ltd.	Sales of computers, peripherals and software	100	100	100	Note 1 Note 2
102	Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP. (UNICOM)	Design and sales of computers, peripherals and information system (software and hardware)	100	100	100	Note 1 Note 2
103	UNICOM	Unicom (Nanjing) System Eng. Corp	"	100	100	100	Note 1 Note 2 Note 19
104	DIH/Delta Greentech (Netherlands) B.V. and DIH/DEN and Delta Greentech (Netherlands) B.V.	Delta Electronics (Switzerland) AG (DECH)	Equity investments, research, development and sales of electronic products	100	100	100	Note 1 Note 7
105	DEN/DEN and Delta Greentech (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Marketing and sales of electronic products	100	100	100	Note 1 Note 2
106	DEN and Delta Electronics (USA) INC.	Delta Greentech (Brasil) S.A. (DGB)	Manufacturing and sales of electronic products	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
107	DECH	Delta Electronics (Czech Republic), spol. s.r.o.	Sales of electronic products	100	100	100	Note 1
108	"	Delta Electronics (Italy) S.r.l.	"	100	100	100	Note 1
109	"	Delta Electronics (Poland) Sp. z o.o.	"	100	100	100	Note 1
110	"	Delta Solutions (Finland) Oy	"	100	100	100	Note 1
111	"	Delta Electronics Solutions (Spain) SL	"	100	100	100	Note 1
112	"	Delta Electronics (France) SA	"	100	100	100	Note 1
113	"	Delta Energy Systems (Sweden) AB	"	100	100	100	Note 1
114	Delta Electronics, Inc.	Vivotek Inc. (Vivotek)	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	51.38	49.87	49.87	Note 20
115	Vivotek and Realwin	Vatics Inc.	Designing and sales of multimedia integrated circuits	54.41	54.41	54.41	
116	Vivotek	Vivotek Holdings, Inc.	Holding company	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
117	Vivotek	Realwin Investment Inc. (Realwin)	Investment in the network communications industry	100	100	100	
118	"	Vivotek Netherlands B.V.	Sales service	100	100	100	
119	"	Vivotek (Japan) Inc.	"	100	100	100	
120	Vivotek Holdings, Inc.	Vivotek USA, Inc.	Sales of webcams and related components	100	100	100	
121	Realwin	Wellstates Investment, LLC	Investment and commercial lease of real estate	100	100	100	
122	Vivotek	Otus Imaging, Inc.	Sales of webcams and related components	100	100	100	
123	Realwin	Aetek Inc.	"	56.21	56.21	56.21	
124	"	Vivotek Middle East FZCO	"	89.99	89.99	89.99	
125	"	Lidlight Inc.	Sales of lighting equipment	51	51	51	
126	DEN	DELTA ELECTRONICS BRASIL LTDA.	Manufacturing and sales of electronic products	100	100	100	Note 1 Note 2
127	Delta Electronics, Inc., DEIL-SG and DIH	Delta Electronics (Thailand) Public Company Limited (DET)	Manufacturing and exporting power supplies, other electronic parts and components	63.78	63.78	63.78	Note 21

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
128	DET	DET International Holding Limited	Equity investments	100	100	100	Note 21
129	"	Delta Energy Systems (Singapore) PTE. LTD.	Equity investments, trading, management and consultancy	100	100	100	Note 21
130	"	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	100	100	Note 21
131	DET International Holding Limited	DET Logistics (USA) Corporation	Providing logistics services in USA	100	100	100	Note 21
132	"	Delta Energy Systems (Germany) GmbH	Development, marketing and sales of electronic products	100	100	100	Note 21
133	"	Delta Energy Systems (India) Private Ltd.	Marketing and sales of electronic products	100	100	100	Note 21
134	DET International Holding Limited and Delta Energy Systems (Singapore) PTE. LTD.	Delta Electronics (Slovakia) s.r.o.	Manufacturing and sales of power supplies, power system and OEM power system	100	100	100	Note 21

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
135	DET International Holding Limited	Delta Energy Systems (Romania) S.R.L.	Research and development	100	100	100	Note 21
136	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Property rights business	100	100	100	Note 21
137	Delta Energy Systems (Singapore) PTE. LTD.	Delta Electronics (Australia) Pty. Ltd.	Marketing and sales of renewable energy products	100	100	100	Note 21
138	"	Delta Electronics India Pvt. Ltd.	Manufacturing and marketing of non-telecom power system and uninterruptible power supply, and sales of uninterruptible power supply	100	100	100	Note 21
139	"	Delta Electronics (Myanmar) Co., Ltd.	Manufacturing of electronic products used in CMP manufacturing process and machinery	100	100	100	Note 21
140	"	Delta Energy Systems (UK) Ltd.	Research and development of electronic products	100	100	100	Note 21
141	"	Delta PBA Engineering Solutions Co., Ltd.	Providing solutions for industrial automation	51	51	51	Note 21
142	"	Delta Greentech (Netherlands) Cooperatie U.A.	Equity investments	100	100	100	Note 21

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
143	Delta Greentech (Netherlands) Cooperatie U.A.	Delta Greentech (Netherlands) B.V.	Equity investments	100	100	100	Note 21
144	Delta Greentech (Netherlands) B.V.	Delta Energy Systems LLC	Marketing and sales of power systems	100	100	100	Note 21
145	"	Eltek s.r.o.	Manufacturing of telecom power system	100	100	100	Note 21
146	"	Delta Electronics (Automotive) Americas Inc.	Research and development of automotive power and traction inverter	100	100	100	Note 21
147	DEN	Amerlux, LLC	Design and production of dedicated lighting system and facilities	100	100	100	Note 1 Note 2 Note 21
148	Amerlux, LLC	Amerlux Lighting Asia, LLC	Equity investments	100	100	100	Note 1 Note 2 Note 21
149	Amerlux Lighting Asia, LLC	Amerlux Lighting Hong Kong Limited	"	100	100	100	Note 1 Note 2 Note 21
150	Amerlux Lighting Hong Kong Limited	Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	100	100	100	Note 1 Note 2 Note 21
151	DIH	Digital Projection International Ltd.	Equity investments	100	-	-	Note 1 Note 22
152	Digital Projection International Ltd.	Digital Projection Holdings Ltd.	"	100	-	-	Note 1 Note 22

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				September 30, 2020	December 31, 2019	September 30, 2019	
153	Digital Projection Holdings Ltd.	Digital Projection Ltd.	Research, development and sales of projector products	100	-	-	Note 1 Note 22
154	Digital Projection Ltd.	Digital Projection Inc.	Sales of projector products	100	-	-	Note 1 Note 22

Note 1: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at September 30, 2020 were not reviewed by independent auditors.

Note 2: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at September 30, 2019 were not reviewed by independent auditors.

Note 3: 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 4: In the first three quarters of 2020, PHK returned capital amounting to USD 5,250,000 and USD 8,000,000 to Delta Electronics, Inc. and DIH, respectively, due to the liquidation of the subsidiary, which is yet to be completed as at September 30, 2020.

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

Note 6: As described in Note 13, the investors were changed to Delta Electronics, Inc. and DEN.

Note 7: In November 2019, due to the reorganisation of the Group, DEN exchanged its 100% equity interests in the subsidiaries, ELTEK AS, DCI, and DELTA ELECTRONICS HOLDING (USA) INC. and a 51% equity interest in its subsidiary, DECH, for 100% equity interests in DIH's subsidiaries, DHK, Drake-HK, DGSG and BOOM.

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

Note 9: In December 2019, the company began liquidation process and was dissolved, but has not yet been completed as at September 30, 2020.

Note 10: In October 2019, PHK sold a 100% equity interest in its subsidiary, PJS.

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

Note 12: This company had been liquidated in January 2020.

Note 13: This company had been liquidated in February 2020.

Note 14: In July 2020, ELTEK AS acquired 48.96% equity interest in Eltek Polska, and the total shareholding ratio is 100%.

Note 15: 55% of shares are held through others due to local regulations.

Note 16: 71% of shares are held through others due to local regulations.

Note 17: This company had been liquidated in September 2020.

Note 18: In July 2020, Cyntec acquired 43.6% equity interest in Power Forest, and the total shareholding ratio is 100%.

Note 19: In September 2020, the company began liquidation process and was dissolved, but has not yet been completed as at September 30, 2020.

Note 20: Because most of the shares were held by the company and other shareholdings are disaggregated, it was included in the consolidated financial statements.

Note 21: Companies were acquired through merger during 2019.

Note 22: Companies were established or acquired through merger during 2020.

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 September 30, 2020, December 31, 2019 and September 30, 2019, the non-controlling interest amounted to \$32,509,583, \$34,197,565 and \$39,559,485, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
Vivotek Inc. (Vivotek)	Taiwan	\$ 3,719,672	48.62%	\$ 3,932,420	50.13%
Delta Electronics (Thailand) Public Company limited (DET)	Thailand	29,041,412	36.22%	29,761,580	36.22%

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interest</u>	
		<u>September 30, 2019</u>	
		<u>Amount</u>	<u>Ownership (%)</u>
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,830,570	6.00%
Vivotek Inc. (Vivotek)	Taiwan	3,957,259	50.13%
Delta Electronics (Thailand) Public Company limited (DET)	Thailand	30,565,092	36.22%

Summarised financial information of the subsidiary:

Balance sheet

	<u>DET</u>		
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 37,557,282	\$ 32,696,207	\$ 34,392,008
Non-current assets	60,078,697	62,551,578	63,761,791
Current liabilities	(15,233,498)	(10,944,593)	(11,709,858)
Non-current liabilities	(2,221,885)	(2,134,279)	(2,056,608)
Total net assets	<u>\$ 80,180,596</u>	<u>\$ 82,168,913</u>	<u>\$ 84,387,333</u>

	<u>Vivotek Inc.</u>		
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 3,042,566	\$ 3,106,290	\$ 3,313,415
Non-current assets	6,200,910	6,452,452	6,504,149
Current liabilities	(1,219,411)	(1,307,013)	(1,506,274)
Non-current liabilities	(373,568)	(407,284)	(417,296)
Total net assets	<u>\$ 7,650,497</u>	<u>\$ 7,844,445</u>	<u>\$ 7,893,994</u>

	<u>DIH</u>
	<u>September 30, 2019</u>
Current assets	\$ 90,747,314
Non-current assets	39,458,332
Current liabilities	(44,756,726)
Non-current liabilities	(2,839,192)
Total net assets	<u>\$ 82,609,728</u>

Statement of comprehensive income

	DET	
	Three months ended September 30,	
	2020	2019
Revenue	\$ 16,382,166	\$ 12,698,933
Profit before income tax	2,189,920	51,051
Income tax (expense) benefit	(90,664)	40,864
Profit for the period from continuing operations	2,099,256	91,915
Other comprehensive income (loss), net of tax	623,836	(412,472)
Total comprehensive income (loss) for the period	<u>\$ 2,723,092</u>	<u>(\$ 320,557)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 988,541</u>	<u>(\$ 121,025)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	DET	
	Nine months ended September 30,	
	2020	2019
Revenue	\$ 42,059,736	\$ 39,233,267
Profit before income tax	4,066,445	1,736,057
Income tax (expense) benefit	(13,504)	3,077
Profit for the period from continuing operations	4,052,941	1,739,134
Other comprehensive income (loss), net of tax	572,058	(686,412)
Total comprehensive income for the period	<u>\$ 4,624,999</u>	<u>\$ 1,052,722</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 1,673,376</u>	<u>(\$ 34,904)</u>
Dividends paid to non-controlling interest	<u>\$ 767,376</u>	<u>\$ 2,184,585</u>

	Vivotek Inc.	
	Three months ended September 30,	
	2020	2019
Revenue	\$ 1,326,768	\$ 1,578,512
Profit before income tax	41,526	37,056
Income tax expense	(26,738)	(23,563)
Profit for the period from continuing operations	14,788	13,493
Other comprehensive loss, net of tax	(6,254)	(749)
Total comprehensive income for the period	<u>\$ 8,534</u>	<u>\$ 12,744</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 2,746</u>	<u>(\$ 38)</u>
Dividends paid to non-controlling interest	<u>\$ 108,073</u>	<u>\$ 104,890</u>

	Vivotek Inc.	
	Nine months ended September 30,	
	2020	2019
Revenue	\$ 4,308,151	\$ 5,224,340
Profit before income tax	100,631	152,903
Income tax expense	(65,572)	(58,165)
Profit for the period from continuing operations	35,059	94,738
Other comprehensive (loss) income, net of tax	(11,185)	3,542
Total comprehensive income for the period	<u>\$ 23,874</u>	<u>\$ 98,280</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 5,553</u>	<u>\$ 34,330</u>
Dividends paid to non-controlling interest	<u>\$ 108,073</u>	<u>\$ 104,890</u>

	DIH	
	Three months ended September 30, 2019	Nine months ended September 30, 2019
Revenue	\$ 44,307,418	\$ 127,803,908
Profit before income tax	1,866,348	9,384,789
Income tax expense	(548,931)	(1,450,092)
Profit for the period from continuing operations	1,317,417	7,934,697
Other comprehensive loss, net of tax	(747,115)	(1,226,029)
Total comprehensive income for the period	<u>\$ 570,302</u>	<u>\$ 6,708,668</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 29,787</u>	<u>\$ 393,708</u>
Dividends paid to non-controlling interest	<u>\$ 20,969</u>	<u>\$ 20,969</u>

Statements of cash flows

	DET	
	Nine months ended September 30,	
	2020	2019
Net cash provided by operating activities	\$ 5,004,436	\$ 3,389,348
Net cash used in investing activities	(3,204,124)	(3,579,660)
Net cash used in financing activities	(2,172,087)	(2,828,614)
Effect of exchange rates on cash and cash equivalents	(717,315)	778,684
Decrease in cash and cash equivalents	(1,089,090)	(2,240,242)
Cash and cash equivalents, beginning of period	<u>12,515,101</u>	<u>14,877,311</u>
Cash and cash equivalents, end of period	<u>\$ 11,426,011</u>	<u>\$ 12,637,069</u>

	Vivotek Inc.	
	Nine months ended September 30,	
	2020	2019
Net cash provided by operating activities	\$ 319,734	\$ 871,817
Net cash used in investing activities	(18,651)	(122,120)
Net cash used in financing activities	(270,673)	(351,163)
Effect of exchange rates on cash and cash equivalents	(10,305)	4,094
Increase in cash and cash equivalents	20,105	402,628
Cash and cash equivalents, beginning of period	1,023,213	807,712
Cash and cash equivalents, end of period	<u>\$ 1,043,318</u>	<u>\$ 1,210,340</u>

	DIH	
	Nine months ended September 30, 2019	
	Net cash provided by operating activities	\$ 9,107,306
Net cash used in investing activities	(21,979,628)	
Net cash used in financing activities	(391,904)	
Effect of exchange rates on cash and cash equivalents	(869,523)	
Decrease in cash and cash equivalents	(14,133,749)	
Cash and cash equivalents, beginning of period	33,611,167	
Cash and cash equivalents, end of period	<u>\$ 19,477,418</u>	

(4) 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.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

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.

(5) 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.
- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand	\$ 6,718	\$ 6,941	\$ 9,705
Checking accounts and demand deposits	40,521,428	30,808,159	33,138,294
Time deposits	10,980,284	13,144,901	12,191,165
Cash equivalents	248,362	-	-
	<u>\$ 51,756,792</u>	<u>\$ 43,960,001</u>	<u>\$ 45,339,164</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 at fair value through profit or loss

Asset Items	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 444,360	\$ 541,143	\$ 538,812
Emerging stocks	-	-	46,171
Derivatives	137,422	142,668	76,014
Hybrid instrument- Convertible bonds	53,013	87,578	102,033
	634,795	771,389	763,030
Valuation adjustment	261,582	351,069	371,986
	\$ 896,377	\$ 1,122,458	\$ 1,135,016
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 372,243	\$ 499,290	\$ 507,844
Emerging stocks	196,000	81,000	81,000
Unlisted stocks	1,715,268	2,247,846	2,310,987
Hybrid instrument- Convertible bonds	74,983	-	-
	2,358,494	2,828,136	2,899,831
Valuation adjustment	(261,820)	(602,897)	(654,387)
	\$ 2,096,674	\$ 2,225,239	\$ 2,245,444
<u>Liability Items</u>			
Current items:			
Valuation adjustment of derivatives	\$ 94,271	\$ 15,929	\$ 55,205

A. The Group has recognised financial assets and liabilities at fair value through profit or loss of (\$126,334), (\$77,238), (\$167,130) and \$173,417 for the three months and nine months ended September 30, 2020 and 2019, 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:

September 30, 2020			
Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell AUD / Buy EUR	AUD	400	2020.09.21~2020.11.05
- Sell AUD / Buy USD	AUD	6,200	2020.06.15~2021.03.03
- Sell BRL / Buy USD	BRL	53,805	2020.08.04~2020.11.05
- Sell EUR / Buy NOK	EUR	4,000	2020.05.25~2020.10.06
- Sell EUR / Buy USD	EUR	29,700	2020.06.01~2021.04.06
- Sell HKD / Buy USD	HKD	71,000	2020.07.15~2020.11.03
- Sell INR / Buy USD	INR	557,477	2020.08.19~2020.11.27
- Sell JPY / Buy USD	JPY	1,329,580	2020.06.15~2021.02.24
- Sell NOK / Buy EUR	NOK	10,979	2020.09.22~2020.10.06
- Sell USD / Buy CZK	USD	400	2020.09.08~2020.10.21
- Sell USD / Buy JPY	USD	2,000	2020.09.23~2020.10.26
- Sell USD / Buy NOK	USD	3,000	2020.06.25~2020.11.05
- Sell USD / Buy RMB	USD	289,811	2020.07.17~2020.12.21
- Sell USD / Buy SGD	USD	28,906	2020.05.14~2021.03.02
- Sell USD / Buy THB	USD	208,500	2020.06.19~2021.01.14
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	15,955	2020.07.01~2021.01.06
- Sell USD / Buy NOK	USD	4,000	2020.09.03~2020.12.04
- Sell SEK / Buy NOK	SEK	30,000	2020.09.30~2020.12.30

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

September 30, 2019

Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell AUD / Buy USD	AUD	2,190	2019.06.25~2020.01.22
- Sell EUR / Buy NOK	EUR	7,000	2019.06.17~2019.12.05
- Sell EUR / Buy USD	EUR	23,800	2019.06.14~2020.01.22
- Sell HKD / Buy USD	HKD	63,000	2019.08.28~2020.02.26
- Sell INR / Buy USD	INR	1,223,016	2019.08.29~2019.11.06
- Sell JPY / Buy USD	JPY	849,570	2019.07.05~2020.01.21
- Sell SGD / Buy USD	SGD	2,400	2019.08.23~2019.10.03
- Sell THB / Buy JPY	THB	1,058	2019.09.09~2019.10.28
- Sell THB / Buy USD	THB	15,265	2019.09.24~2019.10.28
- Sell USD / Buy CZK	USD	200	2019.09.18~2019.10.21
- Sell USD / Buy EUR	USD	3,866	2019.08.29~2019.10.10
- Sell USD / Buy JPY	USD	2,000	2019.08.30~2019.11.25
- Sell USD / Buy RMB	USD	255,429	2019.07.26~2020.01.08
- Sell USD / Buy SGD	USD	8,149	2019.07.05~2020.02.04
- Sell USD / Buy THB	USD	157,000	2019.06.25~2020.01.03
- Sell BRL / Buy USD	BRL	28,229	2019.07.02~2019.11.07
- Sell INR / Buy USD	INR	50,561	2019.09.17~2019.11.07
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	7,000	2019.07.04~2020.02.05
- Sell GBP / Buy NOK	GBP	2,800	2019.08.19~2019.12.06
- Sell USD / Buy NOK	USD	14,000	2019.08.05~2019.12.06

The Group entered into forward exchange contracts and cross currency swap to manage exposures to foreign exchange rate fluctuations of import or export sales, loans between related parties 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	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Equity instruments			
Listed stocks	\$ -	\$ 1,559,472	\$ 1,569,534
Valuation adjustment	-	(1,239,649)	(1,242,013)
	\$ -	\$ 319,823	\$ 327,521
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,608,699	\$ 2,301,004	\$ 2,735,513
Unlisted stocks	679,052	690,945	699,986
	2,287,751	2,991,949	3,435,499
Valuation adjustment	(577,580)	(1,194,648)	(1,413,450)
	\$ 1,710,171	\$ 1,797,301	\$ 2,022,049

- 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 \$1,710,171, \$2,117,124 and \$2,349,570 as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.
- B. For the nine months ended September 30, 2020 and 2019, the Group sold listed stocks whose fair value were \$501,840 and \$995,455, respectively, to adjust the stock position, resulting to an accumulated loss on disposal and valuation of \$1,754,214 and \$339,246, 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:

	Three months ended September 30,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 304,663	(\$ 191,009)
Cumulative loss reclassified to retained earnings due to derecognition	(\$ 245,956)	(\$ 109,273)
	Nine months ended September 30,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 102,504	\$ 272,087
Cumulative loss reclassified to retained earnings due to derecognition	(\$ 1,754,214)	(\$ 339,246)

- D. As at September 30, 2020, December 31, 2019 and September 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$1,710,171, \$2,117,124 and \$2,349,570, 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 September 30, 2020, December 31, 2019 and September 30, 2019, there were no financial assets and liabilities used for hedging.
- 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, 2020	\$ -	\$ 147,256
Add: Loss on hedge effectiveness- amount recognised in other comprehensive income	-	(15,608)
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	-	-
At September 30, 2020	<u>\$ -</u>	<u>\$ 131,648</u>

	<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)	3,848
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	6,124	-
At September 30, 2019	<u>\$ -</u>	<u>\$ 135,000</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 September 30, 2020, December 31, 2019 and September 30, 2019 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

(b) Since the hedging instrument for cash flow hedge expired and the hedging relationship ceased to meet the qualifying criteria, the accumulated amount in the cash flow hedge reserve had been reclassified to profit or loss.

(c) 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes receivable	\$ 3,609,871	\$ 3,816,628	\$ 3,767,415
Accounts receivable	\$ 59,899,812	\$ 53,964,299	\$ 59,558,485
Less: Allowance for uncollectible accounts	(678,318)	(1,009,193)	(1,045,012)
	<u>\$ 59,221,494</u>	<u>\$ 52,955,106</u>	<u>\$ 58,513,473</u>
Overdue receivables (shown as other non-current assets)	\$ 343,791	\$ 213,405	\$ 277,962
Less: Allowance for uncollectible accounts	(343,791)	(213,405)	(277,962)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Not past due	\$ 54,020,788	\$ 46,818,016	\$ 52,633,072
1 to 90 days	4,844,842	5,540,091	5,191,154
91 to 180 days	164,090	324,836	333,845
181 to 365 days	161,380	249,331	299,978
Over 366 days	30,394	22,832	55,424
	<u>\$ 59,221,494</u>	<u>\$ 52,955,106</u>	<u>\$ 58,513,473</u>

The above aging analysis was based on past due date.

B. As at September 30, 2020, December 31, 2019 and September 30, 2019, there was no notes receivable past due.

C. As at September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and notes receivable were all from contracts with customers. As at January 1, 2019, the balance of

receivables from contracts with customers amounted to \$56,144,727.

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

E. As at September 30, 2020, December 31, 2019 and September 30, 2019, 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 \$3,609,871, \$3,816,628 and \$3,767,415, and accounts receivable were \$59,221,494, \$52,955,106 and \$58,513,473, 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 September 30, 2020, December 31, 2019 and September 30, 2019, the relevant information on unsettled accounts receivable that were sold is set forth below:

September 30, 2020						
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Amount available for advance</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 9,266	\$ -	\$ 289,550	\$ -	\$ -	\$ -

December 31, 2019						
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Amount available for advance</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 57,743	\$ -	\$ 299,800	\$ -	\$ -	\$ -

September 30, 2019						
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Amount available for advance</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 75,446	\$ -	\$ 310,200	\$ -	\$ -	\$ -

(7) Inventories

	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 16,289,298	(\$ 2,845,843)	\$ 13,443,455
Work in process	4,977,341	(7,484)	4,969,857
Finished goods	28,764,817	(4,089,865)	24,674,952
Inventory in transit	446,150	-	446,150
	<u>\$ 50,477,606</u>	<u>(\$ 6,943,192)</u>	<u>\$ 43,534,414</u>

	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>

	September 30, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 14,770,030	(\$ 3,233,746)	\$ 11,536,284
Work in process	4,307,371	(12,421)	4,294,950
Finished goods	26,983,231	(3,513,830)	23,469,401
Inventory in transit	376,910	-	376,910
	<u>\$ 46,437,542</u>	<u>(\$ 6,759,997)</u>	<u>\$ 39,677,545</u>

The Group recognised as expense or loss:

	Three months ended September 30,	
	2020	2019
Cost of goods sold	\$ 51,750,858	\$ 50,368,811
Loss on market value decline and obsolete and slow-moving inventories	272,204	577,685
Others	(222,529)	(151,295)
	<u>\$ 51,800,533</u>	<u>\$ 50,795,201</u>
	Nine months ended September 30,	
	2020	2019
Cost of goods sold	\$ 137,613,902	\$ 140,531,712
Loss on market value decline and obsolete and slow-moving inventories	735,763	1,681,989
Others	(471,226)	(428,362)
	<u>\$ 137,878,439</u>	<u>\$ 141,785,339</u>

(8) Investments accounted for under the equity method

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

Name of associates	September 30, 2020		December 31, 2019		September 30, 2019	
	Ownership %	Book value	Ownership %	Book value	Ownership %	Book value
Optovue, Inc.	29.50	\$ 759,437	29.50	\$ 842,043	29.50	\$ 898,004
Digital Projection International Ltd. (DPI)	(Note)	(Note)	41.00	240,059	41.00	250,142
Others		51,049		56,818		38,396
		<u>\$ 810,486</u>		<u>\$ 1,138,920</u>		<u>\$ 1,186,542</u>

Note: On January 6, 2020, the subsidiary, DIH, acquired 59% equity interest in DPI, and the total equity interest of DPI held by the Group is 100%. Therefore, the Group has control over DPI, and DPI is included in the consolidated financial statements.

B. For the three months and nine months ended September 30, 2020 and 2019, the share of profit (loss) of associates were (\$4,844), (\$28,491), (\$58,226) and \$181,491, respectively.

C. Except for DET (which was included in the Group's consolidated financial statements on April 2, 2019), whose share of profit (loss) and other comprehensive income (loss) for the three months ended March 31, 2019 was recognised based on the financial statements reviewed by other independent auditors, the share of profit (loss) and other comprehensive income (loss) of other associates for the three months and nine months ended September 30, 2020 and 2019 were recognised based on the financial statements which were unreviewed by independent auditors.

D. 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 September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$810,486, \$1,138,920 and \$1,186,542, respectively.

	<u>Three months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Loss for the period from continuing operations	(\$ 4,884)	(\$ 28,491)
Other comprehensive income (loss), net of tax	<u>476</u>	<u>(2,217)</u>
Total comprehensive loss	<u><u>(\$ 4,408)</u></u>	<u><u>(\$ 30,708)</u></u>

	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Loss for the period from continuing operations	(\$ 58,226)	(\$ 61,249)
Other comprehensive income (loss), net of tax	<u>54,522</u>	<u>(2,623)</u>
Total comprehensive loss	<u><u>(\$ 3,704)</u></u>	<u><u>(\$ 63,872)</u></u>

E. The Group is the single largest shareholder of Optovue, Inc. with a 29.5% equity interest. Given that other top ten shareholders (non-related parties) hold more shares than the Group and there is no agreement among shareholders to consult with each other or to make decisions collectively, which indicates that the Group has no ability to direct the relevant decision of Optovue, Inc., the Group has no control, but only has significant influence, over the investee.

(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, 2020</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)
	<u>\$ 14,353,856</u>	<u>\$ 23,199,218</u>	<u>\$ 12,466,586</u>	<u>\$ 3,519,571</u>	<u>\$ 4,311,307</u>	<u>\$ 5,740,443</u>	<u>\$ 63,590,981</u>
<u>2020</u>							
Opening net book amount	\$ 14,353,856	\$ 23,199,218	\$ 12,466,586	\$ 3,519,571	\$ 4,311,307	\$ 5,740,443	\$ 63,590,981
Additions	102,384	174,563	3,478,286	1,844,994	1,494,786	5,684,197	12,779,210
Acquired through business combinations	-	-	-	-	47,035	-	47,035
Disposal	(9,079)	(8,317)	(88,275)	(32,593)	(31,638)	-	(169,902)
Transfer	31,363	504,233	1,348,176	281,911	188,751	(2,354,434)	-
Depreciation charge	-	(1,408,673)	(3,601,323)	(1,632,448)	(1,847,283)	-	(8,489,727)
Net exchange differences	(167,707)	(367,646)	(389,217)	(40,986)	(203,233)	(151,976)	(1,320,765)
Closing net book amount	<u>\$ 14,310,817</u>	<u>\$ 22,093,378</u>	<u>\$ 13,214,233</u>	<u>\$ 3,940,449</u>	<u>\$ 3,959,725</u>	<u>\$ 8,918,230</u>	<u>\$ 66,436,832</u>
<u>At September 30, 2020</u>							
Cost	\$ 14,322,720	\$ 43,394,660	\$ 45,494,742	\$ 18,523,218	\$ 19,575,367	\$ 8,918,230	\$ 150,228,937
Accumulated depreciation and impairment	(11,903)	(21,301,282)	(32,280,509)	(14,582,769)	(15,615,642)	-	(83,792,105)
	<u>\$ 14,310,817</u>	<u>\$ 22,093,378</u>	<u>\$ 13,214,233</u>	<u>\$ 3,940,449</u>	<u>\$ 3,959,725</u>	<u>\$ 8,918,230</u>	<u>\$ 66,436,832</u>

	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)
	<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>
<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	2,638,002	475,032	3,127,230	1,549,992	1,636,308	2,932,570	12,359,134
Acquired through business combinations	1,937,962	2,891,051	2,408,419	372,027	1,190,607	1,184,235	9,984,301
Disposals	(347)	(46,215)	(188,253)	(28,794)	(66,518)	(127)	(330,254)
Transfer	-	70,174	810,680	174,015	173,605	(1,228,474)	-
Reclassifications (Note 1)	465,686	1,164,972	-	-	-	-	1,630,658
Depreciation charge	-	(1,384,506)	(3,077,556)	(1,460,023)	(1,635,069)	-	(7,557,154)
Reversal of impairment loss (Note 2)	-	86,246	-	-	1,077	-	87,323
Net exchange differences	29,223	(331,600)	11,050	(22,485)	212,531	(17,331)	(118,612)
Closing net book amount	<u>\$ 14,446,089</u>	<u>\$ 23,578,922</u>	<u>\$ 12,597,159</u>	<u>\$ 3,464,438</u>	<u>\$ 4,100,495</u>	<u>\$ 4,297,167</u>	<u>\$ 62,484,270</u>
<u>At September 30, 2019</u>							
Cost	\$ 14,458,513	\$ 43,666,875	\$ 42,974,671	\$ 17,190,578	\$ 18,624,894	\$ 4,297,167	\$ 141,212,698
Accumulated depreciation and impairment	(12,425)	(20,087,953)	(30,377,512)	(13,726,140)	(14,524,398)	-	(78,728,428)
	<u>\$ 14,446,088</u>	<u>\$ 23,578,922</u>	<u>\$ 12,597,159</u>	<u>\$ 3,464,438</u>	<u>\$ 4,100,496</u>	<u>\$ 4,297,167</u>	<u>\$ 62,484,270</u>

(Note 1) 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.

(Note 2) In the third quarter of 2019, the Group recognised a reversal of impairment loss of \$87,323 for certain buildings and structures and other equipment that was assessed for reuse in the future. Such reversal of impairment loss was recognised in other operating income and expenses.

- 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

- 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 1,626,757	\$ 1,683,784	\$ 1,545,980
Buildings and structures	1,230,928	1,321,468	1,635,476
Transportation equipment	65,343	86,200	101,697
Other equipment	21,973	22,381	22,172
	<u>\$ 2,945,001</u>	<u>\$ 3,113,833</u>	<u>\$ 3,305,325</u>

	<u>Three months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 11,878	\$ 12,045
Buildings and structures	131,425	126,635
Transportation equipment	18,557	24,197
Other equipment	1,537	2,199
	<u>\$ 163,397</u>	<u>\$ 165,076</u>

	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 35,652	\$ 36,211
Buildings and structures	384,861	354,216
Transportation equipment	59,093	67,968
Other equipment	6,820	6,824
	<u>\$ 486,426</u>	<u>\$ 465,219</u>

- C. For the nine months ended September 30, 2020 and 2019, the additions to right-of-use assets (excluding those acquired through business combinations) were \$265,520 and \$305,072, respectively.

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

	Three months ended September 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,637	\$ 6,278
Expense on short-term lease contracts	\$ 128,034	\$ 108,064
	Nine months ended September 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 17,889	\$ 17,874
Expense on short-term lease contracts	\$ 357,212	\$ 290,193

E. For the nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$797,404 and \$745,658, respectively.

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

	Land	Buildings and structures	Total
<u>At January 1, 2020 / September 30, 2020</u>			
Cost	\$ 14,070	\$ -	\$ 14,070
Accumulated depreciation and impairment	-	-	-
	<u>\$ 14,070</u>	<u>\$ -</u>	<u>\$ 14,070</u>

	Land	Buildings and structures	Total
<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 September 30, 2019</u>			
Cost	\$ 14,070	\$ -	\$ 14,070
Accumulated depreciation and impairment	-	-	-
	<u>\$ 14,070</u>	<u>\$ -</u>	<u>\$ 14,070</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:

	Three months ended September 30,	
	2020	2019
Rental income from the lease of the investment property	<u>\$ 322</u>	<u>\$ 1,669</u>
	Nine months ended September 30,	
	2020	2019
Rental income from the lease of the investment property	<u>\$ 967</u>	<u>\$ 4,883</u>

B. The fair value of the investment property held by the Group, which is the land used for water conservation, as at September 30, 2020, December 31, 2019 and September 30, 2019 cannot be reliably measured because the comparable market transactions are infrequent and alternative reliable estimates of fair value are not available.

(12) Intangible assets

	<u>Trademarks</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Customer Relationship</u>	<u>Technical Skill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</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>
<u>2020</u>							
Opening net book amount	\$ 2,980,130	\$ 547,823	\$ 56,533,663	\$ 11,224,987	\$ 9,827,800	\$ 1,318,250	\$ 82,432,653
Additions - acquired separately	-	7,796	-	-	-	517,971	525,767
Additions - acquired through business combinations	154,346	-	256,565	-	-	-	410,911
Reclassifications (Note)	-	-	(27,626)	-	-	-	(27,626)
Amortisation	(192,341)	(118,479)	-	(1,234,247)	(861,799)	(508,594)	(2,915,460)
Net exchange differences	(64,921)	20,956	(1,638,364)	(288,905)	(307,513)	(62,015)	(2,340,762)
Closing net book amount	<u>\$ 2,877,214</u>	<u>\$ 458,096</u>	<u>\$ 55,124,238</u>	<u>\$ 9,701,835</u>	<u>\$ 8,658,488</u>	<u>\$ 1,265,612</u>	<u>\$ 78,085,483</u>
<u>At September 30, 2020</u>							
Cost	\$ 4,030,628	\$ 1,932,797	\$ 55,132,159	\$ 17,740,140	\$ 11,530,671	\$ 4,166,561	\$ 94,532,956
Accumulated amortisation and impairment	(1,153,414)	(1,474,701)	(7,921)	(8,038,305)	(2,872,183)	(2,900,949)	(16,447,473)
	<u>\$ 2,877,214</u>	<u>\$ 458,096</u>	<u>\$ 55,124,238</u>	<u>\$ 9,701,835</u>	<u>\$ 8,658,488</u>	<u>\$ 1,265,612</u>	<u>\$ 78,085,483</u>










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

	<u>Trademarks</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Customer Relationship</u>	<u>Technical Skill</u>	<u>Others</u>	<u>Total</u>
<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	-	41,604	-	-	-	495,977	537,581
Additions - acquired through business combinations	436,080	254,419	37,945,614	7,803,373	8,357,715	318,530	55,115,731
Amortisation	(176,082)	(85,599)	-	(1,008,084)	(444,729)	(495,325)	(2,209,819)
Net exchange differences	8,694	(68,084)	280,856	(234,698)	(376,404)	61,116	(328,520)
Closing net book amount	<u>\$ 3,109,884</u>	<u>\$ 581,082</u>	<u>\$ 58,206,766</u>	<u>\$ 11,986,352</u>	<u>\$ 10,463,681</u>	<u>\$ 1,395,596</u>	<u>\$ 85,743,361</u>
<u>At September 30, 2019</u>							
Cost	\$ 4,122,890	\$ 1,815,293	\$ 58,214,057	\$ 18,625,946	\$ 11,991,394	\$ 4,099,662	\$ 98,869,242
Accumulated amortisation and impairment	(1,013,006)	(1,234,211)	(7,291)	(6,639,594)	(1,527,713)	(2,704,066)	(13,125,881)
	<u>\$ 3,109,884</u>	<u>\$ 581,082</u>	<u>\$ 58,206,766</u>	<u>\$ 11,986,352</u>	<u>\$ 10,463,681</u>	<u>\$ 1,395,596</u>	<u>\$ 85,743,361</u>

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

	Three months ended September 30,	
	2020	2019
Operating costs	\$ 13,490	\$ 12,338
Selling expenses	458,989	428,358
Administrative expenses	35,073	64,968
Research and development expenses	465,450	318,950
	<u>\$ 973,002</u>	<u>\$ 824,614</u>

	Nine months ended September 30,	
	2020	2019
Operating costs	\$ 39,542	\$ 37,799
Selling expenses	1,432,328	1,191,271
Administrative expenses	106,749	189,126
Research and development expenses	1,336,841	791,623
	<u>\$ 2,915,460</u>	<u>\$ 2,209,819</u>

B. The Group acquired registered or under-application trademark rights such as      麗訊, , ,  and . 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:

	September 30, 2020	December 31, 2019	September 30, 2019
Goodwill:			
DET	\$ 34,427,767	\$ 35,646,502	\$ 36,883,072
Eltek	4,988,856	5,165,460	5,311,938
Cyntec	5,146,053	5,146,053	5,146,053
Vivotek	3,232,954	3,232,954	3,232,954
DCI	2,402,245	2,487,284	2,573,567
DGC	1,664,420	1,723,340	1,798,459
Loy Tec	1,339,274	1,386,683	1,434,787
Amerlux	1,123,199	1,189,170	1,232,403
Others	799,470	556,217	593,533
	<u>\$ 55,124,238</u>	<u>\$ 56,533,663</u>	<u>\$ 58,206,766</u>
Trademarks:			
Automation business	\$ 691,811	\$ 691,811	\$ 691,811
Infrastructure business	386,823	386,823	386,823
	<u>\$ 1,078,634</u>	<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 September 30, 2020, the Group's goodwill arose from business combinations amounting to \$55,124,238 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Prepayments for business facilities	\$ 860,896	\$ 1,101,540	\$ 1,178,556
Guarantee deposits paid	269,430	333,011	366,692
Prepayments for long-term investments	72,259	72,259	84,423
Cash surrender value of life insurance	46,499	53,953	56,692
Others	695,297	621,596	570,772
	<u>\$ 1,944,381</u>	<u>\$ 2,182,359</u>	<u>\$ 2,257,135</u>

(14) Short-term borrowings

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unsecured bank loans	\$ 3,457,856	\$ 7,575,932	\$ 8,675,357
Credit lines	<u>\$ 83,515,047</u>	<u>\$ 73,937,712</u>	<u>\$ 78,715,359</u>
Interest rate range	<u>0.40%~6.68%</u>	<u>0.40%~9.15%</u>	<u>0.40%~7.03%</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Credit loans	\$ 43,598,571	\$ 27,439,702	\$ 36,793,042
Collateral loans	359,480	374,673	380,763
	<u>43,958,051</u>	<u>27,814,375</u>	<u>37,173,805</u>
Less: Current portion (shown as other current liabilities)	(<u>54,342</u>)	(<u>65,536</u>)	(<u>177,098</u>)
	<u>\$ 43,903,709</u>	<u>\$ 27,748,839</u>	<u>\$ 36,996,707</u>
Credit lines	<u>\$ 85,551,743</u>	<u>\$ 78,477,044</u>	<u>\$ 76,406,724</u>
Interest rate range	<u>0.31%~6.23%</u>	<u>0.38%~6.23%</u>	<u>0.39%~6.23%</u>

A. As at September 30, 2020, the revolving loans of \$43,192,075 can be drawn down during the period from December 12, 2019 to August 31, 2022 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 June.
- 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 have an obligation to pay certain retirement benefits when employees retire based on labor regulations.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$40,187, \$32,914, \$113,109 and \$231,330 for the three months and nine months ended September 30, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group within one year from September 30, 2020 are \$136,361.

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.
- (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 September 30, 2020, 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 September 30, 2020, there were 549 thousand units outstanding, representing 2,744 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 Order No. Financial-Supervisory-Securities-Corporate-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 2019 and 2018 earnings had been approved by the shareholders during their meeting on June 10, 2020 and June 10, 2019, respectively. Details are summarised below:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 2,311,780		\$ 1,819,310	
Special reserve appropriated	61,002		472,889	
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.

(20) Operating revenue

	Three months ended September 30,	
	2020	2019
Revenue from contracts with customers	<u>\$ 77,679,681</u>	<u>\$ 72,461,809</u>

	Nine months ended September 30,	
	2020	2019
Revenue from contracts with customers	<u>\$ 204,052,473</u>	<u>\$ 199,938,137</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:

	Three months ended September 30, 2020				
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	<u>\$ 44,770,003</u>	<u>\$ 9,708,739</u>	<u>\$ 23,164,844</u>	<u>\$ 36,095</u>	<u>\$ 77,679,681</u>
Timing of revenue recognition					
At a point in time	\$ 44,770,003	\$ 9,129,064	\$ 21,896,280	\$ 34,456	\$ 75,829,803
Over time	-	579,675	1,268,564	1,639	1,849,878
	<u>\$ 44,770,003</u>	<u>\$ 9,708,739</u>	<u>\$ 23,164,844</u>	<u>\$ 36,095</u>	<u>\$ 77,679,681</u>
	Three months ended September 30, 2019				
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	<u>\$ 38,342,749</u>	<u>\$ 9,484,267</u>	<u>\$ 24,540,704</u>	<u>\$ 94,089</u>	<u>\$ 72,461,809</u>
Timing of revenue recognition					
At a point in time	\$ 38,325,605	\$ 8,500,629	\$ 23,264,000	\$ 89,177	\$ 70,179,411
Over time	17,144	983,638	1,276,704	4,912	2,282,398
	<u>\$ 38,342,749</u>	<u>\$ 9,484,267</u>	<u>\$ 24,540,704</u>	<u>\$ 94,089</u>	<u>\$ 72,461,809</u>

		Nine months ended September 30, 2020				
		Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts		\$ 111,256,123	\$ 28,724,142	\$ 63,915,219	\$ 156,989	\$ 204,052,473
Timing of revenue recognition						
At a point in time		\$ 111,252,218	\$ 26,449,681	\$ 60,462,116	\$ 88,188	\$ 198,252,203
Over time		3,905	2,274,461	3,453,103	68,801	5,800,270
		\$ 111,256,123	\$ 28,724,142	\$ 63,915,219	\$ 156,989	\$ 204,052,473
		Nine months ended September 30, 2019				
		Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts		\$ 98,120,530	\$ 27,978,019	\$ 73,569,826	\$ 269,762	\$ 199,938,137
Timing of revenue recognition						
At a point in time		\$ 97,697,131	\$ 24,925,739	\$ 69,597,410	\$ 245,972	\$ 192,466,252
Over time		423,399	3,052,280	3,972,416	23,790	7,471,885
		\$ 98,120,530	\$ 27,978,019	\$ 73,569,826	\$ 269,762	\$ 199,938,137

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:

		Three months ended September 30,	
		2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period			
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.		\$ -	\$ -
		Nine months ended September 30,	
		2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period			
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.		\$ 3,352,208	\$ 2,643,318

(21) Interest income

	Three months ended September 30,	
	2020	2019
Interest income from bank deposits	\$ 106,044	\$ 192,270
Other interest income	306	346
	<u>\$ 106,350</u>	<u>\$ 192,616</u>
	Nine months ended September 30,	
	2020	2019
Interest income from bank deposits	\$ 412,937	\$ 684,430
Other interest income	1,910	1,154
	<u>\$ 414,847</u>	<u>\$ 685,584</u>

(22) Other income

	Three months ended September 30,	
	2020	2019
Sample sales income	\$ 89,442	\$ 82,534
Dividend income	113,800	181,615
Mold fee income	56,556	52,961
Rental income	32,274	36,861
Testing fee income	17,400	13,058
Others	597,908	413,894
	<u>\$ 907,380</u>	<u>\$ 780,923</u>
	Nine months ended September 30,	
	2020	2019
Sample sales income	\$ 227,441	\$ 188,232
Dividend income	146,684	264,732
Mold fee income	111,992	203,864
Rental income	105,063	98,173
Testing fee income	83,582	94,676
Others	2,044,496	1,615,294
	<u>\$ 2,719,258</u>	<u>\$ 2,464,971</u>

(23) Other gains and losses

	Three months ended September 30,	
	2020	2019
Loss on disposal of property, plant and equipment	(\$ 10,040)	(\$ 18,831)
Loss on disposal of investments	(2,970)	-
Net currency exchange gain	231,848	390,963
Loss on financial assets/liabilities at fair value through profit or loss	(126,334)	(77,238)
Reversal of impairment loss		
Reversal of impairment loss on property, plant and equipment	-	491
Miscellaneous disbursements	(120,459)	(51,865)
	<u>(\$ 27,955)</u>	<u>\$ 243,520</u>

	Nine months ended September 30,	
	2020	2019
Loss on disposal of property, plant and equipment	(\$ 42,382)	(\$ 45,423)
(Loss) gain on disposal of investments (Note)	(80,415)	5,813,219
Net currency exchange gain	563,781	498,737
(Loss) gain on financial assets/liabilities at fair value through profit or loss	(167,130)	173,417
Reversal of impairment loss		
Reversal of impairment loss on property, plant and equipment	-	87,323
Miscellaneous disbursements	(372,174)	(417,864)
	<u>(\$ 98,320)</u>	<u>\$ 6,109,409</u>

(Note) The Group recognised a gain (loss) as a result of measuring at fair value its 41% and 20.93% equity interest in DPI and DET, respectively, held before the business combination. Please refer to Note 6(30) for more information.

(24) Finance costs

	Three months ended September 30,	
	2020	2019
Interest expense	<u>\$ 67,946</u>	<u>\$ 204,150</u>

	Nine months ended September 30,	
	2020	2019
Interest expense	\$ 278,772	\$ 569,063
Loss on hedging instruments	-	6,124
	<u>\$ 278,772</u>	<u>\$ 575,187</u>

(25) Expenses by nature

	Three months ended September 30,	
	2020	2019
Employee benefit expense	\$ 15,914,904	\$ 12,847,740
Depreciation charges on property, plant and equipment	2,957,399	2,747,121
Depreciation charges on right-of-use assets	163,397	165,076
Amortisation charges on intangible assets	973,002	824,614
	<u>\$ 20,008,702</u>	<u>\$ 16,584,551</u>

	Nine months ended September 30,	
	2020	2019
Employee benefit expense	\$ 44,713,465	\$ 39,810,402
Depreciation charges on property, plant and equipment	8,489,727	7,557,154
Depreciation charges on right-of-use assets	486,426	465,219
Amortisation charges on intangible assets	2,915,460	2,209,819
	<u>\$ 56,605,078</u>	<u>\$ 50,042,594</u>

(26) Employee benefit expense

	Three months ended September 30,	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 228,827	\$ 235,474
Defined benefit plans	40,187	32,914
	<u>269,014</u>	<u>268,388</u>
Other employee benefits	15,645,890	12,579,352
	<u>\$ 15,914,904</u>	<u>\$ 12,847,740</u>

	Nine months ended September 30,	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 725,250	\$ 665,938
Defined benefit plans	113,109	231,330
	<u>838,359</u>	<u>897,268</u>
Other employee benefits	43,875,106	38,913,134
	<u>\$ 44,713,465</u>	<u>\$ 39,810,402</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 three months and nine months ended September 30, 2020 and 2019, employees' compensation was accrued at \$1,041,991, \$700,032, \$2,253,359 and \$1,706,245, respectively; while directors' remuneration was accrued at \$9,216, \$13,561, \$29,102 and \$47,176, respectively. The aforementioned amounts were recognised in salary expenses.

For the nine months ended September 30, 2020, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as at the end of reporting period 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. Employees' compensation as resolved by the Board of Directors was in agreement with the amount recognised in the 2019 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 2019 financial statements had been adjusted in profit or loss for 2020.

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:

	Three months ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 1,618,645	\$ 1,375,126
Prior year income tax (overestimation) underestimation	1,446 (	251,317)
Tax on undistributed surplus earnings	82,200	-
Total current tax	1,702,291	1,123,809
Deferred tax:		
Origination and reversal of temporary differences	544,125	38,138
	<u>\$ 2,246,416</u>	<u>\$ 1,161,947</u>
	Nine months ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 3,234,733	\$ 5,693,868
Prior year income tax (overestimation) underestimation	(56,154) (	586,798)
Tax on undistributed surplus earnings	239,020	144,720
Total current tax	3,417,599	5,251,790
Deferred tax:		
Origination and reversal of temporary differences	1,510,223 (	1,176,004)
	<u>\$ 4,927,822</u>	<u>\$ 4,075,786</u>

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

	Three months ended September 30,	
	2020	2019
Currency translation differences	(\$ 29,622)	(\$ 182,150)
Gain or loss on hedging instruments	473 (	1,136)
	<u>(\$ 29,149)</u>	<u>(\$ 183,286)</u>

	Nine months ended September 30,	
	2020	2019
Currency translation differences	(\$ 355,300)	\$ 738,797
Gain or loss on hedging instruments	(1,734)	962
Unrealised loss on financial assets measured at fair value through other comprehensive	-	(3,363)
	<u>(\$ 357,034)</u>	<u>\$ 736,396</u>

B. 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, DECC, Cyntec, and Vivotek	2017
DelBio, UNICOM, AMT, Power Forest Technology Corporation, Lidlight Inc., Vatics Inc., Realwin., Otus Imaging, Inc. and Aetek Inc.	2018

(28) Earnings per share

	Three months ended September 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 8,389,630</u>	<u>2,597,543</u>	<u>\$ 3.23</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent			
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	9,075	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 8,389,630</u>	<u>2,606,618</u>	<u>\$ 3.21</u>

Three months ended September 30, 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	\$ 5,129,602	2,597,543	\$ 1.97
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,129,602	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	9,660	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,129,602	2,607,203	\$ 1.96

Nine months ended September 30, 2020

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,054,383	2,597,543	\$ 6.95
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,054,383	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	12,462	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,054,383	2,610,005	\$ 6.92

Nine months ended September 30, 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	\$ 18,031,687	2,597,543	\$ 6.94
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,031,687	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	12,605	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,031,687	2,610,148	\$ 6.91

(29) Share-based payment

A. For the nine months ended September 30, 2020 and 2019, 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	4 years	1~3 years' service
Vivotek - 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

	2020		2019	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	1,672,000	\$ 15.79	1,960,000	\$ 15.72
Options forfeited	(100,000)	15.00	(192,000)	15.00
Options exercised	(690,000)	15.00	-	-
Options expired	(85,000)	16.50	(31,000)	16.50
Options outstanding at September 30	<u>797,000</u>	<u>\$ 16.50</u>	<u>1,737,000</u>	<u>\$ 15.79</u>
Options exercisable at September 30	<u>797,000</u>	<u>\$ 16.50</u>	<u>909,000</u>	<u>\$ 16.13</u>

(b) Restricted stocks to employees

	2020	2019
	No. of shares	No. of shares
January 1	798,000	345,500
Granted during the period	-	800,000
Vested during the period	(333,983)	-
Expired during the period	(90,017)	(345,500)
September 30	<u>374,000</u>	<u>800,000</u>

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		September 30, 2020	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2020	797,000	\$ 16.50
		December 31, 2019	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2020	882,000	\$ 16.50
March 3, 2017	March 2, 2023	430,000	15.00
March 30, 2018	March 29, 2024	360,000	15.00

		September 30, 2019	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2019	912,000	\$ 16.50
March 3, 2017	March 2, 2023	445,000	15.00
March 30, 2018	March 29, 2024	380,000	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
Vivotek - Plan of restricted stocks to employees	2017.11.20	97.20	-	Not applicable	1~2	Not applicable	Not applicable	97.20
"	2019.8.19	102.50	-	Not applicable	1~2	Not applicable	Not applicable	102.50

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:

		Three months ended September 30,	
		2020	2019
Equity-settled		(\$ 10,849)	\$ 32,764
		Nine months ended September 30,	
		2020	2019
Equity-settled		(\$ 900)	\$ 33,707

(30) Business combinations

- A. Business combinations of the Group for the nine months ended September 30, 2020 and 2019 are as follows:
- (a) On January 6, 2020, the Group acquired 59% of the share capital of the Group's associate, Digital Projection International Ltd. (DPI), for \$250,380 and obtained control over DPI. As a result of the acquisition, the Group is expected to strengthen the product lines in projector market.
 - (b) 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.
 - (c) 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 fixtures and provide completed solutions to customers.
- B. The amortisation duration of the acquisition price of the abovementioned acquired subsidiaries have been completed and the following table summarises the consideration paid and the fair values of the assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
	<u>DPI</u>	<u>DET and Amerlux (Note)</u>
Purchase consideration		
Cash	\$ 250,380	\$ 39,719,143
Contingent consideration	-	243,422
	<u>250,380</u>	<u>39,962,565</u>
Fair value of equity interest held before the business combination	173,132	18,057,035
Fair value of the non-controlling interest	-	30,575,137
	<u>423,512</u>	<u>88,594,737</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	29,756	15,701,128
Other current assets	413,005	22,719,840
Property, plant and equipment	47,035	9,984,301
Intangible assets	154,346	17,170,117
Deferred tax assets	-	244,895
Other non-current assets	23,543	281,247
Other current liabilities	(496,015)	(13,250,975)
Deferred tax liabilities	-	(119,870)
Other non-current liabilities	(4,723)	(2,051,916)
Total identifiable net assets	<u>166,947</u>	<u>50,678,767</u>
Goodwill	<u>\$ 256,565</u>	<u>\$ 37,915,970</u>

Note: In the second quarter of 2020, the allocation of the acquisition price of Amerlux was completed and the acquisition price decreased by \$27,626 based on the adjustment rule in the contract.

C. The Group originally held 41% of share ownership in DPI and 20.93% of share ownership in DET before the business combination. (Loss) gain on remeasurement of fair value for the nine months ended September 30, 2020 and 2019 amounted to (\$47,636) and \$5,925,521, respectively.

(31) Transactions with non-controlling interest - Acquisition of additional equity interest in a subsidiary

In the third quarter of 2020, the Group acquired an additional equity interest of 1.51%, 43.6% and 48.96% in Vivotek, Power Forest and Eltek Polska, respectively, for a total cash consideration of \$314,851, and in the first quarter of 2019, the Group acquired an additional equity interest of 15% in Loy Tec for a total cash consideration of \$372,338. The effect of changes in interests attributable to owners of the parent for the nine months ended September 30, 2020 and 2019 is shown below:

	Nine months ended September 30, 2020			
	Vivotek	Power Forest	Eltek Polska	Total
Carrying amount of non-controlling interest acquired	\$ 44,038	\$ 107,682	\$ 55,087	\$ 206,807
Consideration paid to non-controlling interest	(93,083)	(168,227)	(53,534)	(314,844)
	<u>(\$ 49,045)</u>	<u>(\$ 60,545)</u>	<u>\$ 1,553</u>	<u>(\$ 108,037)</u>
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>(\$ 49,045)</u>	<u>(\$ 1,584)</u>	<u>\$ 1,553</u>	<u>(\$ 49,076)</u>
Unappropriated retained earnings	<u>\$ -</u>	<u>(\$ 58,961)</u>	<u>\$ -</u>	<u>(\$ 58,961)</u>

	Nine months ended September 30, 2019	
	Loy Tec	
Carrying amount of non-controlling interest acquired	\$	379,614
Consideration paid to non-controlling interest	(	372,338)
	<u>\$</u>	<u>7,276</u>
Capital surplus - difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>\$</u>	<u>7,276</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2020	\$ 7,575,932	\$ 27,814,375	\$ 35,390,307
Changes in cash flow from financing activities	(4,118,076)	16,143,676	12,025,600
At September 30, 2020	<u>\$ 3,457,856</u>	<u>\$ 43,958,051</u>	<u>\$ 47,415,907</u>

	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	2,416,295	11,767,318	14,183,613
At September 30, 2019	<u>\$ 8,675,357</u>	<u>\$ 37,173,805</u>	<u>\$ 45,849,162</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names and relationship of related parties</u>	<u>Relationship with the Group</u>
Delta Electronics (Thailand) Public Company Limited	It was an associate before April 2, 2019, and became 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.	"
Eltek s.r.o.	"
Delta Power Solutions (India) Pvt. Ltd.	It was an associate, but was dissolved after the merger with Delta Electronics India Pvt. Ltd. in February 2019.
Digital Projection Ltd.	It was an associate before January 6, 2020 and became a subsidiary since January 6, 2020.
Digital Projection Inc.	"
Optovue, Inc.	Associate
Compower AS	"
Fujian Kaixin Construcion Engineering Co., Ltd.	"
Delta Networks (Xiamen) Ltd.	"
Digital Projection Asia Pte Ltd.	"

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
Associates	\$ 69,633	\$ 208,120
Sales of services:		
Associates	3,339	2,017
	<u>\$ 72,972</u>	<u>\$ 210,137</u>
	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
Associates	\$ 119,261	\$ 1,815,358
Sales of services:		
Associates	3,341	424,209
	<u>\$ 122,602</u>	<u>\$ 2,239,567</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

	<u>Three months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods:		
Associates	<u>\$ 27,302</u>	<u>\$ 10,962</u>
	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods:		
Associates	<u>\$ 50,236</u>	<u>\$ 1,482,181</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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Receivables from related parties:			
Associates	<u>\$ 64,331</u>	<u>\$ 263,644</u>	<u>\$ 398,299</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.

D. Period-end balances arising from purchases of goods

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Payables to related parties:			
Associates	<u>\$ 24,239</u>	<u>\$ 32,197</u>	<u>\$ 15,241</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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other receivables-related parties			
Associates	<u>\$ 41</u>	<u>\$ 532</u>	<u>\$ 4,891</u>

The above pertain mainly to payments on behalf of others.

(3) Key management compensation

	Three months ended September 30,	
	2020	2019
Short-term employee benefits	\$ 90,031	\$ 53,461
Post-employment benefits	199	231
	<u>\$ 90,230</u>	<u>\$ 53,692</u>

	Nine months ended September 30,	
	2020	2019
Short-term employee benefits	\$ 211,495	\$ 178,668
Post-employment benefits	591	688
	<u>\$ 212,086</u>	<u>\$ 179,356</u>

8. PLEDGED ASSETS

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

Pledged assets	Book Value			Pledge purpose
	September 30, 2020	December 31, 2019	September 30, 2019	
Demand deposits (shown as other current assets)	\$ 39,235	\$ 44,856	\$ 56,409	Performance bonds
Time deposits (shown as other current assets)	574,603	232,150	180,849	Performance bonds, custom guarantee, court attachments and other guarantee deposits
Time deposits (shown as other non-current assets)	46,856	49,505	49,438	Custom guarantee
Property, plant and equipment	570,661	578,606	583,351	Long-term borrowings and credit line
	<u>\$ 1,231,355</u>	<u>\$ 905,117</u>	<u>\$ 870,047</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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Property, plant and equipment	<u>\$ 6,918,389</u>	<u>\$ 8,309,363</u>	<u>\$ 8,250,501</u>
Costs of computer software	<u>\$ 187,968</u>	<u>\$ 163,391</u>	<u>\$ 285,000</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</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	<u>\$ 2,993,051</u>	<u>\$ 3,347,697</u>	<u>\$ 3,380,460</u>
Financial assets at fair value through other comprehensive income			
Selected designated investments in equity instruments	<u>\$ 1,710,171</u>	<u>\$ 2,117,124</u>	<u>\$ 2,349,570</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 51,756,792	\$ 43,960,001	\$ 45,339,164
Notes receivable	3,609,871	3,816,628	3,767,415
Accounts receivable	59,285,825	53,218,750	58,911,772
Other receivables	1,547,799	1,480,157	1,601,986
Guarantee deposits	269,430	333,011	366,692
Other financial assets	<u>1,354,584</u>	<u>326,511</u>	<u>286,696</u>
	<u>\$ 117,824,301</u>	<u>\$ 103,135,058</u>	<u>\$ 110,273,725</u>

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</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	\$ 94,271	\$ 15,929	\$ 55,205
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,457,856	\$ 7,575,932	\$ 8,675,357
Notes payable	10,265	21,669	64,429
Accounts payable	44,611,970	39,510,659	39,443,152
Other payables	28,169,645	28,829,379	25,785,746
Long-term borrowings (including current portion)	43,958,051	27,814,375	37,173,805
Guarantee deposits received	416,774	387,488	350,928
	<u>\$ 120,624,561</u>	<u>\$ 104,139,502</u>	<u>\$ 111,493,417</u>
Lease liabilities (including current portion)	<u>\$ 1,850,561</u>	<u>\$ 1,946,635</u>	<u>\$ 2,065,247</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:

	September 30, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 453,911	28.9550	\$ 13,142,981
USD:RMB (Note)	394,507	6.8086	11,422,959
USD:THB (Note)	238,588	31.3298	6,908,315
RMB:USD (Note)	1,077,458	0.1469	4,582,116
EUR:USD (Note)	91,171	1.1794	3,113,476
<u>Non-monetary items</u>			
USD:NTD	\$ 5,338,982	28.9550	\$ 154,590,223
THB:USD (Note)	52,288,228	0.0319	48,324,780
RMB:USD (Note)	8,715,092	0.1469	37,062,757
USD:THB (Note)	540,015	31.3298	15,722,989
NOK:USD (Note)	3,956,895	0.1059	12,132,038
THB:NTD	4,770,570	0.9242	4,408,961
EUR:USD (Note)	70,133	1.1794	2,395,032
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 427,425	28.9550	\$ 12,376,100
RMB:USD (Note)	2,211,587	0.1469	9,405,236
USD:THB (Note)	222,056	31.3298	6,429,641
USD:RMB (Note)	216,887	6.8086	6,279,964
EUR:USD (Note)	48,391	1.1794	1,652,553
SGD:USD (Note)	54,573	0.7342	1,160,216

Note: Certain consolidated entities’ functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

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	29.9800	\$ 11,284,239
USD:RMB (Note)	417,948	6.9756	12,530,081
USD:THB (Note)	160,067	29.6900	4,798,813
RMB:USD (Note)	1,264,427	0.1436	5,442,070
EUR:USD (Note)	76,590	1.1204	2,572,651
<u>Non-monetary items</u>			
USD:NTD	\$ 4,761,343	29.9800	\$ 142,745,063
THB:NTD	4,544,178	1.0098	4,588,711
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
EUR:USD (Note)	73,212	1.1204	2,459,179
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 331,831	29.9800	\$ 9,948,281
USD:RMB (Note)	242,021	6.9756	7,255,785
USD:THB (Note)	183,394	29.6900	5,498,147
RMB:USD (Note)	1,816,382	0.1436	7,817,670

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

September 30, 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	\$ 353,625	31.0200	\$ 10,969,455
USD:RMB (Note)	383,269	7.1405	11,889,004
USD:THB (Note)	236,092	30.4865	7,323,576
RMB:USD (Note)	1,216,516	0.1400	5,284,824
EUR:USD (Note)	67,093	1.0919	2,272,456
<u>Non-monetary items</u>			
USD:NTD	\$ 4,579,956	31.0200	\$ 142,070,236
THB:NTD	4,585,513	1.0175	4,665,759
EUR:USD (Note)	74,552	1.0919	2,525,074
NOK:USD (Note)	3,635,532	0.1102	12,428,612
RMB:USD (Note)	6,741,165	0.1400	29,285,170
THB:USD (Note)	49,827,876	0.0328	50,699,864
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 320,643	31.0200	\$ 9,946,332
USD:RMB (Note)	375,385	7.1405	11,644,449
USD:THB (Note)	146,945	30.4865	4,558,218
RMB:USD (Note)	1,997,674	0.1400	8,678,357

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 three months and nine months ended September 30, 2020 and 2019 amounted to \$231,848, \$390,963, \$563,781 and \$498,737, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Nine months ended September 30, 2020		
	Sensitivity analysis		
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 131,430	\$ -
USD : RMB (Note)	1%	114,230	-
USD : THB (Note)	1%	69,083	-
RMB : USD (Note)	1%	45,821	-
EUR : USD (Note)	1%	31,135	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 123,761	\$ -
RMB : USD (Note)	1%	94,052	-
USD : THB (Note)	1%	64,296	-
USD : RMB (Note)	1%	62,800	-
EUR : USD (Note)	1%	16,526	-
SGD : USD (Note)	1%	11,602	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

Nine months ended September 30, 2019

(Foreign currency: functional currency)	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 109,695	\$ -
EUR : USD (Note)	1%	22,725	-
RMB : USD (Note)	1%	52,848	-
USD : RMB (Note)	1%	118,890	-
USD : THB (Note)	1%	73,236	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 99,463	\$ -
RMB : USD (Note)	1%	86,784	-
USD : RMB (Note)	1%	116,444	-
USD : THB (Note)	1%	45,582	-

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 nine months ended September 30, 2020 and 2019 would have increased/decreased by \$12,367 and \$31,791, 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 \$12,965 and \$23,496, 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 nine months ended September 30, 2020 and 2019, the Group's borrowings at variable rate were denominated in NTD, USD and JPY.

- ii. As at September 30, 2020 and 2019, if the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the nine months ended September 30, 2020 and 2019 would have decreased by \$65,923 and \$74,348, 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 the provision matrix based on the loss rate methodology to estimate expected credit loss.
- viii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On September 30, 2020, December 31, 2019 and September 30, 2019, 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 September 30, 2020</u>			
Expected loss rate	0.00%	1.20%	19.69%
Total book value	\$ 54,022,312	\$ 4,903,458	\$ 204,313
Loss allowance	<u>\$ 1,524</u>	<u>\$ 58,616</u>	<u>\$ 40,223</u>

	181-365 days past due	Over 366 days past due	Total
Expected loss rate	44.15%	93.68%	
Total book value	\$ 288,956	\$ 480,773	\$ 59,899,812
Loss allowance	\$ 127,576	\$ 450,379	\$ 678,318
	Not past due	1-90 days past due	91-180 days past due
<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	\$ 9,549	\$ 58,661	\$ 91,616
	181-365 days past due	Over 366 days past due	Total
Expected loss rate	45.50%	96.56%	
Total book value	\$ 457,455	\$ 664,075	\$ 53,964,299
Loss allowance	\$ 208,124	\$ 641,243	\$ 1,009,193
	Not past due	1-90 days past due	91-180 days past due
<u>At September 30, 2019</u>			
Expected loss rate	0.01%	1.22%	22.85%
Total book value	\$ 52,636,350	\$ 5,255,034	\$ 432,741
Loss allowance	\$ 3,278	\$ 63,880	\$ 98,896
	181-365 days past due	Over 366 days past due	Total
Expected loss rate	45.99%	91.84%	
Total book value	\$ 555,406	\$ 678,954	\$ 59,558,485
Loss allowance	\$ 255,428	\$ 623,530	\$ 1,045,012

- 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:

	2020				
	Notes receivable	Accounts receivable	Contract assets	Overdue receivables	Total
At January 1	\$ -	\$ 1,009,193	\$ -	\$ 213,405	\$ 1,222,598
Provision for (reversal of) impairment loss	-	(154,449)	-	54,661	(99,788)
Acquired from business combinations	-	26,588	-	-	26,588
Write-offs during the period	-	(70,446)	-	(11,488)	(81,934)
Reclassifications	-	(101,757)	-	101,757	-
Effect of foreign exchange	-	(30,811)	-	(14,544)	(45,355)
At September 30	\$ -	\$ 678,318	\$ -	\$ 343,791	\$ 1,022,109

	2019				
	Notes receivable	Accounts receivable	Contract assets	Overdue receivables	Total
At January 1	\$ -	\$ 960,844	\$ -	\$ 271,439	\$ 1,232,283
Provision for impairment loss	-	24,832	-	11,793	36,625
Acquired from business combinations	-	99,640	-	-	99,640
Effect of foreign exchange	-	(40,304)	-	(5,270)	(45,574)
At September 30	<u>\$ -</u>	<u>\$ 1,045,012</u>	<u>\$ -</u>	<u>\$ 277,962</u>	<u>\$ 1,322,974</u>

For provisioned loss for the nine months ended September 30, 2020 and 2019, the reversal of (provision for) impairment loss arising from customers' contracts amounted to \$99,788 and (\$36,625), 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:

September 30, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 3,457,856	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	44,622,235	-	-	-
Other payables	28,169,645	-	-	-
Lease liabilities (including current portion)	532,789	356,992	435,956	524,824
Long-term borrowings (including current portion)	54,342	39,177,429	4,292,047	434,233

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>September 30, 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	\$ 8,675,357	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	39,507,581	-	-	-
Other payables	25,785,746	-	-	-
Lease liabilities (including current portion)	561,979	397,700	560,743	544,825
Long-term borrowings (including current portion)	177,098	36,378,978	117,513	500,216

Derivative financial liabilities:

As at September 30, 2020, December 31, 2019 and September 30, 2019, 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 on 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>September 30, 2020</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	\$ 1,236,696	\$ -	\$ 1,488,866	\$ 2,725,562
Hybrid instruments	55,084	-	74,983	130,067
Derivative instruments	-	137,422	-	137,422
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>1,031,119</u>	<u>-</u>	<u>679,052</u>	<u>1,710,171</u>
	<u>\$ 2,322,899</u>	<u>\$ 137,422</u>	<u>\$ 2,242,901</u>	<u>\$ 4,703,222</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 94,271</u>	<u>\$ -</u>	<u>\$ 94,271</u>
<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	\$ 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	<u>1,426,179</u>	<u>-</u>	<u>690,945</u>	<u>2,117,124</u>
	<u>\$ 3,049,408</u>	<u>\$ 142,668</u>	<u>\$ 2,272,745</u>	<u>\$ 5,464,821</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 15,929</u>	<u>\$ -</u>	<u>\$ 15,929</u>

<u>September 30, 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	\$ 1,523,192	\$ -	\$ 1,655,927	\$ 3,179,119
Hybrid instruments	125,327	-	-	125,327
Derivative instruments	-	76,014	-	76,014
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>1,649,584</u>	<u>-</u>	<u>699,986</u>	<u>2,349,570</u>
	<u>\$ 3,298,103</u>	<u>\$ 76,014</u>	<u>\$ 2,355,913</u>	<u>\$ 5,730,030</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 55,205</u>	<u>\$ -</u>	<u>\$ 55,205</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 nine months ended September 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the nine months ended September 30, 2020 and 2019:

	2020		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ -	\$ 2,272,745	\$ 2,272,745
Losses recognised in profit and loss	- (	46,758)	(46,758)
Losses recognised in other comprehensive income	- (	4,276)	(4,276)
Acquired during the period	74,983	223,111	298,094
Disposals during the period	- (	87,977)	(87,977)
Transfers out from Level 3	- (	175,259)	(175,259)
Net exchange differences	- (	13,668)	(13,668)
At September 30	<u>\$ 74,983</u>	<u>\$ 2,167,918</u>	<u>\$ 2,242,901</u>
	2019		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ 69,074	\$ 3,188,195	\$ 3,257,269
Losses recognised in profit or loss	- (	117,247)	(117,247)
Acquired during the period	-	418,697	418,697
Transferred from convertible bonds	(69,074)	69,074	-
Disposals during the period	- (	1,208,549)	(1,208,549)
Net exchange differences	-	5,743	5,743
At September 30	<u>\$ -</u>	<u>\$ 2,355,913</u>	<u>\$ 2,355,913</u>

- G. In the third quarter of 2020, the Group obtained sufficient observable market information for certain financial assets at fair value through profit or loss. These equity securities were transferred from Level 3 into Level 1 at the end of the month in which they were listed.
- H. 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.

- I. 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 September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 1,902,518	Most recent non-active market price	Not applicable	-	Not applicable
"	265,400	Market comparable companies	Price to book ratio multiple	0.83~1.77 (1.09)	The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value
			Price to asset ratio multiple	1.16~12.39 (1.65)	
			Price to earning ratio multiple	14.56~108.54 (16.42)	
			Discount for lack of marketability	20% (20%)	
Hybrid instruments:					
Convertible bonds	74,983	Most recent non-active market price	Not applicable	-	Not applicable

	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 (3.43)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20% (20%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at September 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 2,161,958	Most recent non-active market price	Not applicable	-	Not applicable
"	193,955	Market comparable companies	Price to book ratio multiple	0.97~3.8 (1.24)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20% (20%)	The higher the discount for lack of marketability, the lower the fair value

- J. 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. 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:

			September 30, 2020			
			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%	\$ -	\$ -	\$ 3,389	(\$ 3,389)
			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)
			September 30, 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%	\$ -	\$ -	\$ 2,411	(\$ 2,411)

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: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

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 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 5, 6 and 7 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 Cytotec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the nine months ended September 30, 2020.

(4) Major shareholders information

Please refer to table 10.

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 and Merchant & Mobile Power.

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:

	<u>Nine months ended September 30, 2020</u>			
	<u>Power electronics business</u>	<u>Automation business</u>	<u>Infrastructure business</u>	<u>Total</u>
Revenue from external customers	<u>\$ 111,256,123</u>	<u>\$ 28,724,142</u>	<u>\$ 63,915,219</u>	<u>\$ 203,895,484</u>
Segment income (Note)	<u>\$ 14,471,317</u>	<u>\$ 2,725,410</u>	<u>\$ 4,495,723</u>	<u>\$ 21,692,450</u>
	<u>Nine months ended September 30, 2019</u>			
	<u>Power electronics business</u>	<u>Automation business</u>	<u>Infrastructure business</u>	<u>Total</u>
Revenue from external customers	<u>\$ 98,120,530</u>	<u>\$ 27,978,019</u>	<u>\$ 73,569,826</u>	<u>\$ 199,668,375</u>
Segment income (Note)	<u>\$ 8,736,279</u>	<u>\$ 1,900,044</u>	<u>\$ 3,391,741</u>	<u>\$ 14,028,064</u>

(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 nine months ended September 30, 2020 and 2019 is provided as follows:

	<u>Nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Reportable segments income	<u>\$ 21,692,450</u>	<u>\$ 14,028,064</u>
Non-operating income and expenses	<u>2,698,787</u>	<u>8,866,268</u>
Income before tax from continuing operations	<u>\$ 24,391,237</u>	<u>\$ 22,894,332</u>

Delta Electronics, Inc. and Subsidiaries

Loans to others

Nine months ended September 30, 2020

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 nine months ended September 30, 2020 (Note 2)	Balance at September 30, 2020	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	\$ 9,844,700	\$ -	\$ -	0.50%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 29,296,142	\$ 29,296,142	Note 5
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables - related parties	Yes	2,895,500	2,895,500	1,939,985	0.50%	2	-	Additional operating capital	-	None	-	29,296,142	29,296,142	Note 5
1	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	17,705,983	17,705,983	17,705,983	0.5%- 0.7%	2	-	Additional operating capital	-	None	-	29,296,142	29,296,142	Note 5
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	2,316,400	-	-	0.50%	2	-	Additional operating capital	-	None	-	5,401,165	5,401,165	Note 5
2	Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	839,695	839,695	839,695	0.50%	2	-	Additional operating capital	-	None	-	5,401,165	5,401,165	Note 5
3	Delta International Holding Limited	Drake Investment (HK) Limited	Other receivables - related parties	Yes	1,911,030	723,875	723,875	0.70%	2	-	Additional operating capital	-	None	-	69,583,822	69,583,822	Note 5
3	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	14,245,860	2,316,400	2,316,400	0.70%	2	-	Additional operating capital	-	None	-	69,583,822	69,583,822	Note 5
3	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Other receivables - related parties	Yes	14,949,467	13,608,850	13,608,850	0.70%	2	-	Additional operating capital	-	None	-	69,583,822	69,583,822	Note 5
3	Delta International Holding Limited	Delta Electronics (Netherlands) V.B.	Other receivables - related parties	Yes	26,580,690	20,847,600	19,892,085	0.5%- 0.7%	2	-	Additional operating capital	-	None	-	69,583,822	69,583,822	Note 5
4	Eltek AS	Eltek Power France SAS	Other receivables - related parties	Yes	85,375	85,375	-	Note 8	2	-	Additional operating capital	-	None	-	2,404,301	2,404,301	Note 5
4	Eltek AS	Eltek Italia S.r.l.	Other receivables - related parties	Yes	34,150	34,150	34,050	1.90%	2	-	Additional operating capital	-	None	-	2,404,301	2,404,301	Note 5
4	Eltek AS	Eltek Power Sweden AB	Other receivables - related parties	Yes	97,200	97,200	97,200	0.60%	2	-	Additional operating capital	-	None	-	2,404,301	2,404,301	Note 5
4	Eltek AS	Delta Solutions (Finland) OY	Other receivables - related parties	Yes	34,150	34,150	34,150	0.60%	2	-	Additional operating capital	-	None	-	961,721	961,721	Note 4

Table 1-1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2020 (Note 2)	Balance at September 30, 2020	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			
5	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables - related parties	Yes	\$ 1,488,449	\$ 1,488,449	\$ 1,488,449	4.65%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 4,206,983	\$ 4,206,983	Note 5
6	Vivotek Inc.	Otus Imaging, Inc.	Other receivables - related parties	Yes	15,000	-	-	1.34%	2	-	Additional operating capital	-	None	-	60,000	571,165	Note 6
6	Vivotek Inc.	Lidlight Inc.	Other receivables - related parties	Yes	10,000	10,000	-	1.34%	2	-	Additional operating capital	-	None	-	20,000	571,165	Note 6
6	Vivotek Inc.	Vatics Inc.	Other receivables - related parties	Yes	270,000	270,000	238,368	1.34%	2	-	Additional operating capital	-	None	-	280,452	571,165	Note 6
7	Grandview Holding Ltd.	Cyntec Holding (H.K.) Limited.	Other receivables - related parties	Yes	2,896	2,896	2,896	0.50%	2	-	Additional operating capital	-	None	-	9,507,699	9,507,699	Note 5
8	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Other receivables - related parties	Yes	423,460	423,460	423,460	0.40%	2	-	Additional operating capital	-	None	-	603,614	603,614	Note 5
9	DET International Holding Limited	Delta Electronics India Pvt. Ltd.	Other receivables - related parties	Yes	1,447,750	1,447,750	1,447,750	4.00%	2	-	Additional operating capital	-	None	-	6,487,725	6,487,725	Note 5
10	Delta Greentech (Netherlands) BV	Eltek s.r.o.	Other receivables - related parties	Yes	239,050	239,050	204,900	0.40%	2	-	Additional operating capital	-	None	-	1,677,526	1,677,526	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 September 30, 2020, 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 statements which were audited or reviewed by independent auditors.

(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 statements which were audited or reviewed by independent auditors.

Note 7: Nature of loans:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Note 8: The future actual lending interest rate is cost of capital of creditors plus 0.2%.

Delta Electronics, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
Nine months ended September 30, 2020

Table 2

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

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 September 30, 2020	Outstanding endorsement / guarantee amount at September 30, 2020	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 5)											
1	ELTEK AS	ELTEK AUSTRALIA PTY LIMITED	2	\$ 2,810,561	\$ 130,298	\$ 130,298	\$130,298	\$ -	0.09%	\$ 7,026,403	Y	N	N	Note 3

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 Eltek'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 \$140,528,058 thousand (2020/9/30).

Note 5: 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)
September 30, 2020

Table 3

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at September 30, 2020				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-non - current	55,308,750	\$ 638,816	2.07	\$ 638,816	
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	6,763,845	392,303	5.73	392,303	
Delta Electronics, Inc.	WK Technology Fund. common stock, etc.	None	Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss	-	191,246	-	191,246	
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss	1,813,000	241,129	0.77	241,129	
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - current	1,410,000	247,455	1.08	247,455	
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - current	517,043	177,604	0.18	177,604	
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	105,580	1.45	105,580	
Delta Electronics Capital Company	Hx0, Inc. common stock, etc.	None	Financial assets at fair value through profit or loss	-	1,781,848	-	1,781,848	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, INC. preferred stock	None	Financial assets at fair value through profit or loss - non-current	1,838,235	144,775	10.46	144,775	
Delta Electronics (Netherlands) B.V.	Grace Connection Microelectronics Limited common stock	None	Financial assets at fair value through other comprehensive income - non-current	141,065	115,820	19.90	115,820	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss - non-current	-	53,044	-	53,044	

Table 3-1

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at September 30, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Unicom System Eng. Corp.	Digi-Hua System Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income - non-current	332,556	\$ 3,273	3.32	\$ 3,273	
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 - non-current	-	161,319	-	161,319	
Delta Electronics (Japan), Inc.	Macy Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	74,000,000	34,224	19.79	34,224	
Delta America Ltd.	VPT Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	860,000	5,067	17.52	5,067	
Delta Electronics (Pingtan) Co., Ltd.	Pingtang Hi Tech Investment Development Shares Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	-	31,895	15.00	31,895	

Table 3-2

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
Nine months ended September 30, 2020
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, 2020		Addition		Disposal			Balance as at September 30, 2020		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	Stock Exchange Market	None	122,980,851	\$ 942,033	-	\$ -	67,672,101	\$ 487,471	\$ 1,635,924	(\$ 1,148,453) (Note)	55,308,750	\$ 638,816	

Note: It was retained earnings transferred from other equity.

Delta Electronics, Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of the Company's paid-in capital or more
Nine months ended September 30, 2020

Table 5

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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 Greentech (Brasil) S.A.	DELTA ELECTRONICS BRASIL LTDA.	Affiliated enterprise	Operating revenue	\$ 121,196	21.68	70 days			\$ 235	0.13	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	822,319	9.70	70 days			347,037	11.38	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	6,567,757	77.57	70 days			2,324,499	76.25	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	137,269	0.91	70 days			132,819	4.48	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	1,282,322	8.44	70 days			572,959	19.33	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	13,516,329	88.99	70 days			2,216,103	74.76	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Operating revenue	165,863	0.55	70 days			70,553	1.44	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	4,943,875	16.27	70 days			1,464,318	29.83	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Operating revenue	339,071	1.10	70 days			160,400	3.27	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	24,659,371	81.17	70 days			3,137,213	63.90	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Operating revenue	128,250	0.57	70 days			36,391	0.71	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	9,081,441	42.60	70 days			3,612,514	70.78	

Table 5-1

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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 Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	\$ 11,965,571	56.10	70 days			\$ 1,373,589	26.92	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	712,992	33.38	70 days			408,140	79.61	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	1,398,766	65.21	70 days			96,970	18.91	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Operating revenue	181,425	0.81	70 days			84,587	0.85	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Operating revenue	11,162,671	50.29	70 days			4,610,410	46.50	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Operating revenue	1,422,981	6.41	70 days			587,677	5.93	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	642,869	2.89	70 days			237,067	2.39	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	6,954,660	99.51	70 days			1,547,902	98.27	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	156,376	2.58	70 days			60,268	3.02	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	5,899,564	97.43	70 days			1,936,734	96.97	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	480,187	13.75	70 days			157,708	17.97	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	3,011,641	86.24	70 days			719,980	82.03	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	130,598	7.13	70 days			146,618	29.75	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	1,144,158	63.03	70 days			191,664	38.88	

Table 5-2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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)	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Operating revenue	\$ 199,404	10.95	70 days			\$ 61,511	12.48	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	333,739	18.34	70 days			88,535	17.96	
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	Operating revenue	1,320,860	29.84	Note 1	Note 1	Note 1	541,002	43.05	
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Operating revenue	101,016	2.28	90 days after delivery			34,752	2.77	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	9,987,717	99.99	Note 2	Note 2	Note 2	2,253,611	99.98	
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Operating revenue	1,493,448	87.83	70 days			19,190	21.58	
Delta Electronics India Pvt. Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	116,483	3.84	70 days			25,519	2.83	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	766,954	21.44	70 days			147,569	23.08	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Italy) S.r.l.	Affiliated enterprise	Operating revenue	124,813	3.21	70 days			27,050	2.34	
Delta Electronics (Netherlands) B.V.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	325,329	8.36	70 days			8,152	0.71	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Operating revenue	392,609	10.07	70 days			343,239	29.74	
ELTEK AS	ELTEK MEA DMCC	Affiliated enterprise	Operating revenue	103,311	2.73	70 days			39,507	3.44	
ELTEK AS	Eltek Deutschland GmbH	Affiliated enterprise	Operating revenue	483,921	12.83	70 days			94,969	8.27	
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	Operating revenue	432,206	11.58	70 days			132,979	11.58	

Table 5-3

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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)	
ELTEK AS	Eltek Power (UK) Ltd.	Affiliated enterprise	Operating revenue	\$ 373,303	9.82	70 days			\$ 111,298	9.69	
ELTEK AS	OOO Eltek	Affiliated enterprise	Operating revenue	136,058	3.60	70 days			33,865	2.95	
ELTEK AS	Eltek Power Sweden AB	Affiliated enterprise	Operating revenue	119,657	3.15	70 days			25,157	2.19	
ELTEK AS	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	180,237	4.80	70 days			51,560	4.49	
ELTEK AS	Eltek s.r.o.	Affiliated enterprise	Operating revenue	413,754	11.03	70 days			107,503	9.36	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Operating revenue	133,175	0.09	70 days			80,565	0.15	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	Operating revenue	153,002	0.10	90 days after delivery			112,115	0.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	Operating revenue	971,326	0.60	70 days			467,740	0.89	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	6,119,109	3.89	70 days			2,260,755	4.32	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	8,275,227	5.22	70 days			1,158,035	2.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Operating revenue	11,758,037	7.46	70 days			1,238,446	2.36	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Operating revenue	8,978,074	5.68	70 days			987,708	1.89	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Operating revenue	1,117,813	0.69	70 days			152,654	0.29	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Operating revenue	5,510,291	3.46	70 days			683,758	1.31	

Table 5-4

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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 (Wuhu) Co., Ltd.	Affiliated enterprise	Operating revenue	\$ 4,468,282	2.82	70 days			\$ 1,107,474	2.11	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Operating revenue	2,181,746	1.39	70 days			731,168	1.40	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Affiliated enterprise	Operating revenue	188,356	0.12	70 days			44,969	0.09	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Operating revenue	973,152	0.61	70 days			362,093	0.69	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Affiliated enterprise	Operating revenue	513,795	0.28	70 days			284,647	0.54	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Solutions (Spain) SL	Affiliated enterprise	Operating revenue	154,058	0.07	70 days			85,736	0.16	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Solutions (Finland) Oy	Affiliated enterprise	Operating revenue	118,413	0.09	70 days			44,748	0.09	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Affiliated enterprise	Operating revenue	102,216	0.06	75 days after delivery			93,998	0.18	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Operating revenue	1,088,135	0.69	90 days after delivery			467,391	0.89	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Operating revenue	1,783,632	1.11	70 days			568,378	1.09	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Operating revenue	203,444	0.13	70 days			51,953	0.10	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico S.A. DE C.V.	Affiliated enterprise	Operating revenue	122,206	0.07	70 days			30,714	0.06	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Operating revenue	1,921,172	1.21	70 days			443,694	0.85	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Operating revenue	762,582	0.47	70 days			276,407	0.53	

Table 5-5

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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 (Slovakia) s.r.o.	Affiliated enterprise	Operating revenue	\$ 353,470	0.23	70 days			\$ 62,995	0.12	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Operating revenue	777,801	0.47	70 days			227,057	0.43	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Operating revenue	12,428,152	7.88	70 days			7,885,210	15.06	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Operating revenue	13,092,593	8.30	90 days after delivery			6,465,052	12.34	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Operating revenue	1,628,802	1.01	70 days			540,316	1.03	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Operating revenue	117,054	0.08	70 days			22,537	0.04	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Operating revenue	2,570,681	1.65	70 days			1,066,133	2.04	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Operating revenue	315,228	12.56	70 days			118,593	12.06	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	1,317,469	52.63	70 days			520,749	52.97	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Operating revenue	827,537	33.06	70 days			320,043	32.56	
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	Operating revenue	1,341,296	98.22	70 days			97,757	82.49	
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Germany) GmbH	Affiliated enterprise	Operating revenue	120,401	0.32	70 days			7,059	0.05	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Operating revenue	182,078	0.50	90 days after delivery			94,444	0.71	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Japan), Inc.	Affiliated enterprise	Operating revenue	178,878	0.50	70 days			58,953	0.44	

Table 5-6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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 Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	\$ 467,813	1.27	70 days			\$ 223,223	1.67	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Operating revenue	143,600	0.36	70 days			50,015	0.37	
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Operating revenue	13,723,203	37.43	90 days after delivery			6,164,435	46.03	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Operating revenue	2,103,104	5.74	70 days			691,125	5.16	
Delta Electronics (Thailand) Public Company Limited	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Operating revenue	229,611	0.63	70 days			56,692	0.43	
Delta Electronics Inc.	Delta Electronics Components (Wujiang) Ltd.	Subsidiary	Operating revenue	454,770	1.14	70 days			435,876	3.78	
Delta Electronics Inc.	Delta Greentech (China) Co., Ltd.	Subsidiary	Operating revenue	129,911	0.32	70 days			22,360	0.19	
Delta Electronics Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Operating revenue	497,181	1.26	70 days			16,022	0.14	
Delta Electronics Inc.	Delta Electronics (Japan), Inc.	Subsidiary	Operating revenue	162,810	0.42	70 days			18,304	0.16	
Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Operating revenue	11,982,495	30.07	70 days			1,928,691	16.71	
Delta Electronics Inc.	Delta Energy Systems (Singapore) PTE. LTD.	Subsidiary	Operating revenue	174,638	0.42	70 days			69,216	0.60	
Delta Electronics Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	Operating revenue	1,192,406	2.96	70 days			341,824	2.96	
Delta Electronics Inc.	DEI Logistics (USA) Corp.	Subsidiary	Operating revenue	5,747,147	14.42	90 days after delivery			2,342,178	20.30	
Delta Electronics Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	Operating revenue	660,379	1.67	70 days			285,486	2.47	

Table 5-7

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms 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 Inc.	DELTA ELECTRONICS (USA) INC.	Subsidiary	Operating revenue	\$ 316,405	0.81	70 days			\$ 147,410	1.28	
Delta Electronics (Americas) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	836,208	11.93	70 days			21,006	1.65	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Operating revenue	310,817	4.42	70 days			69,208	5.43	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Operating revenue	384,176	10.25	90 days	Note 3	Note 3	146,278	22.87	

Note 1: Sales revenue is cost plus handling charges and necessary processing costs. The collection term for related parties is 75 days from next month, and to third parties is 30~120 days after monthly billings.

Note 2: Sales revenue is cost plus necessary profit, and the collection term for related parties is 75 days from next month.

Note 3: Vivotek Inc. determined the prices and terms of goods sold to Vivotek USA, Inc. based on the economic conditions and market competitiveness of the sales area, and there is no comparable prices and terms available for the goods sold to third parties.

Table 5-8

Delta Electronics, Inc. and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital or more
September 30, 2020

Table 6

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	\$ 347,037	3.37	\$ -		\$ -	\$ -
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,324,499	4.48	-		-	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	132,819	2.43	-		28,134	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	572,959	2.99	-		211,826	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,216,103	7.36	-		752,830	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,464,318	4.14	-		297,837	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	160,400	3.21	-		85	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,137,213	10.40	-		-	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	3,612,514	3.63	-		1,227,622	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,373,589	10.16	-		147,410	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	408,140	1.95	-		120,930	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	4,610,410	3.45	-		1,658,749	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	587,677	3.31	-		210,595	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	237,067	3.20	-		-	-

Table 6-1

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 1,547,902	5.13	\$ -		\$ -	\$ -
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,936,734	4.09	-		-	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,510,174	-	-		44	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	157,708	3.99	-		56,695	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	719,980	5.40	-		231,640	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	146,618	2.38	-		-	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	191,664	5.51	-		163,241	-
Cyntec Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	160,016	-	-		160,016	-
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	541,002	3.62	-		150,273	-
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,253,611	4.93	-		870,830	-
Digital Projection Ltd.	Digital Projection Inc.	Affiliated enterprise	574,988	0.04	574,270		1,737	-
Delta Electronics (Japan) Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	147,569	6.44	-		85,182	-
Delta Greentech (Netherlands) B.V.	Eltek s.r.o.	Affiliated enterprise	205,059	-	-		-	-
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	343,239	1.80	91,165		8,110	-
ELTEK AS	Eltek Egypt for Power Supply S.A.E.	Affiliated enterprise	101,004	0.85	68,716		28,544	-
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	132,979	3.55	-		44,125	-
ELTEK AS	Eltek Power (UK) Ltd.	Affiliated enterprise	111,298	3.85	-		36,508	-

Table 6-2

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020 (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 s.r.o.	Affiliated enterprise	\$ 107,503	5.75	\$ -		\$ 43,507	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	112,115	1.39	38,626		4,474	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	467,740	3.06	-		217,724	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	2,260,755	4.99	93,540		289,550	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	1,158,035	7.39	1,003,838		753,120	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,238,446	11.69	-		28,944	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	987,708	10.71	-		127,157	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	152,654	7.54	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	683,758	7.36	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	1,107,474	5.18	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	731,168	4.10	473,440		202,685	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	362,093	4.15	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Affiliated enterprise	284,647	3.61	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	467,391	3.50	-		993	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan) Inc.	Affiliated enterprise	568,378	4.12	509		253,262	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	443,694	4.80	-		58,069	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	276,407	4.44	-		79,478	-

Table 6-3

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020 (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 (Thailand) Public Company Limited	Affiliated enterprise	\$ 227,057	4.92	\$ 522		\$ 87,100	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	8,020,958	2.18	94,258		22,686	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	6,465,052	2.72	-		729,885	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	540,316	3.54	-		106,737	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	1,066,133	4.56	-		36,180	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	118,593	3.19	-		10,501	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	520,749	3.68	-		189,982	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	320,043	3.28	-		128,084	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	223,223	4.52	13,038		74,018	-
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	6,164,435	3.36	128,475		424,906	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	691,125	6.41	-		335,523	-
Delta Electronics Inc.	Delta Electronics Components (Wujiang) Ltd.	Subsidiary	435,876	2.78	-		-	-
Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	2,302,067	8.75	-		1,959,509	-
Delta Electronics Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	341,824	5.79	-		23,541	-
Delta Electronics Inc.	DEI Logistics (USA) Corp.	Subsidiary	2,342,178	3.23	296		210,662	-
Delta Electronics Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	285,486	4.46	80		49,433	-
Delta Electronics Inc.	DELTA ELECTRONICS (USA) INC.	Subsidiary	147,410	4.02	-		72,077	-

Table 6-4

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	\$ 13,633,195	-	\$ -		\$ -	\$ -
Delta International Holding Limited	Drake Investment (HK) Limited	Affiliated enterprise	725,575	-	-		-	-
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	19,926,599	-	-		-	-
Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,320,499	-	-		-	-
Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	840,768	-	-		-	-
DET International Holding Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	1,447,750	-	-		-	-
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	1,940,793	-	-		202,685	-
Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	17,733,447	-	-		-	-
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	167,371	-	-		165,929	-
Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Affiliated enterprise	423,460	-	-		-	-
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	146,278	3.43	-		52,957	-
Vivotek Inc.	Vatics Inc.	Affiliated enterprise	240,036	-	-		-	-

Note 1: Including other receivables in excess of \$100,000.

Note 2: The amount represents collections subsequent to September 30, 2020 up to October 28, 2020.

Delta Electronics, Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2020

Table 7

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 8)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Operating revenue	\$ 11,982,495	(Note 4)	5.87
0	Delta Electronics Inc.	DEI Logistics (USA) Corp.	Subsidiary	Operating revenue	5,747,147	(Note 5)	2.82
1	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	6,567,757	(Note 4)	3.22
2	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	13,516,329	(Note 4)	6.62
3	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	4,943,875	(Note 4)	2.42
3	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	24,659,371	(Note 4)	12.08
4	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Operating revenue	9,081,441	(Note 4)	4.45
4	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	11,965,571	(Note 4)	5.86
5	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Operating revenue	11,162,671	(Note 4)	5.47
6	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	6,954,660	(Note 4)	3.41
7	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	5,899,564	(Note 4)	2.89
8	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	3,011,641	(Note 4)	1.48
9	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Operating revenue	9,987,717	(Note 7)	4.89
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	6,119,109	(Note 4)	3.00
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Operating revenue	8,275,227	(Note 4)	4.06

Table 7-1

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 8)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Operating revenue	\$ 11,758,037	(Note 4)	5.76
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Operating revenue	8,978,074	(Note 4)	4.40
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Operating revenue	5,510,291	(Note 4)	2.70
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Operating revenue	4,468,282	(Note 4)	2.19
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Operating revenue	2,181,746	(Note 4)	1.07
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Operating revenue	12,428,152	(Note 4)	6.09
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Operating revenue	13,092,593	(Note 5)	6.42
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Operating revenue	2,570,681	(Note 4)	1.26
11	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Operating revenue	13,723,203	(Note 5)	6.73
11	Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Operating revenue	2,103,104	(Note 4)	1.03
4	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Accounts receivable	3,612,514	(Note 4)	1.10
5	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Accounts receivable	4,610,410	(Note 4)	1.40
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Accounts receivable	8,020,958	(Note 4)	2.44
10	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Accounts receivable	6,465,052	(Note 5)	1.97
11	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Accounts receivable	6,164,435	(Note 5)	1.88
12	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	Other receivables - related parties	13,633,195	(Note 6)	4.15
12	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables - related parties	19,926,599	(Note 6)	6.07

Table 7-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 8)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
13	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables - related parties	\$ 17,733,447	(Note 6)	5.40

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: It will follow the agreed price and transaction terms, and all the credit terms are 90 days after delivery.

Note 6: Lending of capital and others.

Note 7: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 8: 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
Nine months ended September 30, 2020

Table 8

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Maltese	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	100.00	\$ 70,105,597	\$ 914,686	\$ 921,050	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,582	29,582	83,800,000	100.00	5,417,331	68,487	59,938	(Note 6)
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	4,529,355	128,492,272	100.00	15,338,817	4,343,255	4,505,624	(Note 6)
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	4,780,487	4,780,487	69,128,140	5.54	4,408,961	5,161,799	60,355	(Notes 6 and 13)
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	32,926,227	684,399	685,648	(Note 6)
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	21,761,836	100.00	214,686	14,684	14,741	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	3,253,241	350,000,000	100.00	3,431,162	(127,099)	(127,099)	(Note 6)
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	34,498	34,498	1,500,000	100.00	33,780,678	11,416,632	11,253,795	(Note 6)
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	-	162,376	5,250,000	39.62	-	134	54	(Note 14)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,701,177	(68,739)	(68,718)	(Note 6)
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	349,713	393,825	102,450	(Notes 6 and 9)
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	478,515	33,763	24,585	(Note 6)
Delta Electronics, Inc.	Vivotek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	4,133,020	4,039,937	44,679,058	51.38	3,867,174	200,032	24,088	(Note 6)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta International Holding Limited	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	\$ 12,473,154	\$ 12,473,154	191,984,450	15.39	\$ 12,434,162	\$ 5,161,799	\$ 618,982	(Note 13)
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	28,955	28,955	1,000,000	100.00	232,963	11,630	11,630	(Note 1)
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and materials	82,781	82,781	5,600	100.00	655,634	73,785	73,785	(Note 1)
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	409,032	345,785	46,949,667	100.00	333,403	(137,253)	(144,887)	(Note 1)
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	43,433	43,433	9,000,000	100.00	121,131	11,371	11,371	(Note 1)
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	-	231,640	8,000,000	60.38	-	134	81	(Notes 1 and 14)
Delta International Holding Limited	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	221,923	221,923	5,100	51.00	436,508	168,124	83,395	(Note 1)
Delta International Holding Limited	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	1,977,334	1,977,334	1,060,624	100.00	2,039,383	214,136	212,436	(Note 1)
Delta International Holding Limited	Eltek AS	Norway	Research, development and sales of power supplies and others	14,395,484	14,395,484	93,531,101	100.00	12,132,038	517,667	(43,514)	(Note 1)
Delta International Holding Limited	Delta Controls Inc.	Canada	Provide solutions to building management and control	2,171,625	2,171,625	75,000,000	100.00	2,590,886	21,831	21,831	(Note 1)
Delta International Holding Limited	Delta Electronics Europe Ltd.	Britain	Repair centre and providing support services	105,975	105,975	500,000	100.00	55,006	(82)	(82)	(Note 1)
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	175,178	175,178	2,314,592	100.00	136,274	24,431	24,431	(Note 2)
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	-	140,758	-	-	-	-	-	(Notes 8 and 20)
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	-	656,479	-	-	-	-	-	(Notes 8 and 20)
Delta Electronics (Netherlands) B.V.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	9,508,738	9,508,738	2,549,297,600	100.00	20,985,069	3,700,769	3,700,769	(Note 8)
Delta Electronics (Netherlands) B.V.	Boom Treasure Limited	Hong Kong	Equity investments	2,522,585	2,522,585	1	100.00	2,019,695	178,820	86,928	(Note 8)
Delta Electronics (Netherlands) B.V.	Drake Investment (HK) Limited	Hong Kong	Equity investments	4,983,629	4,983,629	304,504,306	100.00	4,744,127	448,707	321,349	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	1,494,989	1,494,989	18,374,182	89.74	2,501,113	393,825	352,764	(Notes 8 and 9)

Table 8-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Optovue, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	\$ 1,071,335	\$ 1,071,335	5,190,330	29.50	\$ 759,437	(\$ 188,635)	(\$ 55,628)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	111,766	111,766	479,751	51.00	8,332	(53,693)	(28,399)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	205,870	205,870	4,315,657	100.00	139,967	17,759	17,759	(Note 8)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA.	Brazil	Manufacturing and sales of electronic products	320,934	320,934	87,000,000	100.00	391,975	(40,361)	(40,361)	(Note 8)
Delta Electronics (Netherlands) B.V.	Amerlux, LLC	U.S.A.	Design and producing of dedicated lighting system and facilities	2,829,454	2,854,767	-	100.00	2,828,101	2,338	(60,462)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech SGP Pte. Ltd.	Singapore	Equity investments	808,732	808,732	12,175,470	100.00	665,168	58,444	30,639	(Note 8)
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	218,734	218,734	250,000	100.00	1,487,449	351,138	351,138	(Note 16)
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	65,728	65,728	-	100.00	46,480	(10,904)	(10,904)	(Note 16)
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	34,643,263	34,643,263	534,479,306	42.85	35,659,698	5,161,799	1,723,416	(Note 13)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER INCORPORATED	Philippines	Sales of power supplies and others	21,812	21,812	11,400,000	100.00	14,606	(9,736)	(9,736)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER CO., LTD.	Thailand	Sales of power supplies and others	-	-	40,000	100.00	230,920	(132)	(132)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (CAMBODIA) LTD.	Cambodia	Sales of power supplies and others	-	-	1,000	100.00	(18,138)	1,673	1,673	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Malaysia	Sales of power supplies and others	59,802	59,802	300,000	100.00	(67,470)	(6,754)	(6,754)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec Electronics GmbH	Austria	Consulting service of building management and control solutions	2,349,972	2,349,972	-	100.00	2,395,032	38,707	(3,171)	(Note 7)
Loy Tec Electronics GmbH	LOYTEC Americas, Inc.	U.S.A.	Consulting service of building management and control solutions	-	289	-	-	-	118	118	(Note 17 and 21)
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,149,906	5,149,906	1,196,886,000	100.00	2,225,519	59,409	59,017	(Note 3)
Delta Networks, Inc.	Delta Networks (HK) Limited	Hong Kong	Equity investments	1,013,425	1,013,425	35,000,000	100.00	2,201,454	59,158	59,158	(Note 4)
Digital Projection International Ltd.	Digital Projection Holdings Ltd.	Britain	Equity investments	160,461	-	40,526,221	100.00	(135,212)	(137,206)	(137,253)	(Note 19)

Table 8-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	\$ 1,116,521	\$ 1,116,521	32,740,062	100.00	\$ 29,296,142	\$ 489,196	\$ 489,196	(Note 5)
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	347,387	179,161	15,432,000	100.00	275,617	13,867	3,768	(Note 5)
Delta Electronics (Thailand) Public Company Limited	DET International Holding Limited	Cayman Islands	Equity investments	8,733,413	8,733,413	264,357,330	100.00	6,731,506	193,299	(320,687)	(Note 18)
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	190,385	190,385	20,600,000	100.00	99,208	(3,225)	(3,225)	(Note 18)
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Singapore) PTE. LTD.	Singapore	Equity investments, trading, management and consultancy	5,151,379	5,151,379	146,586,590	100.00	8,991,483	122,848	124,823	(Note 18)
Vivotek Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	305,651	20,243,849	50.53	(29,320)	(64,806)	(30,727)	(Note 11)
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	253,889	55,553	55,553	(Note 11)
Vivotek Inc.	Realwin Investment Inc.	Taiwan	A venture capital company	173,696	173,696	17,369,635	100.00	106,634	14,569	15,041	(Note 11)
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	10,812	628	628	(Note 11)
Vivotek Inc.	Otus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	44,294	6,000,000	100.00	42,609	35,381	35,381	(Note 11)
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	17,939	6,600	100.00	31,600	7,091	7,091	(Note 11)
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	29,100	29,100	10,000,000	100.00	329,517	55,559	55,559	(Note 10)
Realwin Investment Inc.	Skywatch INC.	Taiwan	Wholesale of electronic equipment	755	6,211	50,070	1.66	-	(4,040)	-	(Note 15)
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	48,056	1,589	1,589	(Note 12)
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	34,045	34,045	3,372,500	56.21	43,342	12,905	7,254	(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	(9,898)	1,498	1,348	(Note 12)
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	10,200	10,200	1,020,000	51.00	2,429	(492)	(251)	(Note 12)

Table 8-4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Realwin Investment Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	\$ 31,123	\$ 31,123	1,556,142	3.88	(\$ 630)	(\$ 64,806)	(\$ 2,517)	(Note 12)

Note 1: The Company's second-tier subsidiary or subsidiary's investee accounted for under equity method, 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 89.74% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V.. Considering the 10.26% equity shares held by the Company, the total ownership was 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 Company indirectly acquired 15.39% and 42.85% equity shares of Delta Electronics (Thailand) Public Company Limited through Delta International Holding Limited and Delta Electronics Int'l (Singapore) Pte. Ltd., respectively, considering 5.54% equity shares held by the Company, the total ownership was 63.78%.

Note 14: The Company indirectly acquired 60.38% equity shares of PreOptix (Hong Kong) Co., Ltd. through Delta International Holding Limited.

Considering the 39.62% equity shares held by the Company, the total ownership was 100%. For the first three quarters of 2020, PreOptix (Hong Kong) Co., Ltd.

returned capital amounting to USD 5,250,000 and USD 8,000,000 to the Company and Delta International Holding Limited, respectively, which is yet to be completed as at September 30, 2020.

Note 15: 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 16: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta America Ltd.

Note 17: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Loy Tec Electronics GmbH.

Note 18: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics (Thailand) Public Company Limited.

Note 19: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Digital Projection International Ltd.

Note 20: This company had been liquidated in February 2020.

Note 21: This company had been liquidated in September 2020.

Delta Electronics, Inc. and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2020

Table 9

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2020	Net income (loss) of investee for the nine months ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 25)	Book value of investments in Mainland China as at September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as at September 30, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and thermal products	\$ 2,832,089	Invested by DHK	\$ 2,229,366	\$ -	\$ -	\$ 2,229,366	\$ 385,443	100.00	\$ 384,500	\$ 3,809,333	\$ 279,706	(Notes 3 and 20)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,219,006	Invested by DHK	685,857	-	-	685,857	145,427	100.00	144,875	2,319,689	389,039	(Notes 6 and 20)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products	3,373,122	Invested by DHK	452,956	-	-	452,956	1,981,587	100.00	1,981,417	6,314,757	-	(Notes 9 and 20)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others	3,879,970	Invested by DHK	495,456	-	-	495,456	211,769	100.00	209,739	4,212,998	-	(Notes 10 and 20)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,824,165	Invested by DHK	123,779	-	-	123,779	78,447	100.00	79,226	1,842,406	-	(Notes 11 and 20)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,158,200	Invested by DHK	4,059,454	-	-	4,059,454	588,331	100.00	589,527	2,762,950	-	(Note 20)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	3,411,189	Invested by DHK	6,649,770	-	-	6,649,770	515,326	100.00	514,540	6,270,157	51,084	(Notes 7 and 20)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	839,695	Invested by DHK	1,379,857	-	-	1,379,857	28,515	100.00	28,297	1,259,696	-	(Notes 8 and 20)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	131,166	Invested by DHK	957,981	-	-	957,981	-	-	-	-	-	(Notes 12 and 20)
Eltek 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	214,267	Invested by DHK	1,097,679	-	-	1,097,679	(15,751)	100.00	(15,751)	152,133	-	(Note 20)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	127,581	Invested by DHK	150,412	-	-	150,412	33,559	100.00	33,559	174,469	-	(Note 20)

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2020	Net income (loss) of investee for the nine months ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 25)	Book value of investments in Mainland China as at September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as at September 30, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	\$ 212,636	Invested by DHK	\$ 13,243	\$ -	\$ -	\$ 13,243	\$ 3,847	100.00	\$ 3,847	\$ 155,804	\$ -	(Notes 13 and 20)
Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral equipment and software	233,899	Invested by DHK	244,915	-	-	244,915	(10,416)	100.00	(10,416)	204,411	-	(Note 20)
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	5,848,910	Invested by CHK	5,746,478	-	-	5,746,478	467,258	100.00	467,258	7,963,580	-	(Note 22)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,013,425	Invested by DNHK	1,294,472	-	-	1,294,472	64,784	100.00	64,759	1,758,748	637,010	(Notes 5 and 21)
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	62,720	Invested by DNHK	20,269	-	-	20,269	(8,661)	30.00	(2,598)	13,569	-	(Note 21)
DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	115,820	Invested by DelBio	115,820	-	-	115,820	4,701	100.00	4,701	171,482	-	(Note 23)
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	8,687	Invested by UNICOM	8,687	-	8,687	-	6,274	100.00	6,274	-	52,777	(Note 18)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	108,444	Invested by DCZ	-	-	-	-	31,171	100.00	31,370	179,333	-	(Note 15)
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	-	Invested by DPEC and DDG	-	-	-	-	15	-	15	-	-	(Notes 15 and 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.	42,527	Invested by DPEC and DGC	-	-	-	-	54	96.32	54	32,555	-	(Note 15)

Table 9-2

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, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as at September 30, 2020	Net income (loss) of investee for the nine months ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 25)	Book value of investments in Mainland China as at September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as at September 30, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	\$ 425	Invested by DET-SH	\$ -	\$ -	\$ -	\$ -	\$ 592	96.32	\$ 592	\$ 8,766	\$ -	(Note 15)
Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	13,754	Invested by Amerlux Lighting Hong Kong Limited	170,049	4,332	-	174,381	18,200	100.00	18,200	38,431	-	(Notes 14 and 24)
Delta Greentech (China) Co., Ltd.	Sales of uninterruptible power systems	2,415,539	Invested by Drake-HK, Boom and DGSG	8,854,805	-	-	8,854,805	803,524	95.91	770,668	5,706,880	-	(Notes 4 and 19)
Cyntec Electronics (Wuhu) Co., Ltd.	Research, development, manufacturing, processing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and molding as well as processing of semi-finished alloy steel powder; import and export of goods or technique.	28,955	Invested by DHK	-	28,955	-	28,955	17	100.00	17	28,947	-	(Notes 17 and 20)
Fujian Kaixin Construction Engineering Co., Ltd.	Constructions of buildings and structures, steel structures, building decoration, earth work, municipal public works and landscape as well as design and construction of hydraulic and hydroelectric engineering and structural reinforcement and reconditioning	106,318	Invested by DPT	-	-	-	-	-	40.00	-	11,908	-	(Note 15)

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 6.8086 to US\$1 and NTD 4.25271 to RMB\$1.

Note 2: The accumulated remittance as at January 1, 2020, remitted or collected this period, accumulated remittance as at September 30, 2020 and investment income remitted back as at September 30, 2020 was translated into New Taiwan Dollars at the average exchange rate of NTD 28.955 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\$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.

Additionally, on September 24, 2020, Delta Electronics Components (Wujiang) Ltd. merged with Delta Electronics (Jiangsu) Ltd. as permitted by Investment Commission. Under the merger procedure, Delta Electronics (Jiangsu) Ltd. will be the surviving company and Delta Electronics Components (Wujiang) Ltd. will be the dissolved company. As of September 30, 2020, the procedure was still in process.

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.

Additionally, on September 24, 2020, Delta Video Display System (Wujiang) Ltd. merged with Delta Electronics (Jiangsu) Ltd. as permitted by Investment Commission. Under the merger procedure, Delta Electronics (Jiangsu) Ltd. will be the surviving company and Delta Video Display System (Wujiang) Ltd. will be the dissolved company. As of September 30, 2020, the procedure was still in process.

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: 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 12: 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 13: 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 14: On July 15, 2020, the Investment Commission permitted that the unused facility of US\$3,577.51 thousand from the facility of US\$9,600 thousand initially permitted by Investment Commission was retired as the payment of transfer price was made.

Note 15: 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 investment the Company's ceiling of amount in Mainland China.

Note 16: This company had been liquidated in January 2020.

Note 17: It was established during 2020.

Note 18: The investment in Unicom (Nanjing) System Eng. Corp. from UNICOM SYSTEM ENG. CORP. was under retirement procedure. As of September 30, 2020, the procedure is still in progress, except for the share capital of US\$300 thousand retired and the capitalisation of earnings of US\$688.35 thousand have been remitted back to Taiwan, the capitalisation of earnings of US\$1,134.37 thousand to be remitted back were also permitted by the Investment Commission.

Note 19: Jointly invested through Drake Investment (HK) Limited, DELTA GREENTECH SGP Pte. Ltd. and Boom Treasure Limited.

Note 20: Invest through Delta Electronics (H.K.) Limited.

Note 21: Invest through Delta Networks (H.K.) Ltd.

Note 22: Invest through Cyntec Holding (H.K.) Limited.

Note 23: Invest through DelBio Inc.

Note 24: Invest through Amerlux Lighting Hong Kong Limited.

Note 25: Except for Delta Green (Tianjin) Industries Co., Ltd., Delta Electronics (Pingtan) Co., Ltd., Delta Energy Technology (Dongguan) Co., Ltd., Delta Energy Technology (Shanghai) Co., Ltd., DelBio (Wujiang) Co., Ltd., Eltek Energy Technology (Dongguan) Ltd., Delta Energy Technology Puhuan (Shanghai) Co., Ltd., Delta Electronics (Beijing) Co., Ltd., Delta Electronics (Xi'an) Co., Ltd., Unicom (Nanjing) System Eng. Corp., Guangzhou Amerlux Lighting Co., Ltd., Cyntec Electronics (Wuhu) Co., Ltd., Delta Networks (Xiamen) Ltd., and Fujian Kaixin Construction Engineering Co., Ltd. whose investment income (loss) was recognised based on recognised gain or loss on investment based on financial statement prepared by each company, others were recognised.

Company name	Accumulated amount remitted from Taiwan to Mainland China as at September 30, 2020	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)	\$ 28,106,782	\$ 28,630,723	\$ -
Cyntec Co., Ltd.	5,746,478	5,746,478	16,522,053
DelBio Inc. (Note 4)	115,820	115,820	129,360
UNICOM SYSTEM ENG. CORP. (Note 5)	-	-	-

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 28.955 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 DelBio Inc.'s 60% of net assets as at September 30, 2020.

Note 5: The investment in Unicom (Nanjing) System Eng. Corp. from UNICOM SYSTEM ENG. CORP. was under retirement procedure. Please refer to the abovementioned Note 18 for details.

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 Cyntec International Limited. - Labuan (CIL-Labuan) for the nine months ended September 30, 2020 are shown in Table 5 and 6.

Delta Electronics, Inc. and Subsidiaries
Major shareholders information
September 30, 2020

Table 10

Name of major shareholders	Shares	No. of shares held	Ownership (%)
DEICO INTERNATIONAL LTD.		267,556,280	10.30%
DELTRON HOLDING LTD.		218,211,168	8.40%