

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

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

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 March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards (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 accountants.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Generally Accepted Auditing Standards (GAAS) 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 equity method were not reviewed by independent accountants. Those statements reflect total assets (including investments accounted for under equity method) of NT\$19,057,569 thousand and NT\$22,259,504 thousand, constituting 6.23% and 8.39% of

the consolidated total assets, and total liabilities of NT\$6,894,423 thousand and NT\$7,484,979 thousand, constituting 5.17% and 6.21% of the consolidated total liabilities as at March 31, 2020 and 2019, respectively, and total comprehensive income of (NT\$133,260) thousand and NT\$163,461 thousand, constituting 8.31% and 3.12% of the consolidated total comprehensive income (loss) for the three months then ended, respectively.

Qualified Conclusion

Based on our reviews and the review reports of other independent accountants as described in the Other Matter–Review Reports By Other Independent Accountants 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 March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “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 Accountants

We did not review the financial statements of certain consolidated subsidiaries and investment accounted for under equity method. Total assets of the subsidiaries amounted to NT\$50,877,624 thousand and NT\$4,517,508 thousand, constituting 16.64% and 1.70% of the consolidated total assets as at March 31, 2020 and 2019, respectively, and total operating revenues amounted to NT\$11,946,469 thousand and NT\$1,712,169 thousand, constituting 21.46% and 3.16% of consolidated total operating revenues for the three months then ended, respectively. The investment accounted for under equity method amounted to NT\$8,606,320 thousand, constituting 3.24% of the consolidated total assets as at March 31, 2019, and the share of profit of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method was NT\$429,060 thousand, constituting 8.18% of the consolidated total comprehensive income for the three months then ended. Those financial statements and information disclosed in Note

13 were reviewed by other independent accountants whose reports thereon have been furnished to us, and our conclusion expressed herein, is based solely on the review reports of the other independent accountants.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as at and for the three-month period ended March 31, 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 \$30.225 to US\$1.00 at March 31, 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

April 29, 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
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(THE BALANCE SHEETS AS OF MARCH 31, 2020 AND 2019 ARE UNAUDITED)

Assets	Notes	US Dollars		New Taiwan Dollars	
		March 31, 2020	March 31, 2020	December 31, 2019	March 31, 2019
Current assets					
Cash and cash equivalents	6(1)	\$ 1,640,723	\$ 49,590,843	\$ 43,960,001	\$ 68,516,221
Financial assets at fair value through profit or loss - current	6(2)	20,885	631,262	1,122,458	1,178,167
Financial assets at fair value through other comprehensive income - current	6(3)	6,983	211,057	319,823	346,214
Derivative financial assets for hedging - current	6(4)	-	-	-	7,179
Contract assets - current		35,552	1,074,568	1,087,489	1,649,180
Notes receivable, net	6(5)	110,256	3,332,497	3,816,628	3,765,849
Accounts receivable, net	6(5)	1,484,823	44,878,780	52,955,106	44,041,472
Accounts receivable - related parties	7	949	28,695	263,644	1,399,904
Other receivables		49,746	1,503,567	1,479,625	825,234
Other receivables - related parties	7	22	656	532	105,907
Current income tax assets		17,254	521,516	372,654	465,210
Inventories	6(7)	1,256,073	37,964,809	39,316,423	33,364,172
Prepayments		84,788	2,562,732	2,400,734	1,669,199
Other current assets	8	13,360	403,748	463,074	499,012
Total current assets		<u>4,721,414</u>	<u>142,704,730</u>	<u>147,558,191</u>	<u>157,832,920</u>
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	71,360	2,156,842	2,225,239	2,494,266
Financial assets at fair value through other comprehensive income - non-current	6(3)	41,681	1,259,802	1,797,301	2,386,272
Contract assets - non-current		9,230	278,983	304,338	513,226
Investments accounted for under equity method	6(8)	28,948	874,967	1,138,920	9,816,391
Property, plant and equipment	6(9) and 8	2,111,360	63,815,846	63,590,981	48,534,301
Right-of-use assets	6(10)	101,624	3,071,580	3,113,833	2,886,828
Investment property, net	6(11)	466	14,070	14,070	14,070
Intangible assets	6(12)	2,730,828	82,539,291	82,432,653	32,331,655
Deferred income tax assets		218,296	6,597,994	6,679,405	6,748,506
Other non-current assets	6(5)(13) and 8	80,720	2,439,777	2,182,359	1,768,306
Total non-current assets		<u>5,394,513</u>	<u>163,049,152</u>	<u>163,479,099</u>	<u>107,493,821</u>
Total assets		<u>\$ 10,115,927</u>	<u>\$ 305,753,882</u>	<u>\$ 311,037,290</u>	<u>\$ 265,326,741</u>

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

Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
		March 31, 2020	March 31, 2020	December 31, 2019	March 31, 2019
Current liabilities					
Short-term borrowings	6(14)	\$ 325,766	\$ 9,846,267	\$ 7,575,932	\$ 8,259,317
Financial liabilities at fair value through profit or loss - current	6(2)	10,077	304,590	15,929	2,866
Derivative financial liabilities for hedging - current	6(4)	-	-	-	79,253
Contract liabilities - current		110,029	3,325,637	3,352,208	2,776,650
Notes payable		374	11,304	21,669	7,046
Accounts payable		1,141,292	34,495,538	39,478,462	32,148,385
Accounts payable - related parties	7	469	14,162	32,197	1,315,678
Other payables		894,047	27,022,564	28,829,379	23,262,150
Current income tax liabilities		76,378	2,308,512	2,187,076	2,833,160
Other current liabilities	6(15)	137,741	4,163,246	4,233,308	4,023,051
Total current liabilities		<u>2,696,173</u>	<u>81,491,820</u>	<u>85,726,160</u>	<u>74,707,556</u>
Non-current liabilities					
Long-term borrowings	6(15)	961,704	29,067,496	27,748,839	27,255,205
Deferred income tax liabilities		464,377	14,035,789	14,008,861	12,251,202
Lease liabilities - non-current		46,516	1,405,950	1,421,265	1,347,869
Other non-current liabilities		246,235	7,442,454	7,777,723	5,055,639
Total non-current liabilities		<u>1,718,832</u>	<u>51,951,689</u>	<u>50,956,688</u>	<u>45,909,915</u>
Total liabilities		<u>4,415,005</u>	<u>133,443,509</u>	<u>136,682,848</u>	<u>120,617,471</u>
Equity					
Share capital					
Share capital - common stock	6(17)	859,402	25,975,433	25,975,433	25,975,433
Capital surplus					
Capital surplus	6(18)	1,635,441	49,431,190	49,103,331	48,396,770
Retained earnings					
Legal reserve	6(19)	828,147	25,030,754	25,030,754	23,211,444
Special reserve		250,158	7,561,032	7,561,032	7,088,143
Unappropriated retained earnings		1,378,762	41,673,079	40,108,361	36,425,891
Other equity interest					
Other equity interest		(329,427)	(9,956,931)	(7,622,034)	(6,175,339)
Equity attributable to owners of the parent		<u>4,622,483</u>	<u>139,714,557</u>	<u>140,156,877</u>	<u>134,922,342</u>
Non-controlling interest	4(3)	<u>1,078,439</u>	<u>32,595,816</u>	<u>34,197,565</u>	<u>9,786,928</u>
Total equity		<u>5,700,922</u>	<u>172,310,373</u>	<u>174,354,442</u>	<u>144,709,270</u>
Significant contingent liabilities and unrecorded contract commitments	9				
Total liabilities and equity		<u>\$ 10,115,927</u>	<u>\$ 305,753,882</u>	<u>\$ 311,037,290</u>	<u>\$ 265,326,741</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

Items	Notes	US Dollars	New Taiwan Dollars	
		Three months ended March 31, 2020	Three months ended March 31, 2020	2019
Sales revenue	6(20) and 7	\$ 1,842,129	\$ 55,678,341	\$ 54,102,227
Operating costs	6(7)(24)(25) and 7	(1,354,330)	(40,934,614)	(39,854,674)
Gross profit		<u>487,799</u>	<u>14,743,727</u>	<u>14,247,553</u>
Operating expenses	6(24)(25)			
Selling expenses		(146,176)	(4,418,168)	(4,161,646)
General and administrative expenses		(90,768)	(2,743,461)	(2,297,871)
Research and development expenses		(182,857)	(5,526,858)	(4,703,327)
Expected credit impairment gain (loss)	12(2)	(2,506)	(75,750)	53,823
Total operating expenses		<u>(422,307)</u>	<u>(12,764,237)</u>	<u>(11,109,021)</u>
Operating profit		<u>65,492</u>	<u>1,979,490</u>	<u>3,138,532</u>
Non-operating income and expenses				
Other income	6(21)	39,136	1,182,894	1,008,472
Other gains and losses	6(22)	(6,187)	(187,026)	(225,147)
Finance costs	6(23)	(3,733)	(112,825)	(163,220)
Share of profit (loss) of associates and joint ventures accounted for under equity method	6(8)	(861)	(26,017)	189,282
Total non-operating income and expenses		<u>28,355</u>	<u>857,026</u>	<u>809,387</u>
Profit before income tax		93,847	2,836,516	3,947,919
Income tax expense	6(26)	(20,131)	(608,447)	(488,758)
Profit for the period		<u>\$ 73,716</u>	<u>\$ 2,228,069</u>	<u>\$ 3,459,161</u>

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

Items	Notes	US Dollars	New Taiwan Dollars	
		Three months ended March 31, 2020	Three months ended March 31, 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		\$ 458	\$ 13,844	(\$ 147,704)
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	(15,302)	(462,518)	536,128
Share of other comprehensive income of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		-	-	711
Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>(14,844)</u>	<u>(448,674)</u>	<u>389,135</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations		(114,898)	(3,472,802)	1,609,179
Loss on hedging instrument		(1,137)	(34,353)	(7,325)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		(7)	(203)	205,736
Income tax relating to the components of other comprehensive income (loss) that will be reclassified to profit or loss	6(26)	4,084	123,411	(409,170)
Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(111,958)</u>	<u>(3,383,947)</u>	<u>1,398,420</u>
Other comprehensive income (loss) for the period		<u>(\$ 126,802)</u>	<u>(\$ 3,832,621)</u>	<u>\$ 1,787,555</u>
Total comprehensive income (loss) for the period		<u>(\$ 53,086)</u>	<u>(\$ 1,604,552)</u>	<u>\$ 5,246,716</u>
Profit attributable to:				
Owners of the parent		\$ 68,397	\$ 2,067,299	\$ 3,372,420
Non-controlling interest		\$ 5,319	\$ 160,770	\$ 86,741
Comprehensive income (loss) attributable to:				
Owners of the parent		(\$ 25,481)	(\$ 770,179)	\$ 4,649,537
Non-controlling interest		(\$ 27,605)	(\$ 834,373)	\$ 597,179
Basic Earnings per share				
Basic earnings per share	6(27)	\$ 0.03	\$ 0.80	\$ 1.30
Diluted earnings per share				
Diluted earnings per share	6(27)	\$ 0.03	\$ 0.79	\$ 1.29

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

Items	Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
		Retained Earnings					Other Equity Interest						
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total	Total		
<u>2019 New Taiwan Dollars</u>													
Balance at January 1, 2019		25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	(\$ 3,270,159)	\$ 131,152	\$ 130,271,159	\$ 9,189,749	\$ 139,460,908	
Effects of retrospective application and retrospective restatement		-	-	-	-	1,943	-	-	-	1,943	-	1,943	
Balance after retrospective restatement at January 1, 2019		25,975,433	48,397,067	23,211,444	7,088,143	33,162,047	(4,422,025)	(3,270,159)	131,152	130,273,102	9,189,749	139,462,851	
Profit for the period		-	-	-	-	3,372,420	-	-	-	3,372,420	86,741	3,459,161	
Other comprehensive income (loss) for the period		-	-	-	-	(74,235)	794,854	536,128	20,370	1,277,117	510,438	1,787,555	
Comprehensive income for the period		-	-	-	-	3,298,185	794,854	536,128	20,370	4,649,537	597,179	5,246,716	
Changes in ownership interests in subsidiaries		-	(297)	-	-	-	-	-	-	(297)	-	(297)	
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(34,341)	-	34,341	-	-	-	-	
Balance at March 31, 2019		\$ 25,975,433	\$ 48,396,770	\$ 23,211,444	\$ 7,088,143	\$ 36,425,891	(\$ 3,627,171)	(\$ 2,699,690)	\$ 151,522	\$ 134,922,342	\$ 9,786,928	\$ 144,709,270	
<u>2020 New Taiwan Dollars</u>													
Balance at January 1, 2020		\$ 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	
Profit for the period		-	-	-	-	2,067,299	-	-	-	2,067,299	160,770	2,228,069	
Other comprehensive income (loss) for the period		-	-	-	-	12,696	(2,356,738)	(462,518)	(30,918)	(2,837,478)	(995,143)	(3,832,621)	
Comprehensive income (loss) for the period		-	-	-	-	2,079,995	(2,356,738)	(462,518)	(30,918)	(770,179)	(834,373)	(1,604,552)	
Changes in ownership interests in subsidiaries		-	327,859	-	-	-	-	-	-	327,859	-	327,859	
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(767,376)	(767,376)	
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(515,277)	-	515,277	-	-	-	-	
Balance at March 31, 2020		\$ 25,975,433	\$ 49,431,190	\$ 25,030,754	\$ 7,561,032	\$ 41,673,079	(\$ 7,691,730)	(\$ 2,381,539)	\$ 116,338	\$ 139,714,557	\$ 32,595,816	\$ 172,310,373	

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

Equity attributable to owners of the parent												
Items	Notes	Retained Earnings					Other Equity Interest			Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments			
<u>2020 US Dollars</u>												
Balance at January 1, 2020		\$ 859,402	\$ 1,624,593	\$ 828,147	\$ 250,158	\$ 1,326,993	(\$ 176,509)	(\$ 80,539)	\$ 4,871	\$ 4,637,116	\$ 1,131,433	\$ 5,768,549
Profit for the period		-	-	-	-	68,397	-	-	-	68,397	5,319	73,716
Other comprehensive income (loss) for the period		-	-	-	-	420	(77,973)	(15,302)	(1,023)	(93,878)	(32,924)	(126,802)
Comprehensive income (loss) for the period		-	-	-	-	68,817	(77,973)	(15,302)	(1,023)	(25,481)	(27,605)	(53,086)
Changes in ownership interests in subsidiaries		-	10,848	-	-	-	-	-	-	10,848	-	10,848
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(25,389)	(25,389)
Disposal of equity investments at fair value through other comprehensive income	(6)(3)	-	-	-	-	(17,048)	-	17,048	-	-	-	-
Balance at March 31, 2020		<u>\$ 859,402</u>	<u>\$ 1,635,441</u>	<u>\$ 828,147</u>	<u>\$ 250,158</u>	<u>\$ 1,378,762</u>	<u>(\$ 254,482)</u>	<u>(\$ 78,793)</u>	<u>\$ 3,848</u>	<u>\$ 4,622,483</u>	<u>\$ 1,078,439</u>	<u>\$ 5,700,922</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Notes	US Dollars	New Taiwan Dollars	
		Three months ended March 31, 2020	Three months ended March 31, 2020 2019	
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated profit before tax for the period		\$ 93,847	\$ 2,836,516	\$ 3,947,919
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(9)(10) (24)	96,082	2,904,083	2,312,912
Amortization	6(12)(24)	32,717	988,871	599,328
Expected credit impairment loss (gain)	12(2)	2,506	75,750 (	53,823)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(22)	25,518	771,288 (	41,892)
Interest expense	6(23)	3,733	112,825	159,604
Interest income	6(21) (	5,394) (	163,045) (	253,196)
Dividend income	6(21) (	269) (	8,126) (	35,373)
Share-based payments	6(28)	328	9,925	730
Share of profit of associates accounted for under equity method	6(8)	861	26,017 (	189,282)
Loss on disposal of property, plant and equipment	6(22)	455	13,755	7,861
Loss on disposal of investments	6(22)	2,802	84,685	96,441
Change 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		1,799	54,386 (	217,723)
Contract assets		1,266	38,276	41,760
Notes receivable		16,018	484,131	325,382
Accounts receivable		272,415	8,233,745	8,065,847
Accounts receivable - related parties		7,773	234,949	322,210
Other receivables	(	340) (	10,275) (	68,226)
Other receivables - related parties	(	4) (	124) (	6,518)
Inventories		50,668	1,531,450	937,694
Prepayments	(	5,360) (	161,998) (	518,134)
Other current assets		1,360	41,112 (	17,441)
Other non-current assets	(	3,497) (	105,682) (	98,071)
Net changes in liabilities relating to operating activities				
Contract liabilities	(	879) (	26,571)	133,332
Notes payable	(	343) (	10,365) (	909)
Accounts payable	(	181,272) (	5,478,939) (	6,868,388)
Accounts payable - related parties	(	597) (	18,035) (	168,657)
Other payables	(	85,242) (	2,576,441) (	1,524,438)
Other current liabilities	(	2,881) (	87,088) (	160,039)
Other non-current liabilities	(	10,919) (	330,093) (	12,322)
Cash inflow generated from operations		313,151	9,464,982	6,741,232
Interest received		5,084	153,663	321,763
Dividends received		127	3,841	35,373
Interest paid	(	3,658) (	110,575) (	139,579)
Income taxes paid	(	18,775) (	567,478) (	556,794)
Net cash flows from operating activities		295,929	8,944,433	6,401,995

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Notes	US Dollars	New Taiwan Dollars	
		Three months ended March 31, 2020	Three months ended March 31, 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)	6,137	185,486	789,200
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(29)	(7,299)	(220,624)	-
Acquisition of property, plant and equipment	6(9)	(134,961)	(4,079,204)	(2,264,662)
Proceeds from disposal of property, plant and equipment		909	27,475	23,191
Acquisition of intangible assets	6(12)	(5,100)	(154,136)	(127,483)
Decrease (increase) in other financial assets		642	19,410	(29,988)
Increase in other non-current assets		(4,281)	(129,389)	(177,717)
Net cash flows used in investing activities		(143,953)	(4,350,982)	(1,798,649)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Increase in short-term borrowings	6(30)	75,114	2,270,335	2,000,255
Proceeds from long-term debt	6(30)	44,003	1,330,000	2,121,529
Repayment of long-term debt	6(30)	(506)	(15,299)	(104,263)
Lease principal repayment		(6,361)	(192,266)	(147,956)
Net cash flows from financing activities		112,250	3,392,770	3,869,565
Effects due to changes in exchange rate		(77,928)	(2,355,379)	424,613
Net increase in cash and cash equivalents		186,298	5,630,842	8,897,524
Cash and cash equivalents at beginning of period		1,454,425	43,960,001	59,618,697
Cash and cash equivalents at end of period		\$ 1,640,723	\$ 49,590,843	\$ 68,516,221

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were reported to the Board of Directors on April 29, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

None.

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

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

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

The above standards and interpretations have no significant impact to the 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
				March 31, 2020	December 31, 2019	March 31, 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	
4	Delta Electronics, Inc. and DIH	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	100	100	100	Note 1 Note 2 Note 31
5	Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuits and information software services	-	-	98.17	Note 2 Note 4
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	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
9	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	100	100	100	Note 5
10	"	Allied Material Technology Corp. (AMT)	Lease services, etc.	99.97	99.97	99.97	
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 28
12	DEN/DIH	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	100	100	100	Note 6
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	
15	"	DAC Holding (Cayman) Limited (DAC)	Equity investments	-	-	100	Note 2 Note 7

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
16	DIH	Ace Pillar Holding Co., Ltd. (Ace)	Equity investments	-	-	100	Note 4
17	DEN/DIH	Drake Investment (HK) Limited (Drake-HK)	"	100	100	100	Note 6
18	DGSG, Drake-HK, Boom/DIH, Ace, Drake-HK, DGSG, Boom	Delta Greentech (China) Co., Ltd. (DGC)	Sales of uninterruptible power systems and others	95.91	95.91	95.91	Note 8
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 6
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 6
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

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
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	
28	"	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design, management consulting service and distribution of electronic products	100	100	100	
29	DHK/DHK, Apex-HK, Galaxy Star-HK and Jade-HK	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	100	100	100	Note 10
30	"	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	100	100	100	Note 10
31	"	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	100	100	100	Note 10
32	DHK	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of LED light source, power supplies and others	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
33	DHK	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of transformers	100	100	100	
34	"	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management system of industrial automation product and telecommunications equipment	100	100	100	Note 1 Note 2
35	"	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	-	-	100	Note 2 Note 11
36	"	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 12
39	DEJ	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 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	
41	DAC	Delta Video Technology Limited (DVT)	Sales of electronic products	-	-	100	Note 2 Note 13
42	DWH	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of transformers	-	-	100	Note 14
43	DCZ	Chenzhou Delta Technology Co., Ltd. (CDT)	„	100	100	100	
44	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 15

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
45	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
46	DNH	Delta Networks, Inc. (DNI Cayman)	Equity investments	100	100	100	
47	Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan) (DNIT)	Research, development, design, manufacturing and sales of networking system and peripherals	-	-	99.98	Note 16
48	DNI Cayman	DNI Logistics (USA) Corporation (ALN)	Trading of networking system and peripherals	-	-	100	Note 2 Note 17
49	"	Delta Networks (HK) Limited (DNHK)	Equity investments	100	100	100	

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
50	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	
51	Cyntec	Fairview Assets Ltd. (Fairview)	Equity investments	100	100	100	
52	Fairview	Grandview Holding Ltd. (Grandview)	"	100	100	100	
53	Grandview	CYNTEC HOLDING (HK) LTD. (CHK)	"	100	100	100	
54	"	Cyntec International Ltd. (CIL-Labuan)	Trading	100	100	100	
55	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	
56	DelBio	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	100	100	100	Note 1 Note 2
57	DIH/DEN	ELTEK AS	Research, development and sales of power supplies and others	100	100	100	Note 6

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
58	DEN	Castle Horizon Limited	Equity investments	-	100	100	Note 18
59	"	Energy Dragon Global Limited	"	-	100	100	Note 18
60	DIH/DEN	Delta Controls Inc. (DCI)	Provide solutions to building management and control	100	100	100	Note 6
61	"	DELTA ELECTRONICS HOLDING (USA) INC.	Equity investments	100	100	100	Note 1 Note 2 Note 6
62	ELTEK AS	ELTEK PAKISTAN (PRIVATE) LIMITED	Sales of power supplies and others	100	100	100	Note 1 Note 2
63	"	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	100	100	100	Note 1 Note 2
64	"	ELTEK AUSTRALIA PTY LIMITED	"	100	100	100	Note 1 Note 2
65	"	Eltek Egypt for Power Supply S.A.E.	Sales of power supplies and others	95	95	95	Note 1 Note 2
66	"	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
67	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
68	DELI-SG	ELTEK POWER PTE. LTD.	Sales of power supplies and others and system installation	-	-	100	Note 2 Note 5
69	ELTEK AS	Eltek Polska Sp. z o. o.	"	51.04	51.04	51.04	Note 1 Note 2
70	"	ELTEK POWER FRANCE SAS	"	100	100	100	Note 1 Note 2
71	"	ELTEK LIMITED	Equity investments and trading	100	100	100	Note 1 Note 2
72	"	ELTEK MEA DMCC	Sales of power supplies and others	100	100	100	Note 1 Note 2
73	ELTEK MEA DMCC and ELTEK AS	ELTEK KENYA LIMITED	Sales of power supplies	100	100	100	Note 1 Note 2
74	"	ELTEK WEST AFRICA LIMITED	"	100	100	100	Note 1 Note 2
75	ELTEK AS	Eltek Italia S.r.l.	Sales of power supplies and others	100	100	100	Note 1 Note 2
76	"	Eltek Power Sweden AB	Sales of power supplies and equity investments	100	100	100	Note 1 Note 2
77	"	Eltek Power (UK) Ltd.	Sales of power supplies	100	100	100	Note 1 Note 2
78	"	Eltek Power Oy	Sales of power supplies and others	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
79	ELTEK AS	OOO Eltek	Sales of power supplies and others and system installation	100	100	100	Note 1 Note 2
80	"	ELTEK ENERJI SISTEMLERI LIMITED SIRKETI	Sales of power supplies and others	100	100	100	Note 1 Note 2
81	Eltek Deutschland GmbH	Eltek Montage GmbH	Installation and maintenance of power supplies	100	100	100	Note 1 Note 2
82	"	E.V.I Electronics Sp. z o. o.	Trading and construction of power supply model	-	-	100	Note 2 Note 19
83	DEIL-SG/ELTEK POWER PTE. LTD.	ELTEK POWER INCORPORATED	Sales of power supplies and others	100	100	100	Note 1 Note 2 Note 20
84	"	ELTEK POWER CO., LTD.	"	100	100	100	Note 1 Note 2 Note 20 Note 21
85	"	ELTEK POWER (CAMBODIA) LTD.	"	100	100	100	Note 1 Note 2 Note 20
86	"	ELTEK POWER (MALAYSIA) SDN. BHD.	"	100	100	100	Note 1 Note 2 Note 20 Note 22
87	ELTEK LIMITED	ELTEK CVI LIMITED	Equity investments	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
88	DHK/ELTEK CVI LIMITED	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 Note 23
89	DELTA ELECTRONICS HOLDING (USA) INC.	DELTA ELECTRONICS (USA) INC.	Manufacturing and sales of power supplies	100	100	100	
90	DELTA ELECTRONICS (USA) INC.	DELTA ELECTRONICS (ARGENTINA) S.R.L.	Sales of power supplies and others	100	100	100	Note 1 Note 2
91	"	Eltek Sistemas de Energia Industria e Comercio S.A.	Manufacturing and sales of power supplies	100	100	100	Note 1 Note 2
92	"	DELTA ELECTRONICS (PERU) INC. S.R.L.	Sales of power supplies and others	100	100	100	Note 1 Note 2
93	"	DELTA ELECTRONICS (COLOMBIA) S.A.S.	"	100	100	100	Note 1 Note 2

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
94	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	Eltekenenergy Services, S.A. de C.V.	Sales of power supplies and others	100	100	100	Note 1 Note 2
95	"	Eltekenenergy International de México, S. de R.L. de C.V.	"	100	100	100	Note 1 Note 2
96	DAL	Delta Electronics (Americas) Ltd.	Sales of electronic components	100	100	100	Note 1 Note 2
97	"	Delta Solar Solutions LLC	Equity investments	100	100	100	Note 1 Note 2
98	Delta Electronics (Americas) Ltd.	2009 PPA LLC	Sales of power supplies	100	100	100	Note 1 Note 2
99	Delta Solar Solution LLC	DSS-CI LLC	Rental of solar power systems	100	100	100	Note 1 Note 2
100	"	DSS-USF LLC	"	100	100	100	Note 1 Note 2
101	Cyntec	Power Forest Technology Corporation	IC design of power management	59.03	59.03	59.03	Note 1 Note 2
102	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

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
103	DEIL-SG	Loy Tec electronics GmbH (Loy Tec)	Consulting service of building management and control solutions	100	100	85	Note 1 Note 2 Note 24
104	Loy Tec	LOYTEC Americas, Inc.	"	100	100	100	Note 1 Note 2
105	DHK	Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	100	100	100	Note 1 Note 2
106	"	Delta Electronics (Xi'an) Co., Ltd.	Sales of computers, peripherals and software	100	100	100	Note 1 Note 2
107	Delta Electronics (Beijing) Co., Ltd.	Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	-	-	80	Note 2 Note 25
108	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
109	UNICOM	Unicom (Nanjing) System Eng. Corp	"	100	100	100	Note 1 Note 2
110	Delta Greentech (Netherlands) B.V. and DIH/DEN	Delta Electronics (Switzerland) AG (DES)	Equity investments, research, development and sales of electronic products	100	100	51	Note 1 Note 2 Note 6 Note 26

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
111	DEN, Delta Greentech (Netherlands) B.V./DEN	Delta Greentech Electronics Industry LLC	Marketing and sales of electronic products	100	100	51	Note 1 Note 2 Note 26
112	DEN	Delta Greentech (Brasil) S.A. (DGB)	Manufacturing and sales of electronic products	100	100	100	Note 1 Note 2
113	DES	Delta Electronics (Czech Republic), spol. s.r.o.	Sales of electronic products	100	100	100	Note 1 Note 2
114	"	Delta Electronics (Italy) S.r.l.	"	100	100	100	Note 1 Note 2
115	"	Delta Electronics (Poland) Sp. z o. o.	"	100	100	100	Note 1 Note 2
116	"	Delta Solutions (Finland) Oy	"	100	100	100	Note 1 Note 2
117	"	Delta Electronics Solutions (Spain) SL	"	100	100	100	Note 1 Note 2
118	"	Delta Electronics (France) SA	"	100	100	100	Note 1 Note 2
119	"	Delta Energy Systems (Sweden) AB	"	100	100	100	Note 1 Note 2
120	Delta Electronics, Inc.	Vivotek Inc. (Vivotek)	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	49.87	49.87	50.13	Note 27

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
121	Vivotek and Realwin	Vatic Inc.	Designing and sales of multimedia integrated circuits	54.41	54.41	54.41	
122	Vivotek	Vivotek Holdings, Inc.	Holding company	100	100	100	
123	"	Realwin Investment Inc. (Realwin)	Investment in the network communications industry	100	100	100	
124	"	Vivotek Netherlands B.V.	Sales service	100	100	100	
125	"	Vivotek (Japan) Inc.	"	100	100	100	
126	Vivotek Holdings, Inc.	Vivotek USA, Inc.	Sales of webcams and related components	100	100	100	
127	Realwin	Wellstates Investment, LLC	Investment and commercial lease of real estate	100	100	100	
128	Vivotek	Otus Imaging, Inc.	Sales of webcams and related components	100	100	100	
129	Realwin	Aetek Inc.	"	56.21	56.21	56.21	
130	"	Vivotek Middle East FZCO	"	89.99	89.99	89.99	
131	"	Lidlight Inc.	Sales of lighting equipment	51	51	51	
132	DEN	DELTA ELECTRONICS BRASIL LTDA.	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
				March 31, 2020	December 31, 2019	March 31, 2019	
133	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	-	Note 29
134	DET	DET International Holding Limited	Equity investments	100	100	-	Note 29
135	"	Delta Energy Systems (Singapore) PTE. LTD.	Equity investments, trading, management and consultancy	100	100	-	Note 29
136	"	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	-	Note 29
137	DET International Holding Limited	DET Logistics (USA) Corporation	Providing logistics services in USA	100	100	-	Note 29
138	"	Delta Energy Systems (Germany) GmbH	Development, marketing and sales of electronic products	100	100	-	Note 29
139	"	Delta Energy Systems (India) Private Ltd.	Marketing and sales of electronic products	100	100	-	Note 29

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
140	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	-	Note 29
141	DET International Holding Limited	Delta Energy Systems (Romania) S.R.L.	Research and development	100	100	-	Note 29
142	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Property rights business	100	100	-	Note 29
143	Delta Energy Systems (Singapore) PTE. LTD.	Delta Electronics (Australia) Pty. Ltd.	Marketing and sales of renewable energy products	100	100	-	Note 29
144	"	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	-	Note 29
145	"	Delta Electronics (Myanmar) Co., Ltd.	Manufacturing of electronic products used in CMP manufacturing process and machinery	100	100	-	Note 29
146	"	Delta Energy Systems (UK) Ltd.	Research and development of electronic products	100	100	-	Note 29

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
147	Delta Energy Systems (Singapore) PTE. LTD.	Delta PBA Engineering Solutions Co., Ltd.	Providing solutions for industrial automation	51	51	-	Note 29
148	"	Delta Greentech (Netherlands) Cooperatie U.A.	Equity investments	100	100	-	Note 29
149	Delta Greentech (Netherlands) Cooperatie U.A.	Delta Greentech (Netherlands) B.V.	"	100	100	-	Note 29
150	Delta Greentech (Netherlands) B.V.	Delta Energy Systems LLC	Marketing and sales of power systems	100	100	-	Note 29
151	"	Eltek s.r.o.	Manufacturing of telecom power system	100	100	-	Note 29
152	"	Delta Electronics (Automotive) Americas Inc.	Research and development of automotive power and traction inverter	100	100	-	Note 29
153	DEN	Amerlux, LLC	Design and producing of dedicated lighting system and facilities	100	100	-	Note 1 Note 29
154	Amerlux, LLC	Amerlux Lighting Asia, LLC	Equity investments	100	100	-	Note 1 Note 29
155	Amerlux Lighting Asia, LLC	Amerlux Lighting Hong Kong Limited	"	100	100	-	Note 1 Note 29
156	Amerlux Lighting Hong Kong Limited	Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	100	100	-	Note 1 Note 29

No.	Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
				March 31, 2020	December 31, 2019	March 31, 2019	
157	DIH	Digital Projection International Ltd.	Equity investments	100	-	-	Note 1 Note 30
158	Digital Projection International Ltd.	Digital Projection Holdings Ltd.	„	100	-	-	Note 1 Note 30
159	Digital Projection Holdings Ltd.	Digital Projection Ltd.	Research, development and sales of projector products	100	-	-	Note 1 Note 30
160	Digital Projection Ltd.	Digital Projection Inc.	Sales of projector products	100	-	-	Note 1 Note 30

Note 1: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at March 31, 2020 were not reviewed by independent accountants.

Note 2: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at March 31, 2019 were not reviewed by independent accountants.

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: This company had been liquidated in October 2019.

Note 5: In March 2019, ELTEK AS sold ELTEK POWER PTE. LTD. to DEIL-SG, and ELTEK POWER PTE. LTD. merged into DEIL-SG in May 2019. Under the merger, DEIL-SG was the surviving company while ELTEK POWER PTE. LTD. was the dissolved company.

Note 6: 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 of its subsidiary, DES, for 100% equity interests of the DIH' subsidiaries, DHK, Drake-HK, DGSG and BOOM.

Note 7: This company had been liquidated in November 2019.

Note 8: In July 2019, Drake-HK acquired 10.38% and 3.81% equity interest in DGC held by DIH and Ace, respectively.

Note 9: In December 2019, the company began liquidation process and was dissolved, but has not yet been completed as at March 31, 2020.

Note 10: In July 2019, DHK acquired 15% equity interest in DWV, DWC and DWJ held by Apex-

HK, Galaxy Star-HK and Jade-HK, respectively.

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

Note 12: In October 2019, PHK sold a 100% equity interest in its subsidiary, PJS.

Note 13: This company had been liquidated in August 2019.

Note 14: This company had been liquidated in December 2019.

Note 15: This company had been liquidated in January 2020.

Note 16: Merged with the Company on April 1, 2019.

Note 17: In August 2019, DNI Cayman sold this company to DIH, and this company merged into its subsidiary-ALI. Under the merger, ALI was the surviving company while ALN was the dissolved company.

Note 18: This company had been liquidated in February 2020.

Note 19: This company had been liquidated in September 2019.

Note 20: As described in Note 5, the investee was changed from ELTEK POWER PTE. LTD. to DEIL-SG.

Note 21: 55% of shares are held through others due to local regulations.

Note 22: 71% of shares are held through others due to local regulations.

Note 23: In July 2019, this company was sold to DHK by ELTEK CVI LIMITED.

Note 24: In May 2019, DEIL-SG acquired a 15% equity interest in Loy Tec electronics GmbH, and the total shareholding ratio is 100%.

Note 25: This company had been liquidated in July 2019.

Note 26: The Group obtained control over Delta Electronics (Thailand) Public Company Limited through merger. The Group holds a 100% equity interest in Delta Electronics (Switzerland) AG and Delta Greentech Electronics Industry LLC through the Delta Electronics (Thailand) Public Company Limited 100% held subsidiary, Delta Greentech (Netherlands) B.V.

Note 27: Because most of the shares were held by the company and other shareholdings are disaggregated, it was included in the consolidated financial statements.

Note 28: As described in Note 18, the investees were changed to Delta Electronics, Inc. and DEN.

Note 29: Companies were established or acquired through merger during 2019.

Note 30: Companies were established or acquired through merger during 2020.

Note 31: In the first quarter of 2020, PHK returned capital amounting to USD 5,250,000 and USD 8,000,000 to Delta Electronics, Inc. and DIH, respectively.

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 March 31, 2020, December 31, 2019 and March 31, 2019, the non-controlling interest amounted to \$32,595,816, \$34,197,565 and \$9,786,928, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2020		December 31, 2019	
		Amount	Ownership (%)	Amount	Ownership (%)
Vivotek Inc. (Vivotek)	Taiwan	\$ 3,954,323	50.13%	\$ 3,932,420	50.13%
Delta Electronics (Thailand) Public Company limited (DET)	Thailand	28,520,303	36.22%	29,761,580	36.22%

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2019	
		Amount	Ownership (%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,806,713	6.00%
Vivotek Inc. (Vivotek)	Taiwan	3,990,933	49.87%

Summarised financial information of the subsidiary:

Balance sheet

	DET		DIH	
	March 31, 2020	December 31, 2019	March 31, 2019	
Current assets	\$ 32,394,905	\$ 32,696,207	\$ 87,362,716	
Non-current assets	62,616,902	62,551,578	35,476,429	
Current liabilities	(14,115,964)	(10,944,593)	(45,117,313)	
Non-current liabilities	(2,153,979)	(2,134,279)	(3,099,034)	
Total net assets	<u>\$ 78,741,864</u>	<u>\$ 82,168,913</u>	<u>\$ 74,622,798</u>	

	Vivotek		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 3,232,658	\$ 3,106,290	\$ 2,958,973
Non-current assets	6,379,232	6,452,452	6,623,711
Current liabilities	(1,325,857)	(1,307,013)	(1,127,702)
Non-current liabilities	(397,897)	(407,284)	(452,310)
Total net assets	<u>\$ 7,888,136</u>	<u>\$ 7,844,445</u>	<u>\$ 8,002,672</u>

Statement of comprehensive income

	DET		DIH	
	Three months ended March 31,			
	2020		2019	
Revenue	\$	12,185,616	\$	38,379,123
Profit before income tax		389,316		1,508,832
Income tax benefit (expense)		38,040	(	454,008)
Profit for the period from continuing operations		427,356		1,054,824
Other comprehensive income, net of tax		626,009		734,973
Total comprehensive income for the period	\$	<u>1,053,365</u>	\$	<u>1,789,797</u>
Comprehensive income attributable to non-controlling interest	\$	<u>379,239</u>	\$	<u>106,883</u>
Dividends paid to non-controlling interest	\$	<u>-</u>	\$	<u>-</u>
<u>Vivotek</u>				
Three months ended March 31,				
		2020	2019	
Revenue	\$	1,579,240	\$	1,712,169
Profit before income tax		57,215		45,239
Income tax expense	(	25,693)	(	16,626)
Profit for the period from continuing operations		31,522		28,613
Other comprehensive income, net of tax		2,243		876
Total comprehensive income for the period	\$	<u>33,765</u>	\$	<u>29,489</u>
Comprehensive income attributable to non-controlling interest	\$	<u>17,015</u>	\$	<u>9,737</u>
Dividends paid to non-controlling interest	\$	<u>-</u>	\$	<u>-</u>

Statements of cash flows

	DET		DIH	
	Three months ended March 31,			
	2020		2019	
Net cash provided by (used in) operating activities	\$	1,286,758	(\$	489,506)
Net cash used in investing activities	(	2,181,392)	(	1,324,724)
Net cash provided by financing activities	(	18,744)	(	3,177,045)
Effect of exchange rates on cash and cash equivalents	(	690,958)	(	481,019)
(Decrease) increase in cash and cash equivalents	(	1,604,336)	(	1,843,834)
Cash and cash equivalents, beginning of period		12,515,101		33,611,167
Cash and cash equivalents, end of period	\$	10,910,765	\$	35,455,001
<u>Vivotek</u>				
Three months ended March 31,				
2020		2019		
Net cash (used in) provided by operating activities	(\$	36,196)	\$	103,257
Net cash provided by (used in) investing activities		9,299	(	34,215)
Net cash used in financing activities	(	17,749)	(	106,121)
Effect of exchange rates on cash and cash equivalents		1,671		1,635
Decrease in cash and cash equivalents	(	42,975)	(	35,444)
Cash and cash equivalents, beginning of period		1,023,213		807,712
Cash and cash equivalents, end of period	\$	980,238	\$	772,268

(4) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the hedging relationship as follows:
- (a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment.
 - (b) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

(c) Hedge of a net investment in a foreign operation.

C. Fair value hedges

(a) The gain or loss on the hedging instrument is recognised in profit or loss.

(b) The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and is recognised in profit or loss. When a hedged item is an unrecognised firm commitment, the subsequent cumulative change in the fair value of the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

D. Cash flow hedges

(a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

- i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
- ii. The cumulative change in fair value of the hedged item from inception of the hedge.

(b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.

(c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
- ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
- iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

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

E. Hedges of a net investment in a foreign operation

(a) It is accounted for similarly to cash flow hedges.

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

(5) 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.

(6) 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 JUDGMENTS, 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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand	\$ 7,770	\$ 6,941	\$ 5,763
Checking accounts and demand deposits	30,143,928	30,808,159	53,778,789
Time deposits	19,439,145	13,144,901	14,731,669
	<u>\$ 49,590,843</u>	<u>\$ 43,960,001</u>	<u>\$ 68,516,221</u>

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

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

<u>Asset Items</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 419,037	\$ 541,143	\$ 604,178
Emerging stocks	-	-	55,359
Derivatives	17,991	142,668	37,457
Hybrid instrument	101,282	87,578	181,439
	538,310	771,389	878,433
Valuation adjustment	92,952	351,069	299,734
	<u>\$ 631,262</u>	<u>\$ 1,122,458</u>	<u>\$ 1,178,167</u>

Asset Items	March 31, 2020	December 31, 2019	March 31, 2019
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 475,423	\$ 499,290	\$ 506,445
Emerging stocks	81,000	81,000	105,332
Unlisted stocks	2,286,696	2,247,846	2,505,685
Hybrid instrument	74,983	-	-
	2,918,102	2,828,136	3,117,462
Valuation adjustment	(761,260)	(602,897)	(623,196)
	\$ 2,156,842	\$ 2,225,239	\$ 2,494,266
Liability Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Valuation adjustment of derivatives	\$ 304,590	\$ 15,929	\$ 2,866

A. The Group has recognised financial assets and liabilities at fair value through profit or loss of (\$771,288) and \$41,892 for the three months ended March 31, 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:

March 31, 2020			
Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell AUD / Buy USD	AUD	1,550	2019.12.17~2020.08.04
- Sell BRL / Buy USD	BRL	30,394	2020.02.05~2020.05.06
- Sell EUR / Buy GBP	EUR	1,000	2020.02.17~2020.04.03
- Sell EUR / Buy NOK	EUR	6,000	2019.10.29~2020.07.03
- Sell EUR / Buy USD	EUR	32,000	2019.11.05~2020.08.04
- Sell GBP / Buy NOK	GBP	1,000	2020.02.10~2020.04.03
- Sell HKD / Buy USD	HKD	120,000	2020.01.03~2020.07.02
- Sell INR / Buy USD	INR	135,878	2020.03.04~2020.05.06
- Sell JPY / Buy USD	JPY	629,011	2020.01.03~2020.05.20
- Sell THB / Buy JPY	THB	18,995	2020.01.30~2020.06.26
- Sell USD / Buy CZK	USD	300	2020.03.17~2020.04.21
- Sell USD / Buy JPY	USD	4,700	2020.03.13~2020.05.22
- Sell USD / Buy NOK	USD	9,000	2019.12.09~2020.06.05
- Sell USD / Buy RMB	USD	129,862	2020.01.03~2020.06.19
- Sell USD / Buy RUB	USD	700	2020.02.11~2020.04.03
- Sell USD / Buy SGD	USD	10,469	2019.12.02~2020.06.04
- Sell USD / Buy THB	USD	118,300	2019.12.24~2020.06.22
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	7,000	2019.12.04~2020.06.05
- Sell EUR / Buy RUB	EUR	500	2020.02.05~2020.04.03
- Sell NOK / Buy EUR	NOK	40,726	2020.01.30~2020.04.03
- Sell USD / Buy NOK	USD	9,000	2020.02.06~2020.08.05

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

March 31, 2019

Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy RMB	USD	57,084	2019.01.29~2019.05.23
- Sell USD / Buy NTD	USD	1,000	2019.03.12~2019.04.03
- Sell USD / Buy JPY	USD	3,100	2019.03.01~2019.05.24
- Sell USD / Buy CZK	USD	750	2019.03.07~2019.04.23
- Sell USD / Buy SGD	USD	3,150	2019.02.22~2019.04.26
- Sell JPY / Buy USD	JPY	627,314	2018.12.26~2019.06.20
- Sell AUD / Buy USD	AUD	4,250	2019.01.15~2019.07.29
- Sell EUR / Buy USD	EUR	28,600	2018.12.26~2019.07.29
- Sell THB / Buy SGD	THB	72,000	2019.02.22~2019.04.26
- Sell THB / Buy USD	THB	60,000	2019.03.26~2019.04.26
- Sell EUR / Buy NOK	EUR	9,000	2019.03.05~2019.07.05
- Sell GBP / Buy NOK	GBP	3,000	2019.02.11~2019.06.05
- Sell BRL / Buy USD	BRL	31,804	2019.02.05~2019.05.08
- Sell INR / Buy USD	INR	71,980	2019.02.19~2019.04.05
- Sell USD / Buy BRL	USD	1,500	2019.03.15~2019.04.05
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	6,000	2019.03.08~2019.08.07
- Sell RUB / Buy USD	RUB	33,420	2019.03.12~2019.05.08
- Sell USD / Buy NOK	USD	8,000	2019.01.07~2019.07.05

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

- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. Information relating to credit risk is provided in Note 12(2).

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

Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Equity instruments			
Listed stocks	\$ 1,555,291	\$ 1,559,472	\$ 1,535,209
Valuation adjustment	(1,344,234)	(1,239,649)	(1,188,995)
	\$ 211,057	\$ 319,823	\$ 346,214
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,608,699	\$ 2,301,004	\$ 3,223,325
Unlisted stocks	688,407	690,945	673,642
	2,297,106	2,991,949	3,896,967
Valuation adjustment	(1,037,304)	(1,194,648)	(1,510,695)
	\$ 1,259,802	\$ 1,797,301	\$ 2,386,272

- 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 \$1,470,859, \$2,117,124 and \$2,732,486 as at March 31, 2020, December 31, 2019 and March 31, 2019, respectively.
- B. For the three months ended March 31, 2020 and 2019, the Group sold listed stocks whose fair value were \$185,486 and \$789,200, respectively, to adjust the stock position, resulting to an accumulated loss on disposal of \$515,277 and \$34,341, 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 March 31,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 462,518)	\$ 536,128
Cumulative loss reclassified to retained earnings due to derecognition	(\$ 515,277)	\$ 34,341

- D. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$1,470,859, \$2,117,124 and \$2,732,486, 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

As at March 31, 2020 and December 31, 2019, there were no financial assets and liabilities used for hedging. As at March 31, 2019, the details are as follows:

	March 31, 2019	
	Current assets	Current liabilities
Fair value hedges:		
<u>Foreign exchange risk</u>		
Forward foreign exchange contracts		
- Sell USD / Buy THB	\$ 7,179	\$ 79,253

A. Transaction information associated with the Group adopting hedge accounting is as follows:

	March 31, 2019				
	Notional amount	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognising hedge ineffectiveness basis
Hedging instruments					
Fair value hedges:					
<u>Foreign exchange risk</u>					
Forward forecast sale agreement of US dollar	USD 1,000,000	2019.3.18~ 2019.4.2	\$ 7,179	\$ 79,253	\$ -
Cash flow hedges:					
<u>Foreign exchange risk</u>					
Borrowings in USD	USD 58	2018.12.17~ 2019.4.30	\$ -	\$ 17,890	\$ -
	Valuation on assets' carrying amount due to fair value hedges	Valuation on liabilities' carrying amount due to fair value hedges	Value in relation to recognising hedge ineffectiveness basis	Ineffective hedge recognised in profit or loss	Separate line items recognised due to ineffective hedge
Hedged items					
Fair value hedges					
<u>Foreign exchange risk</u>					
Firm investment commitment	\$ 7,179	\$ 79,253	\$ -	\$ -	Exchange gain (loss)
Cash flow hedges:					
<u>Foreign exchange risk</u>					
Expected sales transaction	\$ -	\$ -	\$ -	(\$ 845)	Exchange gain (loss)

B. Fair value hedges

To hedge the impact of variable exchange rate risk arising from the Group's US dollar denominated firm investment commitment, the Group entered into a forward forecast sale agreement of US dollar, and the hedge ratio is 1:1. Changes in fair value of hedging instruments

shall be recognised as assets and the initial carrying amount of the investment accounted for using equity method arising from performing such investment commitment will be subsequently adjusted.

C. Cash flow hedges

To hedge the impact of variable exchange rate risk arising from the Group's expected sales transactions, the Group entered into a forward forecast sale agreement of US dollar. The effective portion with respect to the changes in the fair value of the hedging instruments is deferred when recognised in the cash flow hedge reserve, which is under other comprehensive income, and will be adjusted when the hedged items are subsequently recognised in revenues.

D. 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	-	(30,918)
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	-	-
At March 31, 2020	<u>\$ -</u>	<u>\$ 116,338</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: Gain on hedge effectiveness- amount recognised in other comprehensive income	23,986	-
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	(3,616)	-
At March 31, 2019	<u>\$ 20,370</u>	<u>\$ 131,152</u>

(a) The purpose of hedge accounting is that the hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in other comprehensive income as at March 31, 2020, December 31, 2019 and March 31, 2019 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

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

(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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Notes receivable	\$ 3,332,497	\$ 3,816,628	\$ 3,765,849
Accounts receivable	\$ 45,968,452	\$ 53,964,299	\$ 44,994,366
Less: Allowance for uncollectible accounts	(1,089,672)	(1,009,193)	(952,894)
	<u>\$ 44,878,780</u>	<u>\$ 52,955,106</u>	<u>\$ 44,041,472</u>
Overdue receivables (shown as other non-current assets)	\$ 184,986	\$ 213,405	\$ 251,961
Less: Allowance for uncollectible accounts	(184,986)	(213,405)	(251,961)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Not past due	\$ 39,734,625	\$ 46,818,016	\$ 39,533,233
1 to 90 days	4,361,604	5,540,091	3,982,754
91 to 180 days	468,945	324,836	344,570
181 to 365 days	291,156	249,331	169,135
Over 366 days	22,450	22,832	11,780
	<u>\$ 44,878,780</u>	<u>\$ 52,955,106</u>	<u>\$ 44,041,472</u>

The above aging analysis was based on past due date.

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

C. As at March 31, 2020 and December 31 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 March 31, 2020, December 31, 2019 and March 31, 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 \$3,332,497, \$3,816,628 and \$3,765,849, and accounts receivable were \$44,878,780, \$52,955,106 and \$44,041,472, 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 March 31, 2020, December 31, 2019 and March 31, 2019, the relevant information on unsettled accounts receivable that were sold is set forth below:

March 31, 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	\$ 15,460	\$ -	\$ 302,250	\$ -	\$ -	\$ -

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	\$ -	\$ -	\$ -

March 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	\$ 23,366	\$ -	\$ 308,200	\$ -	\$ -	\$ -

(7) Inventories

	March 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 15,486,772	(\$ 2,818,349)	\$ 12,668,423
Work in process	4,553,672	(9,116)	4,544,556
Finished goods	23,554,556	(3,999,196)	19,555,360
Inventory in transit	1,196,470	-	1,196,470
	<u>\$ 44,791,470</u>	<u>(\$ 6,826,661)</u>	<u>\$ 37,964,809</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>

	March 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 12,147,534	(\$ 2,094,430)	\$ 10,053,104
Work in process	3,227,292	(12,207)	3,215,085
Finished goods	21,992,654	(2,733,201)	19,259,453
Inventory in transit	836,530	-	836,530
	<u>\$ 38,204,010</u>	<u>(\$ 4,839,838)</u>	<u>\$ 33,364,172</u>

The Group recognised as expense or loss:

	Three months ended March 31,	
	2020	2019
Cost of goods sold	\$ 39,508,620	\$ 38,519,628
Loss on market value decline and obsolete and slow-moving inventories	446,019	609,731
Others	(75,924)	(128,789)
	<u>\$ 39,878,715</u>	<u>\$ 39,000,570</u>

(8) Investments accounted for under equity method

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

Name of associates	March 31, 2020		December 31, 2019		March 31, 2019	
	Ownership % (Note 1)	Book value	Ownership % (Note 1)	Book value	Ownership % (Note 1)	Book value
Optovue, Inc.	29.50	\$ 825,591	29.50	\$ 842,043	29.50	\$ 942,233
Digital Projection International Ltd. (DPI)	(Note 3)	(Note 3)	41.00	240,059	41.00	231,170
Delta Electronics (Thailand) Public Company Limited (DET)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	20.93	8,606,320
Others		49,376		56,818		36,668
		<u>\$ 874,967</u>		<u>\$ 1,138,920</u>		<u>\$ 9,816,391</u>

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

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

Note 3: On January 6, 2020, the subsidiary, DIH, acquired 59% equity interests 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 ended March 31, 2020 and 2019, the share of profit (loss) of associates were (\$26,017) and \$189,282, respectively.

C. Except for the DET, whose share of profit (loss) and other comprehensive income (loss) for the three months ended March 31, 2019 were recognised based on the financial statements reviewed by other independent accountants, the share of profit (loss) and other comprehensive income (loss) of other associates for the three months ended March 31, 2020 and 2019 were recognised based on the financial statements which were unreviewed by independent accountants.

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

Company name	Principal place of business	Shareholding ratio (Note)			Nature of relationship	Method of measurement
		March 31, 2020	December 31, 2019	March 31, 2019		
DET	Thailand	Not applicable	Not applicable	20.93%	Holds more than 20% of voting rights	Equity method

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

<u>Balance sheet</u>	DET	
	<u>March 31, 2019</u>	
Current assets	\$	37,484,707
Non-current assets		10,745,548
Current liabilities	(	12,174,722)
Non-current liabilities	(	1,856,948)
Total net assets	\$	<u>34,198,585</u>
Share in associate's net assets	\$	7,157,764
Unrealised upstream and sidestream transactions	(	13,255)
Others		<u>1,461,811</u>
Carrying amount of the associate	\$	<u>8,606,320</u>

Statement of comprehensive income

	DET	
	<u>Three months ended March 31, 2019</u>	
Revenue	\$	<u>12,690,247</u>
Profit for the period from continuing operations	\$	1,049,189
Profit attributable to non-controlling interests		2,947
Other comprehensive income, net of tax		<u>84,807</u>
Total comprehensive income	\$	<u>1,136,943</u>
Dividends received from associates	\$	<u>-</u>

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

As at March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$874,967, \$1,138,920 and \$1,210,071, respectively.

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Loss for the period from continuing operations	(\$ 26,017)	(\$ 34,482)
Other comprehensive income, net of tax	<u>54,010</u>	<u>1,151</u>
Total comprehensive income (loss)	<u>\$ 27,993</u>	<u>(\$ 33,331)</u>

- F. The Group's investment in DET has quoted market price. The fair value of DET as at March 31, 2019 was \$18,056,980.

(9) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Testing equipment</u>	<u>Others</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
<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	-	41,541	1,099,705	394,945	344,535	2,198,478	4,079,204
Acquired through business combinations	-	-	-	-	47,035	-	47,035
Disposal	(9,079)	(4,703)	(17,677)	(4,443)	(5,328)	-	(41,230)
Transfer	-	72,559	602,526	194,726	85,185	(954,996)	-
Depreciation charge	-	(472,729)	(1,154,164)	(540,590)	(582,774)	-	(2,750,257)
Net exchange differences	(83,272)	(147,803)	(313,319)	(31,580)	(162,503)	(371,410)	(1,109,887)
Closing net book amount	<u>\$ 14,261,505</u>	<u>\$ 22,688,083</u>	<u>\$ 12,683,657</u>	<u>\$ 3,532,629</u>	<u>\$ 4,037,457</u>	<u>\$ 6,612,515</u>	<u>\$ 63,815,846</u>
<u>At March 31, 2020</u>							
Cost	\$ 14,273,546	\$ 43,273,237	\$ 43,673,426	\$ 17,558,533	\$ 19,004,683	\$ 6,612,515	\$ 144,395,940
Accumulated depreciation and impairment	(12,041)	(20,585,154)	(30,989,769)	(14,025,904)	(14,967,226)	-	(80,580,094)
	<u>\$ 14,261,505</u>	<u>\$ 22,688,083</u>	<u>\$ 12,683,657</u>	<u>\$ 3,532,629</u>	<u>\$ 4,037,457</u>	<u>\$ 6,612,515</u>	<u>\$ 63,815,846</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	-	93,943	581,810	288,015	262,073	1,038,821	2,264,662
Disposals	-	(1,888)	(9,317)	(7,387)	(12,460)	-	(31,052)
Transfer	-	39,998	297,564	101,400	69,067	(508,029)	-
Reclassifications (Note)	465,686	1,164,972	-	-	-	-	1,630,658
Depreciation charge	12,225	(415,225)	(835,059)	(449,909)	(488,767)	-	(2,176,735)
Net exchange differences	(11,603)	203,436	176,318	40,144	86,972	(77,373)	417,894
Closing net book amount	<u>\$ 9,841,871</u>	<u>\$ 21,739,004</u>	<u>\$ 9,716,905</u>	<u>\$ 2,851,969</u>	<u>\$ 2,504,839</u>	<u>\$ 1,879,713</u>	<u>\$ 48,534,301</u>
<u>At March 31, 2019</u>							
Cost	\$ 9,854,105	\$ 40,261,729	\$ 35,348,001	\$ 15,569,612	\$ 13,602,914	\$ 1,879,713	\$ 116,516,074
Accumulated depreciation and impairment	(12,234)	(18,522,725)	(25,631,096)	(12,717,643)	(11,098,075)	-	(67,981,773)
	<u>\$ 9,841,871</u>	<u>\$ 21,739,004</u>	<u>\$ 9,716,905</u>	<u>\$ 2,851,969</u>	<u>\$ 2,504,839</u>	<u>\$ 1,879,713</u>	<u>\$ 48,534,301</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. 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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 1,672,165	\$ 1,683,784	\$ 1,610,052
Buildings and structures	1,290,552	1,321,468	1,136,233
Transportation equipment	72,506	86,200	121,489
Other equipment	36,357	22,381	19,054
	<u>\$ 3,071,580</u>	<u>\$ 3,113,833</u>	<u>\$ 2,886,828</u>

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 10,820	\$ 12,366
Buildings and structures	120,222	102,421
Transportation equipment	20,002	19,260
Other equipment	2,782	2,130
	<u>\$ 153,826</u>	<u>\$ 136,177</u>

C. For the three months ended March 31, 2020 and 2019, the additions to right-of-use assets were \$137,224 and \$273,008, respectively.

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

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 5,988</u>	<u>\$ 5,503</u>
Expense on short-term lease contracts	<u>\$ 108,453</u>	<u>\$ 85,787</u>

E. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases were \$306,707 and \$147,956, 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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2020/ March 31, 2020</u>			
Cost	\$ 14,070	\$ -	\$ 14,070
Accumulated depreciation and impairment	-	-	-
	<u>\$ 14,070</u>	<u>\$ -</u>	<u>\$ 14,070</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 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 March 31, 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:

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Rental revenue from the lease of the investment property	<u>\$ 1,715</u>	<u>\$ 1,596</u>

- B. The fair value of the investment property held by the Group, which is the land used for water conservancy, as at March 31, 2020, December 31, 2019 and March 31, 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	-	1,577	-	-	-	152,559	154,136
Additions - acquired through business combinations	-	-	219,391	145,429	-	46,091	410,911
Amortisation	(62,030)	(39,496)	-	(440,434)	(290,254)	(156,657)	(988,871)
Net exchange differences	<u>15,266</u>	<u>28,724</u>	<u>365,910</u>	<u>114,328</u>	<u>77,862</u>	<u>(71,628)</u>	<u>530,462</u>
Closing net book amount	<u>\$ 2,933,366</u>	<u>\$ 538,628</u>	<u>\$ 57,118,964</u>	<u>\$ 11,044,310</u>	<u>\$ 9,615,408</u>	<u>\$ 1,288,615</u>	<u>\$ 82,539,291</u>
<u>At March 31, 2020</u>							
Cost	\$ 4,003,343	\$ 1,941,117	\$ 57,126,885	\$ 18,516,346	\$ 12,023,036	\$ 3,878,601	\$ 97,489,328
Accumulated amortisation and impairment	(1,069,977)	(1,402,489)	(7,921)	(7,472,036)	(2,407,628)	(2,589,986)	(14,950,037)
	<u>\$ 2,933,366</u>	<u>\$ 538,628</u>	<u>\$ 57,118,964</u>	<u>\$ 11,044,310</u>	<u>\$ 9,615,408</u>	<u>\$ 1,288,615</u>	<u>\$ 82,539,291</u>

	<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	-	2,299	-	-	-	125,184	127,483
Reclassifications	-	225	-	-	(8,159)	7,934	-
Amortisation	(54,639)	(23,320)	-	(288,084)	(87,862)	(145,423)	(599,328)
Net exchange differences	<u>6,014</u>	<u>18,989</u>	<u>38,212</u>	<u>55,368</u>	<u>9,319</u>	<u>47,210</u>	<u>175,112</u>
Closing net book amount	<u>\$ 2,792,567</u>	<u>\$ 436,935</u>	<u>\$ 20,018,508</u>	<u>\$ 5,193,045</u>	<u>\$ 2,840,397</u>	<u>\$ 1,050,203</u>	<u>\$ 32,331,655</u>
<u>At March 31, 2019</u>							
Cost	\$ 3,683,174	\$ 1,608,867	\$ 20,025,799	\$ 11,111,000	\$ 4,011,243	\$ 3,401,182	\$ 43,841,265
Accumulated amortisation and impairment	(890,607)	(1,171,932)	(7,291)	(5,917,955)	(1,170,846)	(2,350,979)	(11,509,610)
	<u>\$ 2,792,567</u>	<u>\$ 436,935</u>	<u>\$ 20,018,508</u>	<u>\$ 5,193,045</u>	<u>\$ 2,840,397</u>	<u>\$ 1,050,203</u>	<u>\$ 32,331,655</u>

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

	Three months ended March 31,	
	2020	2019
Operating costs	\$ 12,823	\$ 12,942
Selling expenses	504,280	345,107
Administrative expenses	36,429	57,646
Research and development expenses	435,339	183,633
	<u>\$ 988,871</u>	<u>\$ 599,328</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Goodwill:			
DET	\$ 35,937,809	\$ 35,646,502	\$ -
Eltek	5,207,673	5,165,460	5,310,190
Cyntec	5,146,053	5,146,053	5,146,053
Vivotek Inc.	3,232,954	3,232,954	3,232,954
DCI	2,507,610	2,487,284	2,556,974
DGC	1,737,423	1,723,340	1,786,863
Loy Tec	1,398,016	1,386,683	1,425,536
Amerlux	1,172,940	1,189,170	-
Others	778,486	556,217	559,938
	<u>\$ 57,118,964</u>	<u>\$ 56,533,663</u>	<u>\$ 20,018,508</u>
Trademarks:			
Automation business	\$ 691,811	\$ 691,811	\$ 691,811
Power electronics 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 March 31, 2020, the Group's goodwill arose from business combinations amounting to \$57,118,964 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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Prepayments for business facilities	\$ 1,245,790	\$ 1,101,540	\$ 721,448
Guarantee deposits paid	340,250	333,011	365,378
Prepayments for long-term investments	72,259	72,259	101,688
Cash surrender value of life insurance	55,396	53,953	60,487
Others	726,082	621,596	519,305
	<u>\$ 2,439,777</u>	<u>\$ 2,182,359</u>	<u>\$ 1,768,306</u>

(14) Short-term borrowings

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Unsecured bank loans	\$ 9,846,267	\$ 7,575,932	\$ 8,259,317
Credit lines	\$ 75,760,249	\$ 73,937,712	\$ 71,068,513
Interest rate range	<u>0.40%~7.00%</u>	<u>0.40%~9.15%</u>	<u>0.40%~9.45%</u>

(15) Long-term borrowings

Type of borrowings	March 31, 2020	December 31, 2019	March 31, 2019
Credit loans	\$ 28,758,525	\$ 27,439,702	\$ 27,034,601
Collateral loans	370,551	374,673	389,152
	29,129,076	27,814,375	27,423,753
Less: Current portion (shown as other current liabilities)	(61,580)	(65,536)	(168,548)
	\$ 29,067,496	\$ 27,748,839	\$ 27,255,205
Credit lines	\$ 78,986,914	\$ 78,477,044	\$ 72,960,731
Interest rate range	0.31%~6.23%	0.38%~6.23%	0.37%~6.23%

- A. As at March 31, 2020, the revolving loans of \$28,325,000 can be drawn down during the period from May 30, 2019 to May 30, 2024 and are payable before the due date under the agreement.
- B. Information in relation to the assets pledged to others as collateral for bank borrowings is provided in Note 8.

(16) Pensions

A. Defined benefit plans

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

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

- ii. Certain subsidiaries located in Mainland China maintain defined benefit retirement (resignation) plans with relative contribution scheme. The employees and the subsidiaries contribute an amount relatively based on a certain percentage of the monthly basic salary depending on the employee's position. When an employee retires or resigns, the total contribution from the employee is reimbursed based on the accumulated contribution (without interest) less withdrawals made by the employee in advance during the service period. The employee is also entitled to receive benefits calculated based on the accumulated contribution (without interest) from the related subsidiary multiplied by the approved benefit percentage for the employee's service years less withdrawals made by the employee in advance during the service period. The scheme mentioned above ceased on August 1, 2004. The amount contributed before was archived, and the payment scheme was not changed.
 - iii. The subsidiaries in Thailand has an obligation to pay certain retirement benefits when employees retire based on labor regulations.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$36,782 and \$48,155 for the three months ended March 31, 2020 and 2019, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Group within one year from March 31, 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 March 31, 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 March 31, 2020, there were 593 thousand units outstanding, representing 2,966 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 earnings had been proposed by the Board of Directors on March 10, 2020 and the appropriations of 2018 earnings had been approved by the shareholders during their meeting on June 10, 2019. 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

As at April 29, 2020, the abovementioned 2019 earnings appropriation has not yet been approved by the shareholders. These financial statements do not reflect the dividends payable. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Operating revenue

	Three months ended March 31,	
	2020	2019
Revenue from contracts with customers	\$ 55,678,341	\$ 54,102,227

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 March 31, 2020				
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 28,637,003	\$ 8,496,223	\$ 18,465,709	\$ 79,406	\$ 55,678,341
Timing of revenue recognition					
At a point in time	\$ 28,633,960	\$ 7,764,432	\$ 17,607,862	\$ 19,379	\$ 54,025,633
Over time	3,043	731,791	857,847	60,027	1,652,708
	\$ 28,637,003	\$ 8,496,223	\$ 18,465,709	\$ 79,406	\$ 55,678,341
	Three months ended March 31, 2019				
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 23,533,918	\$ 8,589,842	\$ 21,889,297	\$ 89,170	\$ 54,102,227
Timing of revenue recognition					
At a point in time	\$ 23,203,099	\$ 7,695,463	\$ 20,718,830	\$ 80,197	\$ 51,697,589
Over time	330,819	894,379	1,170,467	8,973	2,404,638
	\$ 23,533,918	\$ 8,589,842	\$ 21,889,297	\$ 89,170	\$ 54,102,227

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 March 31,	
	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) Other income

	Three months ended March 31,	
	2020	2019
Interest income:		
Interest income from bank deposits	\$ 163,045	\$ 253,196
Sample sales income	77,473	53,599
Rental income	31,435	27,255
Mold fee income	22,202	116,094
Testing fee income	15,188	57,899
Dividend income	8,126	35,373
Others	865,425	465,056
	<u>\$ 1,182,894</u>	<u>\$ 1,008,472</u>

(22) Other gains and losses

	Three months ended March 31,	
	2020	2019
Loss on disposal of property, plant and equipment	(\$ 13,755)	(\$ 7,861)
Loss on disposal of investments (Note)	(84,685)	(96,441)
Net currency exchange gain	735,531	109,764
(Loss) gain on financial assets/liabilities at fair value through profit or loss	(771,288)	41,892
Miscellaneous disbursements	(52,829)	(272,501)
	<u>(\$ 187,026)</u>	<u>(\$ 225,147)</u>

(Note) The Group recognised a loss for the three months ended March 31, 2020 as a result of measuring at fair value its 41% equity interest in DPI held before the business combination. Please refer to Note 6(29) for more information.

(23) Finance costs

	Three months ended March 31,	
	2020	2019
Interest expense	\$ 112,825	\$ 159,604
Loss on hedging instruments	-	3,616
	<u>\$ 112,825</u>	<u>\$ 163,220</u>

(24) Expenses by nature

	Three months ended March 31,	
	2020	2019
Employee benefit expense	\$ 12,981,128	\$ 11,484,547
Depreciation charges on property, plant and equipment	2,750,257	2,176,735
Depreciation charges on right-of-use assets	153,826	136,177
Amortisation charges on intangible assets	988,871	599,328
	<u>\$ 16,874,082</u>	<u>\$ 14,396,787</u>

(25) Employee benefit expense

	Three months ended March 31,	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 245,594	\$ 199,771
Defined benefit plans	36,782	48,155
	282,376	247,926
Other employee benefits	12,698,752	11,236,621
	<u>\$ 12,981,128</u>	<u>\$ 11,484,547</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 ended March 31, 2020 and 2019, employees' compensation was accrued at \$310,715 and \$439,260, respectively; while directors' remuneration was accrued at \$9,449 and \$16,018, respectively. The aforementioned amounts were recognised in salary expenses.

For the three months ended March 31, 2020, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as of 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 will be 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.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 590,464	\$ 790,386
Prior year income tax overestimation	-	(128,880)
Tax on undistributed surplus earnings	15,255	-
Total current tax	605,719	661,506
Deferred tax:		
Origination and reversal of temporary differences	2,728	(172,748)
	<u>\$ 608,447</u>	<u>\$ 488,758</u>

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

	Three months ended December 31,	
	2020	2019
Currency translation differences	(\$ 119,976)	\$ 436,865
Gain or loss on hedging instruments	(3,435)	(27,695)
	<u>(\$ 123,411)</u>	<u>\$ 409,170</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, AMT, DelBio, UNICOM SYSTEM ENG. CORP., Cyntec, Power Forest Technology Corporation, Vivotek, Vatics Inc., Realwin Investment Inc., Otus Imaging, Inc., Aetek Inc. and Lidlight Inc.	2017

(27) Earnings per share

	Three months ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,067,299	2,597,543	\$ 0.80
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,067,299	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	11,827	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,067,299	2,609,370	\$ 0.79

	Three months ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,372,420	2,597,543	\$ 1.30
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,372,420	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	11,039	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,372,420	2,608,582	\$ 1.29

(28) Share-based payment

A. For the three months ended March 31, 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 Inc. - Plan of restricted stocks to employees	2017.11.20	700,000	2 years	1~2 years' performance
//	2019.8.19	800,000	2 years	1~2 years' performance

B. Details of the share-based payment arrangements are as follows:

(a) Employee share options

	<u>Three months ended March 31,</u>			
	<u>2020</u>		<u>2019</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding opening balance at January 1	1,672,000	\$ 15.79	1,960,000	\$ 15.72
Options forfeited	(100,000)	15.00	(45,000)	15.00
Options expired	(36,000)	16.50	(31,000)	16.50
Options outstanding at March 31	<u>1,536,000</u>	<u>\$ 15.83</u>	<u>1,884,000</u>	<u>\$ 15.73</u>
Options exercisable at March 31	<u>1,438,000</u>	<u>\$ 15.88</u>	<u>1,171,500</u>	<u>\$ 15.88</u>

(b) Restricted stocks to employees

	Three months ended March 31,	
	2020	2019
	No. of shares	No. of shares
January 1	798,000	345,500
Expired during the period	(10,000)	-
March 31	<u>788,000</u>	<u>345,500</u>

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

		March 31, 2020	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2020	846,000	\$ 16.50
March 3, 2017	March 2, 2023	365,000	15.00
March 30, 2018	March 29, 2024	325,000	15.00

		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

		March 31, 2019	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2020	912,000	\$ 16.50
March 3, 2017	March 2, 2023	547,000	15.00
March 30, 2018	March 29, 2024	425,000	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 Inc.- Plan of restricted stocks to employees	2017.11.20	97.20	-	Not applicable	1~2	Not applicable	Not applicable	97.2000
"	2019.8.19	102.50	-	Not applicable	1~2	Not applicable	Not applicable	102.5000

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

E. Expenses incurred on share-based payment transactions are shown below:

	Three months ended March 31,	
	2020	2019
Equity-settled	\$ 9,925	\$ 730

(29) Business combinations

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. The amortisation duration of acquisition price will complete in one year after the acquisition.

B. The following table summarises the consideration paid and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>March 31, 2020</u>
Purchase consideration	
Cash	\$ 250,380
Fair value of equity interest in DPI Company held before the business combination	<u>173,132</u>
	<u>423,512</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	29,756
Other current assets	413,005
Property, plant and equipment	47,035
Intangible assets	191,520
Other non-current assets	23,543
Other current liabilities	(496,015)
Other non-current liabilities	(4,723)
Total identifiable net assets	<u>204,121</u>
Goodwill	<u>\$ 219,391</u>

C. In addition, the amortisation of acquisition cost for the wholly-owned subsidiary, Amerlux, LLC, acquired on June 1, 2019 by the Group is yet to be completed as at March 31, 2020. The fair value of Amerlux, LLC and DPI of the acquired identifiable intangible assets and goodwill of \$1,125,030 and \$1,445,691 is provisional pending receipt of the final valuations for those assets.

D. The Group originally held 41% of share ownership in DPI before the business combination. Loss on remeasurement of fair value amounted to \$47,636.

(30) 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	<u>2,270,335</u>	<u>1,314,701</u>	<u>3,585,036</u>
At March 31, 2020	<u>\$ 9,846,267</u>	<u>\$ 29,129,076</u>	<u>\$ 38,975,343</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	<u>2,000,255</u>	<u>2,017,266</u>	<u>4,017,521</u>
At March 31, 2019	<u>\$ 8,259,317</u>	<u>\$ 27,423,753</u>	<u>\$ 35,683,070</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 Energy Systems (Australia) Pty. Ltd.	"
Eltek s.r.o.	"
Delta Power Solutions (India) Pvt. Ltd.	Merged 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 Construciton 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 March 31,</u>	
	<u>2020</u>	<u>2019</u>
Sales of goods:		
Associates	\$ 20,902	\$ 1,224,251
Sales of services:		
Associates	-	420,266
	<u>\$ 20,902</u>	<u>\$ 1,644,517</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 March 31,</u>	
	<u>2020</u>	<u>2019</u>
Purchases of goods:		
Associates	\$ 14,643	\$ 1,446,261

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Receivables from related parties:			
Associates	\$ 28,695	\$ 263,644	\$ 1,399,904

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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Payables to related parties:			
Associates	\$ 14,162	\$ 32,197	\$ 1,315,678

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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other receivables-related parties			
Associates	\$ 656	\$ 532	\$ 105,907

The above pertain mainly to payments on behalf of others.

(3) Key management compensation

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 37,312	\$ 84,786
Post-employment benefits	192	264
	<u>\$ 37,504</u>	<u>\$ 85,050</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book Value</u>			<u>Pledge purpose</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	
Demand deposits (shown as other current assets)	\$ 37,087	\$ 44,856	\$ 161,923	Performance bonds
Time deposits (shown as other current assets)	221,705	232,150	143,217	Performance bonds, customs deposits and other guarantee deposits
Time deposits (shown as other non-current assets)	48,309	49,505	-	Customs deposits
Property, plant and equipment	577,413	578,606	586,477	Long-term borrowings and credit line
	<u>\$ 884,514</u>	<u>\$ 905,117</u>	<u>\$ 891,617</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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Property, plant and equipment	<u>\$ 8,276,737</u>	<u>\$ 8,309,363</u>	<u>\$ 2,802,826</u>
Costs of computer software	<u>\$ 171,786</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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 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	\$ 2,788,104	\$ 3,347,697	\$ 3,672,433
Financial assets at fair value through other comprehensive income			
Selected designated investments in equity instruments	\$ 1,470,859	\$ 2,117,124	\$ 2,732,486
Financial assets at amortised cost			
Cash and cash equivalents	\$ 49,590,843	\$ 43,960,001	\$ 68,516,221
Notes receivable	3,332,497	3,816,628	3,765,849
Accounts receivable	44,907,475	53,218,750	45,441,376
Other receivables	1,504,223	1,480,157	931,141
Guarantee deposits paid	340,250	333,011	365,378
Other financial assets	307,101	326,511	305,140
	<u>\$ 99,982,389</u>	<u>\$ 103,135,058</u>	<u>\$ 119,325,105</u>
Derivative financial assets for hedging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,179</u>

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 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	\$ 304,590	\$ 15,929	\$ 2,866
Financial liabilities at amortised cost			
Short-term borrowings	\$ 9,846,267	\$ 7,575,932	\$ 8,259,317
Notes payable	11,304	21,669	7,046
Accounts payable	34,509,700	39,510,659	33,464,063
Other accounts payable	27,022,564	28,829,379	23,262,150
Long-term borrowings (including current portion)	29,129,076	27,814,375	27,423,753
Guarantee deposits received	406,962	387,488	90,019
	<u>\$ 100,925,873</u>	<u>\$ 104,139,502</u>	<u>\$ 92,506,348</u>
Lease liability (including current portion)	<u>\$ 1,952,302</u>	<u>\$ 1,946,635</u>	<u>\$ 1,825,812</u>
Derivative financial liabilities for hedging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,253</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:

	March 31, 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	\$ 305,509	30.2250	\$ 9,234,023
EUR:USD (Note)	83,419	1.0998	2,772,861
RMB:USD (Note)	1,296,865	0.1410	5,525,321
USD:RMB (Note)	289,403	7.0942	8,747,213
USD:THB (Note)	151,548	32.6052	4,580,528
<u>Non-monetary items</u>			
USD:NTD	\$ 4,764,276	30.2250	\$ 144,000,240
THB:USD (Note)	51,327,064	0.0307	47,580,188
RMB:USD (Note)	8,820,927	0.1410	37,581,738
USD:THB (Note)	523,645	32.6052	15,827,181
NOK:USD (Note)	4,291,826	0.0952	12,345,823
THB:NTD	4,709,376	0.9270	4,365,592
ERU:USD (Note)	74,585	1.0998	2,479,192
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 279,719	30.2250	\$ 8,454,496
RMB:USD (Note)	1,835,320	0.1410	7,819,419
USD:RMB (Note)	209,373	7.0942	6,328,305
USD:THB (Note)	171,477	32.6052	5,182,900

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
EUR:USD (Note)	76,590	1.1204	2,572,651
RMB:USD (Note)	1,264,427	0.1436	5,442,070
USD:RMB (Note)	417,948	6.9756	12,530,081
USD:THB (Note)	160,067	29.6900	4,798,813
<u>Non-monetary items</u>			
USD:NTD	\$ 4,761,343	29.9800	\$ 142,745,063
THB:USD (Note)	48,841,876	0.0337	49,320,526
RMB:USD (Note)	7,144,181	0.1436	30,748,410
NOK:USD (Note)	3,740,486	0.1137	12,748,138
THB:NTD	4,544,178	1.0098	4,588,711
ERU:USD (Note)	73,212	1.1204	2,459,179
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 331,831	29.9800	\$ 9,948,281
RMB:USD (Note)	1,816,382	0.1436	7,817,670
USD:RMB (Note)	242,021	6.9756	7,255,785
USD:THB (Note)	183,394	29.6900	5,498,147

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

March 31, 2019

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,056,409	0.1488	\$ 4,844,438
USD:RMB (Note)	307,693	6.7208	9,483,098
USD:NTD	297,615	30.8200	9,172,494
EUR:USD (Note)	52,306	1.1230	1,810,311
<u>Non-monetary items</u>			
USD:NTD	\$ 4,272,220	30.8200	\$ 131,669,834
RMB:USD (Note)	6,869,745	0.1488	31,503,003
NOK:USD (Note)	3,508,964	0.1159	12,538,266
THB:USD (Note)	7,098,579	0.0316	6,914,016
EUR:USD (Note)	62,494	1.1230	2,162,934
THB:NTD	1,737,478	0.9740	1,692,304
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,399,772	0.1488	\$ 6,419,018
USD:RMB (Note)	272,630	6.7208	8,402,457
USD:NTD	290,409	30.8200	8,950,405

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 ended March 31, 2020 and 2019 amounted to \$735,531 and \$109,764, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three months ended March 31, 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%	\$ 92,340	\$ -
EUR : USD (Note)	1%	27,729	-
RMB : USD (Note)	1%	55,253	-
USD : RMB (Note)	1%	87,472	-
USD : THB (Note)	1%	45,805	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 84,545	\$ -
RMB : USD (Note)	1%	78,194	-
USD : RMB (Note)	1%	63,283	-
USD : THB (Note)	1%	51,829	-

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

Three months ended March 31, 2019			
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>			
RMB : USD (Note)	1%	\$ 48,444	\$ -
USD : RMB (Note)	1%	94,831	-
USD : NTD	1%	91,725	-
EUR : USD (Note)	1%	18,103	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB : USD (Note)	1%	\$ 64,190	\$ -
USD : RMB (Note)	1%	84,025	-
USD : NTD	1%	89,504	-

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 three months ended March 31, 2020 and 2019 would have increased/decreased by \$9,763 and \$34,480, 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 \$10,479 and \$27,325, respectively, as a result of other comprehensive income classified equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings mainly bear fixed and variable interest rate. During the three months ended March 31, 2020 and 2019, the Group's borrowings at variable rate were denominated in NTD, USD and JPY.
- ii. **As of** March 31, 2020 and 2019, if the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the three months ended March 31, 2020 and 2019 would have decreased by \$14,559 and \$54,847, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

- iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only well rated parties are accepted.
- v. The Group adopts the assumption under IFRS 9, that is, if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are not expected to be recovered and are transferred to overdue receivables.
- vii. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- viii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On March 31, 2020, December 31, 2019 and March 31, 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 March 31, 2020</u>			
Expected loss rate	0.02%	1.82%	17.86%
Total book value	\$ 39,741,123	\$ 4,442,286	\$ 570,895
Loss allowance	<u>\$ 6,498</u>	<u>\$ 80,682</u>	<u>\$ 101,950</u>
	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	42.57%	96.83%	
Total book value	\$ 507,016	\$ 707,132	\$ 45,968,452
Loss allowance	<u>\$ 215,860</u>	<u>\$ 684,682</u>	<u>\$ 1,089,672</u>
	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2019</u>			
Expected loss rate	0.02%	1.05%	22.00%
Total book value	\$ 46,827,565	\$ 5,598,752	\$ 416,452
Loss allowance	<u>\$ 9,549</u>	<u>\$ 58,661</u>	<u>\$ 91,616</u>
	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	45.50%	96.56%	
Total book value	\$ 457,455	\$ 664,075	\$ 53,964,299
Loss allowance	<u>\$ 208,124</u>	<u>\$ 641,243</u>	<u>\$ 1,009,193</u>

	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At March 31, 2019</u>			
Expected loss rate	0.00%	1.77%	21.34%
Total book value	\$ 39,533,333	\$ 4,054,474	\$ 438,073
Loss allowance	\$ 100	\$ 71,720	\$ 93,503

	<u>181-365 days past due</u>	<u>Over 366 days past due</u>	<u>Total</u>
Expected loss rate	45.53%	98.21%	
Total book value	\$ 310,522	\$ 657,964	\$ 44,994,366
Loss allowance	\$ 141,387	\$ 646,184	\$ 952,894

- 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				
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1	\$ -	\$ 1,009,193	\$ -	\$ 213,405	\$ 1,222,598
Provision for (reversal of) impairment loss	-	84,772	-	(9,022)	75,750
Acquired from business combinations	-	26,588	-	-	26,588
Write-offs during the period	-	(15)	-	(5,424)	(5,439)
Effect of foreign exchange	-	(30,866)	-	(13,973)	(44,839)
At March 31	\$ -	\$ 1,089,672	\$ -	\$ 184,986	\$ 1,274,658

	2019				
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Contract assets</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1	\$ -	\$ 960,844	\$ -	\$ 271,439	\$ 1,232,283
Reversal of impairment loss	-	(30,713)	-	(23,110)	(53,823)
Effect of foreign exchange	-	22,763	-	3,632	26,395
At March 31	\$ -	\$ 952,894	\$ -	\$ 251,961	\$ 1,204,855

For provisioned loss for the three months ended March 31, 2020 and 2019, the (provision for) reversal of impairment loss arising from customers' contracts amounted to (\$75,750) and \$53,823, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative

financial liabilities and to the expected maturity date for derivative financial liabilities:

Non-derivative financial liabilities:

<u>March 31, 2020</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	\$ 9,846,267	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	34,521,004	-	-	-
Other payables	27,022,564	-	-	-
Lease liabilities (including current portion)	546,352	376,136	486,352	543,462
Long-term borrowings (including current portion)	61,580	26,373,994	2,230,630	462,872

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>March 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	\$ 8,259,317	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	33,471,109	-	-	-
Other payables	23,262,150	-	-	-
Lease liabilities (including current portion)	477,943	380,745	451,388	515,736
Long-term borrowings (including current portion)	168,548	26,621,793	114,781	518,631

Derivative financial liabilities:

As at March 31, 2020, December 31, 2019 and March 31, 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 of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>March 31, 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	\$ 976,310	\$ -	\$ 1,616,815	\$ 2,593,125
Hybrid instruments	102,005	-	74,983	176,988
Derivative instruments	-	17,991	-	17,991
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>782,452</u>	<u>-</u>	<u>688,407</u>	<u>1,470,859</u>
	<u>\$ 1,860,767</u>	<u>\$ 17,991</u>	<u>\$ 2,380,205</u>	<u>\$ 4,258,963</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 304,590</u>	<u>\$ -</u>	<u>\$ 304,590</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>
March 31, 2019				
<u>March 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	\$ 1,521,745	\$ -	\$ 1,926,291	\$ 3,448,036
Hybrid instruments	117,865	-	69,074	186,939
Derivative instruments	-	37,458	-	37,458
Financial assets at fair value through other comprehensive income				
Equity instruments	2,058,844	-	673,642	2,732,486
Financial assets for hedging	<u>-</u>	<u>7,179</u>	<u>-</u>	<u>7,179</u>
	<u>\$ 3,698,454</u>	<u>\$ 44,637</u>	<u>\$ 2,669,007</u>	<u>\$ 6,412,098</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	\$ 2,866	\$ -	\$ 2,866
Financial liabilities for hedging	<u>-</u>	<u>79,253</u>	<u>-</u>	<u>79,253</u>
	<u>\$ -</u>	<u>\$ 82,119</u>	<u>\$ -</u>	<u>\$ 82,119</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:

- | | Listed shares | Convertible (exchangeable) |
|---------------------|---------------|----------------------------|
| 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 three months ended March 31, 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 three months ended March 31, 2020 and 2019:

	2020		
	Hybrid instruments	Equity instruments	Total
At January 1	\$ -	\$ 2,272,745	\$ 2,272,745
Gains and losses recognized in other comprehensive income (loss)	-	(4,276)	(4,276)
Acquired during the period	74,983	33,300	108,283
Net exchange differences	-	3,453	3,453
At March 31	\$ 74,983	\$ 2,305,222	\$ 2,380,205

	2019		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ 69,074	\$ 3,188,195	\$ 3,257,269
Loss recognised in profit or loss	-	(49,140)	(49,140)
Gains and losses recognised in other comprehensive income (loss)	-	(26,876)	(26,876)
Acquired during the period	-	131,159	131,159
Disposals during the period	-	(646,733)	(646,733)
Net exchange differences	-	3,328	3,328
At March 31	<u>\$ 69,074</u>	<u>\$ 2,599,933</u>	<u>\$ 2,669,007</u>

- G. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical review. Investment property is evaluated regularly by the Group's financial treasury based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau.

The capital department establishes valuation policies, valuation processes and ensures compliance with the related requirements in IFRS. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 2,039,822	Most recent non-active market price	Not applicable	-	Not applicable
"	265,400	Market comparable companies	Price to book ratio multiple	1.96~19.97	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
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	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at March 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 2,405,978	Most recent non-active market price	Not applicable	-	Not applicable
"	193,955	Market comparable companies	Price to book ratio multiple	0.97~3.8	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
Hybrid instruments:					
Convertible bonds	69,074	Market comparable companies	Enterprise value to EBITDA	9.02	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

- I. The Group's valuation techniques are based on the most recent non-active market price after carefully assessing the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		March 31, 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%	\$ -	\$ -	\$ 3,275	(\$ 3,275)

			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)
			March 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%	\$ -	\$ -	\$ 2,411	(\$ 2,411)
Hybrid instruments	Enterprise value to EBITDA	± 1%	\$ 691	(\$ 691)	\$ -	\$ -
	Discount for lack of marketability	± 1%	\$ 691	(\$ 691)	\$ -	\$ -

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: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

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 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 4, 5 and 6 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the three months ended March 31, 2020.

(4) Major shareholders information

Please refer to table 9.

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:

	Three months ended March 31, 2020			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	<u>\$ 28,637,003</u>	<u>\$ 8,496,223</u>	<u>\$ 18,465,709</u>	<u>\$ 55,598,935</u>
Segment income (Note)	<u>\$ 2,506,600</u>	<u>\$ 545,140</u>	<u>\$ 83,041</u>	<u>\$ 3,134,781</u>

	Three months ended March 31, 2019			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	<u>\$ 23,533,918</u>	<u>\$ 8,589,842</u>	<u>\$ 21,889,297</u>	<u>\$ 54,013,057</u>
Segment income (Note)	<u>\$ 2,191,510</u>	<u>\$ 790,691</u>	<u>\$ 1,315,064</u>	<u>\$ 4,297,265</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 three months ended March 31, 2020 and 2019 is provided as follows:

	Three months ended March 31,	
	2020	2019
Reportable segments income	\$ 3,134,781	\$ 4,297,265
Other segments' loss	(1,155,291)	(1,158,733)
Non-operating income and expenses	857,026	809,387
Income before tax from continuing operations	<u>\$ 2,836,516</u>	<u>\$ 3,947,919</u>

Delta Electronics, Inc. and Subsidiaries

Loans to others

Three months ended March 31, 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 three months ended March 31, 2020 (Note 2)	Balance at March 31, 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	\$ 10,276,500	\$ 10,276,500	\$ 10,276,500	0.50%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$30,204,618	\$30,204,618	Note 5
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables - related parties	Yes	3,022,500	3,022,500	2,025,075	0.50%	2	-	Additional operating capital	-	None	-	30,204,618	30,204,618	Note 5
1	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	8,206,088	8,206,088	8,206,088	0.50%	2	-	Additional operating capital	-	None	-	30,204,618	30,204,618	Note 5
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	2,418,000	2,418,000	2,418,000	0.50%	2	-	Additional operating capital	-	None	-	5,561,864	5,561,864	Note 5
2	Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	876,525	876,525	876,525	0.50%	2	-	Additional operating capital	-	None	-	5,561,864	5,561,864	Note 5
3	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	8,070,075	8,070,075	8,070,075	0.50%	2	-	Additional operating capital	-	None	-	70,956,172	70,956,172	Note 5
3	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	14,870,700	14,870,700	14,870,700	0.50%	2	-	Additional operating capital	-	None	-	70,956,172	70,956,172	Note 5
3	Delta International Holding Limited	Drake Investment (HK) Limited	Other receivables - related parties	Yes	997,425	997,425	997,425	0.50%	2	-	Additional operating capital	-	None	-	70,956,172	70,956,172	Note 5
3	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Other receivables - related parties	Yes	1,399,418	1,399,418	946,043	0.50%	2	-	Additional operating capital	-	None	-	70,956,172	70,956,172	Note 5
4	ELTEK AS	Eltek Italia S.r.l.	Other receivables - related parties	Yes	26,592	26,592	26,494	1.90%	2	-	Additional operating capital	-	None	-	1,925,275	1,925,275	Note 5
5	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables - related parties	Yes	1,278,156	1,278,156	1,065,130	4.35%	2	-	Additional operating capital	-	None	-	4,512,665	4,512,665	Note 5
6	Vivotek Inc.	Vatics Inc.	Other receivables - related parties	Yes	270,000	270,000	193,000	1.34%	2	-	Additional operating capital	-	None	-	298,389	596,778	Note 6

Table 1-1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31, 2020 (Note 2)	Balance at March 31, 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			
6	Vivotek Inc.	Lidlight Inc.	Other receivables - related parties	Yes	\$ 10,000	\$ 10,000	\$ -	1.34%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 20,000	\$ 596,778	Note 6
6	Vivotek Inc.	Otus Imaging, Inc.	Other receivables - related parties	Yes	15,000	15,000	-	1.34%	2	-	Additional operating capital	-	None	-	60,000	596,778	Note 6
7	Grandview Holding Ltd.	Cyntec Holding (H.K.) Ltd.	Other receivables - related parties	Yes	3,023	3,023	3,023	0.50%	2	-	Additional operating capital	-	None	-	9,322,898	9,322,898	Note 5
8	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Other receivables - related parties	Yes	382,260	382,260	382,260	0.40%	2	-	Additional operating capital	-	None	-	528,373	528,373	Note 5
9	DET International Holding Limited	Delta Electronics India Pvt. Ltd.	Other receivables - related parties	Yes	1,511,250	1,511,250	1,511,250	4.00%	2	-	Additional operating capital	-	None	-	6,453,514	6,453,514	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 March 31, 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 statement which was audited or reviewed by independent accountant.

(2) For the short-term financing, the limit on loans granted to a single party shall not exceed the subsidiary's paid-in capital and 10% of the subsidiary's net assets value in the latest financial statement which was audited or reviewed by independent accountant.

Note 7: Nature of loans:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Delta Electronics, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
Three months ended March 31, 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 March 31, 2020	Outstanding endorsement / guarantee amount at March 31, 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 endorsement s / 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	\$ 2,794,291	\$ 136,013	\$ 136,013	\$136,013	\$ -	0.10%	\$ 6,985,728	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 \$139,714,557 thousand (2020/3/31).

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)
March 31, 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 March 31, 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	96,704,851	\$ 457,414	3.63	\$ 457,414	
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	6,763,845	309,784	5.73	309,784	
Delta Electronics, Inc.	WK Technology Fund. common stock, etc.	None	Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	-	202,995	-	202,995	
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss	1,583,000	246,157	1.21	246,157	
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss	2,282,000	247,597	1.38	247,597	
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - current	607,043	109,571	0.21	109,571	
Delta Electronics Capital Company	TaskEasy, Inc. common stock	None	Financial assets at fair value through profit or loss - non-current	2,633,872	141,008	7.72	141,008	
Delta Electronics Capital Company	Allied Supreme Corp. common stock	None	Financial assets at fair value through profit or loss - non-current	1,000,000	115,000	1.45	115,000	
Delta Electronics Capital Company	H20, Inc. common stock, etc.	None	Financial assets at fair value through profit or loss	-	1,657,525	-	1,657,525	
Cyntec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income - non-current	200,000	104,081	11.53	104,081	
Cyntec Co., Ltd.	GaN Systems Inc. preferred stock, etc.	None	Financial assets at fair value through other comprehensive income	-	161,319	-	161,319	

Table 3-1

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As at March 31, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta International Holding Limited	Mentis Technology, Inc. common stock	None	Financial assets at fair value through profit or loss - non-current	46,875	\$ 90,675	9.38	\$ 90,675	
Delta Electronics (Japan), Inc.	Macy Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	74,000,000	34,621	19.79	34,621	
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	-	31,954	15.00	31,954	
Delta America Ltd.	VPT Inc. common stock	None	Financial assets at fair value through other comprehensive income - non-current	860,000	5,289	17.52	5,289	
Unicom System Eng. Corp.	Digi-Hua System Co., Ltd. common stock	None	Financial assets at fair value through profit or loss - non-current	332,556	3,273	3.32	3,273	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, Inc. preferred stock	None	Financial assets at fair value through other comprehensive income - non-current	1,838,235	151,125	10.46	151,125	
Delta Electronics (Netherlands) B.V.	Grace Connection Microelectronics	None	Financial assets at fair value through profit or loss - non-current	141,065	120,900	19.90	120,900	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through other comprehensive income - non-current	-	55,370	-	55,370	

Table 3-2

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

Three months ended March 31, 2020

Table 4

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 Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	\$ 2,770,424	28.75	70 days			\$ 1,068,118	14.40	
Delta Electronics Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales and other operating revenue	143,276	1.48	70 days			143,907	1.94	
Delta Electronics Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	Sales and other operating revenue	104,596	1.08	70 days			90,921	1.22	
Delta Electronics Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	Sales and other operating revenue	328,028	3.42	70 days			269,985	3.64	
Delta Electronics Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	1,617,116	16.77	70 days			1,841,699	24.82	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	2,816,264	7.28	70 days			5,704,576	15.78	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales and other operating revenue	1,650,561	4.28	70 days			1,170,009	3.24	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	979,319	2.53	70 days			707,528	1.96	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	2,207,947	5.71	70 days			1,361,686	3.77	

Table 4-1

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 Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	\$ 2,355,528	6.11	70 days			\$ 587,988	1.63	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,353,271	6.09	70 days			635,890	1.76	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	466,736	1.20	70 days			199,513	0.55	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	1,227,744	3.16	70 days			671,472	1.86	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	683,262	1.78	70 days			697,067	1.93	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Sales	289,448	0.74	70 days			293,412	0.81	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	187,577	0.48	70 days			111,130	0.31	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	592,765	1.53	70 days			565,114	1.56	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	370,091	0.95	70 days			372,203	1.03	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales and other operating revenue	380,455	0.98	70 days			360,416	1.00	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	251,900	0.64	70 days			233,281	0.65	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Sales and other operating revenue	372,545	0.95	70 days			492,090	1.36	

Table 4-2

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)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	Sales	\$ 403,413	1.02	70 days			\$ 463,376	1.28	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	3,160,436	8.17	70 days			4,878,422	13.49	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	105,608	0.27	70 days			190,620	0.53	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,937,129	99.66	70 days			1,703,200	95.25	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	1,263,712	72.97	70 days			931,272	64.19	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	151,506	8.75	70 days			167,968	11.58	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,063,557	88.34	70 days			2,486,871	83.80	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	287,621	8.30	70 days			318,562	10.74	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	4,757,468	76.71	70 days			2,058,248	59.86	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,232,697	19.87	70 days			1,163,331	33.83	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,158,195	58.07	70 days			1,343,418	34.36	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	2,204,351	40.55	70 days			2,461,813	62.98	

Table 4-3

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)	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 599,917	82.71	70 days			\$ 269,984	65.95	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	118,850	16.37	70 days			132,178	32.29	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	1,680,349	98.31	70 days			1,235,274	97.55	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	843,161	85.90	70 days			660,430	83.04	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	138,364	14.09	70 days			134,840	16.96	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	308,940	65.76	70 days			259,126	66.27	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	187,605	3.56	70 days			185,330	2.65	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	2,449,418	46.62	70 days			2,735,116	39.12	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	372,644	7.09	70 days			416,068	5.95	
ELTEK AS	Eltek s.r.o.	Affiliated enterprise	Sales	125,022	11.59	70 days			105,302	6.83	
ELTEK AS	Eltek Deutschland GmbH	Affiliated enterprise	Sales and other operating revenue	143,643	13.20	70 days			146,320	9.48	
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	Sales and other operating revenue	152,801	14.18	70 days			196,072	12.71	

Table 4-4

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 (Netherlands) B.V.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	\$ 162,899	11.09	70 days			\$ 54,404	4.89	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales and other operating revenue	136,119	9.28	70 days			283,383	25.49	
Delta Electronics (Americas) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	350,748	15.64	70 days			3,640	0.31	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	112,495	5.03	70 days			47,213	4.08	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	237,276	20.13	70 days			133,117	17.71	
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	540,467	94.88	70 days			21,089	30.47	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	478,114	4.85	70 days			486,099	5.03	
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	4,238,302	42.83	70 days			5,195,632	53.75	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	502,559	57.04	70 days			597,788	59.41	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	104,108	11.80	70 days			111,214	11.05	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	264,453	30.04	70 days			292,626	29.08	

Table 4-5

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)	
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	Sales and other operating revenue	\$ 426,392	98.58	70 days			\$ 194,872	92.29	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	103,840	7.67	90 days			104,540	15.79	
Cyntec Co., Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales and other operating revenue	374,419	30.10	Note 1	Note 1	Note 1	267,810	33.42	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	2,708,092	99.99	Note 2	Note 2	Note 2	1,971,434	99.99	

Note 1: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30~120 days after monthly billings.

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

Table 4-6

Delta Electronics, Inc. and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital or more
March 31, 2020

Table 5

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

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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, Inc.	DEI Logistics (USA) Corp.	Subsidiary	\$ 1,841,699	3.05	\$ 49,522		\$ 576,723	\$ -
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	1,299,257	7.94	98,549		1,013,616	-
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	436,396	5.49	52,559		125,341	-
Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	143,907	4.13	25,075		-	-
Delta Electronics, Inc.	Delta Electronics (Japan), Inc.	Subsidiary	100,550	4.75	-		14,400	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	5,864,125	1.73	-		80,430	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	4,878,422	2.25	966,986		361,827	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	1,361,686	5.54	-		302,250	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	1,170,009	5.32	1		474,533	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	707,528	4.57	163,265		302,250	-

Table 5-1

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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 (Chenzhou) Co., Ltd.	Affiliated enterprise	\$ 697,067	3.95	\$ 274,977		\$ 120,900	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	671,472	5.27	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	635,890	10.00	-		18,123	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	587,988	9.28	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	565,114	3.99	-		203,500	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	492,090	3.49	135,843		117,692	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	463,376	3.83	-		124,295	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	372,203	2.79	429		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	360,416	3.21	-		198,491	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	293,412	4.16	-		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	1,116,088	4.71	3,029		63,340	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	199,513	8.44	-		-	-

Table 5-2

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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 (USA) INC.	Affiliated enterprise	\$ 190,620	1.35	\$ 89,512		\$ 85,687	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	169,948	1.23	76,984		4,376	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Affiliated enterprise	111,881	0.08	111,881		-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	111,130	5.12	-		5,903	-
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,703,200	4.11	-		392,486	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	660,430	4.72	-		211,575	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	134,840	3.71	-		589	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	259,126	3.98	-		-	-
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	267,810	4.28	-		246	-
Cyntec Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	131,837	-	-		131,386	-
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,971,434	4.23	-		606,175	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	931,272	4.02	-		236,897	-

Table 5-3

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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	\$ 167,968	2.57	\$ -		\$ 59,099	\$ -
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,486,871	4.74	-		1,084,977	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	318,562	2.58	-		110,070	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	2,735,116	2.90	-		809,759	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	416,068	3.06	-		155,749	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	185,330	3.10	-		-	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,235,274	4.27	-		-	-
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	243,434	0.43	183,508		551	-
ELTEK AS	ELTEK POWER FRANCE SAS	Affiliated enterprise	196,072	3.15	31,847		55,061	-
ELTEK AS	Eltek Egypt for Power Supply S.A.E.	Affiliated enterprise	157,976	0.50	114,474		-	-
ELTEK AS	Eltek Deutschland GmbH	Affiliated enterprise	146,320	4.92	-		47,581	-
ELTEK AS	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	113,776	1.97	44		103,101	-

Table 5-4

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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	\$ 105,302	5.27	\$ -		\$ -	\$ -
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,058,248	7.26	-		-	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,163,331	3.42	-		427,054	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	2,461,813	3.20	-		787,222	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,343,418	8.13	-		-	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	269,984	9.73	-		-	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	132,178	1.36	-		-	-
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	283,383	2.09	21,488		-	-
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	5,195,632	3.42	609,831		591,551	-
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	486,099	5.70	3,728		-	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	597,788	3.89	23		211,057	-
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	292,626	3.28	-		84,825	-

Table 5-5

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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 (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 111,214	3.25	\$ 467		\$ 34,330	\$ -
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	194,872	11.40	120		134,234	-
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	133,117	6.26	-		22,970	-
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	104,540	3.23	-		-	-
Vivotek Inc.	VATICS INC.	Affiliated enterprise	193,000	-	-		-	-
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	15,001,863	-	-		-	-
Delta International Holding Limited	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	317,104	-	-		317,104	-
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	192,449	-	-		192,449	-
Delta Electronics (Americas) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	119,800	-	-		119,515	-
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	10,289,488	-	-		-	-
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,025,947	-	-		-	-
Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	8,216,460	-	-		-	-

Table 5-6

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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 Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 2,421,056	-	\$ -		\$ -	\$ -
Delta Networks Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	877,633	-	-		-	-
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	8,078,450	-	-		-	-
Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	14,889,495	-	-		664,950	-
Delta International Holding Limited	Drake Investment (HK) Limited	Affiliated enterprise	998,686	-	-		-	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,103,226	-	-		-	-
Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Affiliated enterprise	382,260	-	-		792	-
DET International Holding Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	1,511,250	-	-		-	-

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

Note 2: The amount represents collections subsequent to March 31, 2020 up to April 29, 2020.

Table 5-7

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

Table 6 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 7)	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	Sales and other operating revenue	\$ 2,770,424	(Note 4)	4.98
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	1,617,116	(Note 4)	2.90
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	2,816,264	(Note 4)	5.06
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales and other operating revenue	1,650,561	(Note 4)	2.96
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	979,319	(Note 4)	1.76
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	2,207,947	(Note 4)	3.97
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,355,528	(Note 4)	4.23
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	2,353,271	(Note 4)	4.23
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	1,227,744	(Note 4)	2.21
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	683,262	(Note 4)	1.23
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	592,765	(Note 4)	1.06
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	3,160,436	(Note 4)	5.68
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	1,937,129	(Note 4)	3.48
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	1,263,712	(Note 4)	2.27

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 7)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	\$ 3,063,557	(Note 4)	5.50
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	4,757,468	(Note 4)	8.54
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,232,697	(Note 4)	2.21
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	3,158,195	(Note 4)	5.67
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	2,204,351	(Note 4)	3.96
7	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	599,917	(Note 4)	1.08
8	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	1,680,349	(Note 4)	3.02
9	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	843,161	(Note 4)	1.51
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	2,449,418	(Note 4)	4.40
11	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	4,238,302	(Note 4)	7.61
12	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	2,708,092	(Note 6)	4.86
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Accounts receivable	5,864,125	(Note 4)	1.92
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Accounts receivable	4,878,422	(Note 4)	1.60
11	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Accounts receivable	5,195,632	(Note 4)	1.70
13	Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Affiliated enterprise	Other receivables	15,001,863	(Note 5)	4.91
14	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables	10,289,488	(Note 5)	3.37
14	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables	8,216,460	(Note 5)	2.69

Table 6-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 7)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
13	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Other receivables	\$ 8,078,450	(Note 5)	2.64
13	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other receivables	14,889,495	(Note 5)	4.87

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note 5: Lending of capital

Note 6: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 7: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Delta Electronics, Inc. and Subsidiaries

Information on investees

Three months ended March 31, 2020

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

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	100.00	\$71,528,712	(\$ 196,497)	(\$ 211,483)	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,582	29,582	83,800,000	100.00	5,576,650	(5,420)	(15,348)	(Note 6)
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	-	162,376	5,250,000.00	39.62	-	134	54	(Note 9)
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	34,222,154	236,166	198,977	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	3,253,241	350,000,000	100.00	3,424,273	(411,580)	(411,580)	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	34,498	34,498	1,500,000	100.00	25,232,187	1,410,375	1,920,177	(Note 6)
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	21,761,836	100.00	209,027	(8,127)	(8,204)	(Note 6)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,750,076	(19,825)	(19,819)	
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	465,301	20,551	12,367	(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	4,365,592	817,294	3,137	(Notes 6 and 17)
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	10,876,623	716,742	722,786	(Note 6)
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	308,444	144,298	14,775	(Note 6)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Vivotek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	\$ 4,039,937	\$ 4,039,937	43,404,058	49.87	\$ 3,935,500	\$ 88,188	\$ 15,627	(Note 6)
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and materials	86,412	86,412	5,600	100.00	617,737	29,439	29,439	(Note 1)
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	426,972	345,785	46,949,667	100.00	374,008	(16,413)	(19,432)	(Note 1)
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	-	241,800	8,000,000	60.38	-	134	81	(Notes 1 and 9)
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	30,225	30,225	1,000,000	100.00	235,950	4,560	4,560	(Note 1)
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	45,338	45,338	9,000,000	100.00	108,259	(6,598)	(6,598)	(Note 1)
Delta International Holding Limited	Delta Electronics Europe Limited	Britain	Repair centre and providing support services	110,624	110,624	500,000	100.00	54,093	(1,068)	(1,068)	(Note 1)
Delta International Holding Limited	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	13,020,241	13,020,241	191,984,450	15.39	12,224,853	817,294	66,676	(Note 17)
Delta International Holding Limited	ELTEK AS	Norway	Research, development and sales of power supplies and others	15,026,887	15,026,887	93,531,101	100.00	12,345,823	56,203	(133,690)	(Note 1)
Delta International Holding Limited	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,064,062	2,064,062	1,060,624	100.00	1,878,363	(47,765)	(48,338)	(Note 1)
Delta International Holding Limited	Delta Controls Inc.	Canada	Provide resolution of building management and control	2,266,875	2,266,875	75,000,000	100.00	2,673,413	(8,399)	(8,399)	(Note 1)
Delta International Holding Limited	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	231,657	231,657	5,100	51.00	303,292	(93,751)	(48,604)	(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	182,861	182,861	2,314,592	100.00	132,369	25,417	25,417	(Note 2)
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	1,560,560	694,676	18,374,182	89.74	2,383,474	144,298	129,272	(Note 8)

Table 7-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Optovue, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	\$ 1,118,325	\$ 1,118,325	5,190,330	29.50	\$ 825,591	(\$ 78,861)	(\$ 23,256)	(Note 8)
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	-	146,932	-	-	-	-	-	(Notes 8 and 15)
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	-	685,273	-	-	-	-	-	(Notes 8 and 15)
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	116,669	116,669	479,750	51.00	40,320	(8,860)	(2,304)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	214,900	214,900	4,315,657	100.00	86,005	(49,510)	(49,510)	(Note 8)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA.	Brazil	Manufacturing and sales of electronic products	335,010	335,010	37,000,000	100.00	199,619	3,469	3,469	(Note 8)
Delta Electronics (Netherlands) B.V.	Amerlux, LLC	U.S.A.	Design and producing of dedicated lighting system and facilities	2,954,033	2,979,980	-	100.00	2,966,564	(37,652)	(58,811)	(Note 8)
Delta Electronics (Netherlands) B.V.	Drake Investment (HK) Limited	Hong Kong	Equity investments	5,202,216	5,202,216	304,504,306	100.00	4,485,968	66,440	23,528	(Note 8)
Delta Electronics (Netherlands) B.V.	Boom Treasure Limited	Hong Kong	Equity investments	2,633,229	2,633,229	1	100.00	1,949,963	26,168	(4,794)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	9,925,802	9,925,802	2,549,297,600	100.00	17,800,139	742,519	742,519	(Note 8)
Delta Electronics (Netherlands) B.V.	DELTA GREENTECH SGP Pte. Ltd.	Singapore	Equity investments	844,204	844,204	12,175,470	100.00	641,033	8,614	(755)	(Note 8)
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	228,328	228,328	250,000	100.00	1,337,036	138,895	138,895	
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	68,611	68,611	-	100.00	59,360	(266)	(266)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Austria	Consulting service of building management and control solutions	2,453,044	2,453,044	-	100.00	2,479,192	21,713	7,602	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER INCORPORATED	Philippines	Sales of power supplies and others	22,769	22,769	11,400,000	100.00	20,275	(3,945)	(3,945)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER CO., LTD.	Thailand	Sales of power supplies and others	-	-	40,000	100.00	232,816	3,421	3,421	(Note 7)

Table 7-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (CAMBODIA) LTD.	Cambodia	Sales of power supplies and others	\$ -	\$ -	1,000	100.00	(\$ 20,656)	\$ -	\$ -	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Malaysia	Sales of power supplies and others	62,425	62,425	300,000	100.00	(64,766)	(3,648)	(3,648)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	36,162,756	36,162,756	534,479,306	42.85	35,122,519	817,294	185,645	(Note 17)
Loy Tec electronics GmbH	LOYTEC Americas, Inc.	U.S.A.	Consulting service of building management and control solutions	332	332	9,978	100.00	17,819	(428)	(428)	
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,375,787	5,375,787	1,196,886,000	100.00	2,252,580	(9,200)	(9,332)	(Note 3)
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,057,875	1,057,875	35,000,000	100.00	2,227,681	(8,982)	(8,982)	(Note 4)
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	30,204,618	171,708	171,708	(Note 5)
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	179,161	179,161	8,702,934	59.03	159,717	(1,157)	(3,062)	(Note 5)
Vivotek Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	305,651	20,243,849	50.53	(9,570)	(22,236)	(10,978)	(Note 11)
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	224,151	9,299	9,299	(Note 11)
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Investment in the network communications industry	173,696	173,696	17,369,635	100.00	94,627	1,726	1,636	(Note 11)
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	10,110	208	208	(Note 11)
Vivotek Inc.	Otus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	44,294	6,000,000	100.00	24,853	17,625	17,625	(Note 11)
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	17,939	6,600	100.00	26,543	1,722	1,722	(Note 11)
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	30,225	30,225	10,000,000	100.00	295,275	9,301	9,301	(Note 10)
Realwin Investment Inc.	Skywatch INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	(3,041)	-	(Note 14)
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	48,856	551	551	(Note 12)

Table 7-4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	\$ 34,045	\$ 34,045	3,372,500	56.21	\$ 40,001	\$ 3,961	\$ 2,226	(Note 12)
Realwin Investment Inc.	Vivotek Middle East FZCO	United Arab Emirates	Sales of webcams and related components	11,242	11,242	1,322	89.99	(11,036)	724	652	(Note 12)
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	10,200	10,200	1,020,000	51.00	1,847	(1,634)	(833)	(Note 12)
Realwin Investment Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	31,123	31,123	1,556,142	3.88	1,023	(22,236)	(864)	(Note 12)
Delta Electronics (Thailand) Public Company Limited	DET International Holding Limited	Cayman Islands	Equity investments	8,759,872	8,759,872	264,357,330	100.00	6,953,714	(118,389)	(118,389)	(Note 13)
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 changer and data center	190,962	190,962	20,600,000	100.00	105,626	3,047	3,047	(Note 13)
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Singapore) PTE. LTD.	Singapore	Equity investments, trading, management and consultancy	5,166,986	5,166,986	146,586,590	100.00	8,873,467	(23,072)	(23,072)	(Note 13)
Digital Projection International Ltd.	Digital Projection Holdings Ltd.	Britain	Equity investments	160,246	-	40,526,221	100.00	(15,114)	(16,413)	(16,413)	(Note 16)

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 Cyntec Co., Ltd.

Note 6: The investment income /loss is net of the elimination of intercompany transactions.

Note 7: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: The Company's second-tier subsidiary or second-tier subsidiary's investee accounted for under equity method, which was recognised as investment gains/losses through Delta Electronics (Netherlands) B.V.

Note 9: PreOptix (Hong Kong) Co., Ltd. returned capital amounting to USD 5,250,000 and USD 8,000,000 to Delta Electronics, Inc. and Delta International Holding Limited, respectively, in the first quarter of 2020.

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

Note 14: 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 15: This company had been liquidated in February 2020.

Note 16: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Digital Projection International Ltd.

Note 17: 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%.

Table 7-5

Delta Electronics, Inc. and Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2020

Table 8

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 three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2020	Net income (loss) of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 23)	Book value of investments in Mainland China as at March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as at March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and thermal products	\$ 2,956,307	Invested by DHK	\$ 2,327,148	\$ -	\$ -	\$ 2,327,148	\$ 90,542	100.00	\$ 90,542	\$ 3,886,898	\$ 291,974	(Notes 3 and 16)
Delta Greentech (China) Co., Ltd.	Sales of uninterruptible power systems	2,419,975	Invested by Drake-HK, Boom and DGSG	9,243,187	-	-	9,243,187	111,032	95.91	106,492	5,508,418	-	(Notes 4 and 15)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,057,875	Invested by DNHK	1,351,249	-	-	1,351,249	(6,343)	100.00	(6,343)	2,019,880	664,950	(Notes 5 and 17)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,272,473	Invested by DHK	715,940	-	-	715,940	14,197	100.00	13,736	2,726,411	406,103	(Notes 6 and 16)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,209,000	Invested by DHK	4,237,507	-	-	4,237,507	36,840	100.00	37,230	2,646,399	-	(Note 16)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	3,560,807	Invested by DHK	6,941,436	-	-	6,941,436	148,696	100.00	148,384	7,025,574	53,325	(Notes 7 and 16)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	876,525	Invested by DHK	1,440,379	-	-	1,440,379	(5,345)	100.00	(5,345)	1,229,565	-	(Notes 8 and 16)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products	3,379,317	Invested by DHK	472,823	-	-	472,823	320,264	100.00	320,170	6,395,027	-	(Notes 9 and 16)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others	4,050,150	Invested by DHK	517,187	-	-	517,187	143,755	100.00	142,155	4,519,377	-	(Notes 10 and 16)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,904,175	Invested by DHK	129,208	-	-	129,208	15,602	100.00	15,064	1,896,538	-	(Notes 11 and 16)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	136,919	Invested by DHK	999,999	-	-	999,999	(10,230)	100.00	(10,230)	(28,442)	-	(Notes 12 and 16)

Table 8-1

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 three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2020	Net income (loss) of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 23)	Book value of investments in Mainland China as at March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as at March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
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	\$ 62,835	Invested by DNHK	\$ 21,158	\$ -	\$ -	\$ 21,158	(\$ 9,204)	30.00	(\$ 2,761)	\$ 13,455	\$ -	(Note 17)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	127,816	Invested by DHK	157,010	-	-	157,010	5,446	100.00	5,446	176,298	-	(Note 16)
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	223,665	Invested by DHK	1,145,824	-	-	1,145,824	(588)	100.00	(588)	167,807	-	(Note 16)
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	213,026	Invested by DHK	13,824	-	-	13,824	(4,593)	100.00	(4,593)	147,614	-	(Notes 13 and 16)
Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral equipment and software	234,329	Invested by DHK	255,657	-	-	255,657	(3,363)	100.00	(3,363)	211,891	-	(Note 16)
Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	14,357	Invested by Amerlux Lighting Hong Kong Limited	177,508	-	-	177,508	(203)	100.00	(203)	29,438	-	(Note 20)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	108,643	Invested by DCZ	-	-	-	-	8,394	100.00	8,461	194,973	-	(Note 14)
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.	42,605	Invested by DPEC and DGC	-	-	-	-	(824)	96.32	(824)	31,749	-	(Note 14)
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	426	Invested by DET-SH	-	-	-	-	53	96.32	53	8,240	-	(Note 14)

Table 8-2

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 three months ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as at March 31, 2020	Net income (loss) of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 23)	Book value of investments in Mainland China as at March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as at March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	6,105,450	Invested by CHK	\$ 5,998,525	\$ -	\$ -	\$ 5,998,525	\$ 163,385	100.00	\$ 163,385	\$ 7,672,217	\$ -	(Note 18)
DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	\$ 120,900	Invested by DelBio	120,900	-	-	120,900	(8,993)	100.00	(8,993)	158,013	-	(Note 19)
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	9,068	Invested by UNICOM	9,068	-	-	9,068	6,109	100.00	6,109	30,521	34,286	(Note 21)
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 14 and 22)
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	106,513	Invested by DPT	-	-	-	-	-	40.00	-	11,929	-	(Note 14)

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 7.0942 to US\$1 and NTD 4.26052 to RMB\$1.

Note 2: The accumulated remittance as at January 1, 2020, remitted or collected this period, accumulated remittance as at March 31, 2020 and investment income remitted back as at March 31, 2020 was translated into New Taiwan Dollars at the average exchange rate of NTD 30.225 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.

Note 8: Except for the facility of US\$47,655 thousand permitted by Investment Commission, the capitalisation of earnings of US\$8,272 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 9: Except for the facility of US\$15,643 thousand permitted by Investment Commission, the capitalisation of earnings of US\$110,401 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 10: Except for the facility of US\$17,111 thousand permitted by Investment Commission, the capitalisation of earnings of US\$120,320 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 11: 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: 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 15: Jointly invested through Drake Investment (HK) Limited., DELTA GREENTECH SGP Pte. Ltd. and Boom Treasure Limited.

Note 16: Invest through Delta Electronics (H.K.) Ltd.

Note 17: Invest through Delta Networks (H.K.) Limited

Note 18: Invest through CYNTEC HOLDING (HK) LIMITED.

Note 19: Invest through DelBio Inc.

Note 20: Invest through Amerlux Lighting Hong Kong Limited.

Note 21: Invest through UNICOM SYSTEM ENG. CORP.

Note 22: This company had been liquidated in January 2020.

Note 23: Except for Delta Green (Tianjin) Industries Co., Ltd., Delta Electronics (Pingtan) Co., Ltd., Delta Energy Technology (Shanghai) Co., Ltd., Delta Energy Technology Puhuan (Shanghai) Co., Ltd., Delta Networks (Xiamen) Ltd., Eltek Energy Technology (Dongguan) Ltd., DelBio (Wujiang) Co., Ltd., Delta Electronics (Beijing) Co., Ltd., Delta Electronics (Xi'an) Co., Ltd., Unicom (Nanjing) System Eng. Corp., Guangzhou Amerlux Lighting Co., 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 March 31, 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)	\$ 29,304,831	\$ 29,964,405	\$ -
Cyntec Co., Ltd.	5,998,525	5,998,525	16,806,577
DelBio Inc. (Note 4)	120,900	120,900	115,809
UNICOM SYSTEM ENG. CORP.(Note 5 and 6)	-	-	80,000

Note 1: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 30.225 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 March 31, 2020.

Note 5: The limitation pursuant to the regulations is NT \$80 million or 60% of net value or consolidated net assets, whichever is higher.

Note 6: The investment income of US\$1,134 thousand were remitted back on October 17, 2019 from the investee companies in Mainland China and was permitted by Investment Commission on November 12, 2019, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

The significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China as well as those that the Company indirectly conducted with investee companies in Mainland China through Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Limited. - Labuan (CIL-Labuan) for the three months ended March 31, 2020 are shown in Table 4 and 5.

Delta Electronics, Inc. and Subsidiaries
Major shareholders information
March 31, 2020

Table 9

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%

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

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