

**DELTA ELECTRONICS, INC. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
JUNE 30, 2019 AND 2018**

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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 June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and the six-month periods then ended, as well as the related consolidated statements of changes in equity and of cash flows for the six-month periods 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\$28,886,936 thousand and NT\$23,432,523 thousand, constituting 8.83% and 9.29% of the consolidated total assets, and total liabilities of NT\$6,020,294 thousand and NT\$5,380,969 thousand, constituting 3.95% and 4.35% of the consolidated total liabilities as at June 30, 2019 and 2018, respectively, and total comprehensive income of NT\$44,586 thousand and NT(\$240,859) thousand, constituting 0.30% and (4.33%) of the consolidated total comprehensive income for the three-month periods then ended, respectively, and NT\$208,047 thousand and NT\$83,653 thousand, constituting 1.02% and 1.05% of the consolidated total comprehensive income for the six-month periods then ended, respectively.

### ***Qualified Conclusion***

Based on our reviews and the review reports of other independent accountants, 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 June 30, 2019 and 2018, and of its consolidated financial performance for the three-month and the six-month periods then ended and its consolidated cash flows for the six-month periods 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 the equity method. Total assets of the subsidiaries amounted to NT\$50,962,362 thousand and NT\$4,417,302 thousand, constituting 15.58% and 1.75% of the consolidated total assets as at June 30, 2019 and 2018, respectively, and total operating revenues amounted to NT\$13,824,046 thousand and NT\$1,379,565 thousand, constituting 18.84% and 2.38% of consolidated total operating revenues for the three-month periods then ended, respectively, and NT\$15,536,215 thousand and NT\$2,483,175 thousand, constituting 12.19% and 2.28% of consolidated total operating revenues for the six-month periods then ended, respectively. The investment accounted for under the equity method amounted to NT\$0 thousand and NT\$7,616,606 thousand, constituting 0% and 3.02% of the

consolidated total assets as at June 30, 2019 and 2018, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method was NT\$0 thousand and NT(\$17,687) thousand, constituting 0% and (0.32%) of the consolidated total comprehensive income for the three-month periods then ended, respectively, and NT\$429,060 thousand and NT(\$260,552) thousand, constituting 2.11% and (3.28%) of the consolidated total comprehensive income for the six-month periods then ended, respectively. 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 of and for the six-month period ended June 30, 2019 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$31.06 to US\$1.00 at June 30, 2019. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the FSC.

Lin, Yu-Kuan      Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

July 31, 2019

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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**  
**JUNE 30, 2019, DECEMBER 31, 2018 AND JUNE 30, 2018**  
**(EXPRESSED IN THOUSANDS OF DOLLARS)**  
**(THE JUNE 30, 2019 AND 2018 AMOUNTS ARE UNAUDITED)**

Assets	Notes	US Dollars	New Taiwan Dollars	
		June 30, 2019	June 30, 2019	December 31, 2018
				June 30, 2018
<b>Current assets</b>				
Cash and cash equivalents	6(1)	\$ 1,423,089	\$ 44,201,138	\$ 59,618,697
Financial assets at fair value through profit or loss - current	6(2)	40,783	1,266,729	1,000,116
Financial assets at fair value through other comprehensive income - current	6(3)	10,680	331,726	57,656
Derivative financial assets for hedging - current	6(4)	-	-	-
Contract assets - current	6(20)	59,255	1,840,453	1,708,291
Notes receivable, net	6(5)	128,179	3,981,226	4,091,231
Accounts receivable, net	6(5)	1,910,426	59,337,845	52,053,496
Accounts receivable - related parties	7	12,589	391,017	1,722,114
Other receivables		47,642	1,479,755	757,008
Other receivables - related parties	7	159	4,933	99,389
Current income tax assets		15,148	470,496	293,394
Inventories	6(7)	1,384,199	42,993,236	34,301,866
Prepayments		77,842	2,417,784	1,151,065
Other current assets	8	16,584	515,086	451,583
<b>Total current assets</b>		<b>5,126,575</b>	<b>159,231,424</b>	<b>157,305,906</b>
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss - non-current	6(2)	80,538	2,501,509	2,392,799
Financial assets at fair value through other comprehensive income - non-current	6(3)	71,347	2,216,035	2,920,338
Contract assets - non-current	6(20)	11,410	354,400	495,875
Investments accounted for under equity method	6(8)	39,292	1,220,409	9,393,716
Property, plant and equipment	6(9) and 8	2,005,918	62,303,813	46,428,874
Right-of-use assets	6(10)	114,107	3,544,166	-
Investment property, net	6(11)	453	14,070	1,644,728
Intangible assets	6(12)	2,789,674	86,647,278	32,628,388
Deferred income tax assets	6(26)	224,175	6,962,885	6,179,485
Other non-current assets	6(13) and 8	68,132	2,116,168	2,545,315
<b>Total non-current assets</b>		<b>5,405,046</b>	<b>167,880,733</b>	<b>104,629,518</b>
<b>Total assets</b>		<b>\$ 10,531,621</b>	<b>\$ 327,112,157</b>	<b>\$ 261,935,424</b>

(Continued)

**DELTA ELECTRONICS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2019, DECEMBER 31, 2018 AND JUNE 30, 2018**  
**(EXPRESSED IN THOUSANDS OF DOLLARS)**  
**(THE JUNE 30, 2019 AND 2018 AMOUNTS ARE UNAUDITED)**

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		June 30, 2019	June 30, 2019	December 31, 2018
<b>Current liabilities</b>				
Short-term borrowings	6(14)	\$ 200,093	\$ 6,214,897	\$ 6,259,062
Financial liabilities at fair value through profit or loss - current	6(2)	781	24,247	8,544
Contract liabilities - current	6(20)	117,368	3,645,443	2,643,318
Notes payable		198	6,155	7,955
Accounts payable		1,340,851	41,646,840	39,016,773
Accounts payable - related parties	7	215	6,669	1,484,335
Other payables	6(19)	1,266,415	39,334,835	24,786,588
Current income tax liabilities		81,735	2,538,690	2,712,106
Other current liabilities	6(15)	147,683	4,587,051	3,710,299
<b>Total current liabilities</b>		<b>3,155,339</b>	<b>98,004,827</b>	<b>80,628,980</b>
<b>Non-current liabilities</b>				
Long-term borrowings	6(15)	995,341	30,915,288	25,232,787
Deferred income tax liabilities	6(26)	464,799	14,436,656	11,569,432
Lease liabilities - non-current		51,719	1,606,394	-
Other non-current liabilities		238,283	7,401,081	5,043,317
<b>Total non-current liabilities</b>		<b>1,750,142</b>	<b>54,359,419</b>	<b>41,845,536</b>
<b>Total Liabilities</b>		<b>4,905,481</b>	<b>152,364,246</b>	<b>122,474,516</b>
<b>Equity</b>				
<b>Share capital</b>				
Share capital - common stock	6(17)	836,299	25,975,433	25,975,433
<b>Capital surplus</b>	6(18)			
Capital surplus		1,558,378	48,403,230	48,397,067
<b>Retained earnings</b>	6(19)			
Legal reserve		805,884	25,030,754	23,211,444
Special reserve		243,433	7,561,032	7,088,143
Unappropriated retained earnings		980,808	30,463,899	33,160,104
<b>Other equity interest</b>				
Other equity interest		( 78,308)	( 2,432,246)	( 7,561,032)
<b>Equity attributable to owners of the parent</b>		<b>4,346,494</b>	<b>135,002,102</b>	<b>130,271,159</b>
<b>Non-controlling interest</b>	4(3)	<b>1,279,646</b>	<b>39,745,809</b>	<b>9,189,749</b>
<b>Total equity</b>		<b>5,626,140</b>	<b>174,747,911</b>	<b>139,460,908</b>
<b>Significant contingent liabilities and unrecorded contract commitments</b>	9			
<b>Significant subsequent events</b>	11			
<b>Total liabilities and equity</b>		<b>\$ 10,531,621</b>	<b>\$ 327,112,157</b>	<b>\$ 261,935,424</b>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)  
(UNAUDITED)

Items	Notes	US Dollars		New Taiwan Dollars			
		Six months ended June 30, 2019		Three months ended June 30,		Six months ended June 30,	
				2019	2018	2019	2018
<b>Sales revenue</b>	6(20) and 7	\$ 4,104,196	\$	73,374,101	\$ 57,897,107	\$ 127,476,328	\$ 108,767,131
<b>Operating costs</b>	6(7)(24)(25) and 7	( 3,007,817)	(	53,568,137)	( 43,392,764)	( 93,422,811)	( 81,248,971)
<b>Gross profit</b>		<u>1,096,379</u>		<u>19,805,964</u>	<u>14,504,343</u>	<u>34,053,517</u>	<u>27,518,160</u>
<b>Operating expenses</b>	6(24)(25)						
Selling expenses		( 305,889)	(	5,339,280)	( 4,139,217)	( 9,500,926)	( 7,973,092)
General and administrative expenses		( 170,726)	(	3,004,876)	( 2,368,435)	( 5,302,747)	( 4,564,008)
Research and development expenses		( 347,966)	(	6,104,470)	( 4,529,164)	( 10,807,797)	( 8,754,707)
Expected credit impairment gain	12(2)	2,113		11,810	37,901	65,633	49,746
<b>Total operating expenses</b>		<u>( 822,468)</u>	(	<u>14,436,816)</u>	<u>( 10,998,915)</u>	<u>( 25,545,837)</u>	<u>( 21,242,061)</u>
<b>Operating profit</b>		<u>273,911</u>		<u>5,369,148</u>	<u>3,505,428</u>	<u>8,507,680</u>	<u>6,276,099</u>
<b>Non-operating income and expenses</b>							
Other income	6(21)	70,090		1,168,544	892,711	2,177,016	1,801,653
Other gain and loss	6(22)	188,857		6,091,036	( 108,181)	5,865,889	( 106,403)
Finance costs	6(23)	( 11,946)	(	207,817)	( 125,431)	( 371,037)	( 240,061)
Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>6,761</u>		<u>20,700</u>	<u>244,790</u>	<u>209,982</u>	<u>419,597</u>
<b>Total non-operating income and expenses</b>		<u>253,762</u>		<u>7,072,463</u>	<u>903,889</u>	<u>7,881,850</u>	<u>1,874,786</u>
<b>Profit before income tax</b>		<u>527,673</u>		<u>12,441,611</u>	<u>4,409,317</u>	<u>16,389,530</u>	<u>8,150,885</u>
Income tax expense	6(26)	( 93,813)	(	2,425,081)	( 993,521)	( 2,913,839)	( 1,855,967)
<b>Profit for the period</b>		<u>\$ 433,860</u>	\$	<u>10,016,530</u>	<u>\$ 3,415,796</u>	<u>\$ 13,475,691</u>	<u>\$ 6,294,918</u>

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)  
(UNAUDITED)

Items	Notes	US Dollars	New Taiwan Dollars			
		Six months ended June 30, 2019	Three months ended June 30,		Six months ended June 30,	
			2019	2018	2019	2018
<b>Other comprehensive income (loss)</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
Gain (loss) on remeasurements of defined benefit plans		(\$ 5,959)	(\$ 37,376)	\$ 24,993	(\$ 185,080)	\$ 34,739
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	14,910	( 73,032)	( 484,737)	463,096	( 673,247)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		270	7,665	( 3,222)	8,376	( 2,976)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	108	3,363	( 15,948)	3,363	( 11,586)
<b>Other comprehensive income (loss) that will not be reclassified to profit or loss</b>		9,329	( 99,380)	( 478,914)	289,755	( 653,070)
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>						
Financial statements translation differences of foreign operations		125,464	2,287,748	3,271,007	3,896,927	2,871,246
Gain on hedging instrument		338	17,814	2,696	10,489	60,574
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		114,998	3,366,117	( 283,796)	3,571,853	( 717,862)
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(26)	( 29,718)	( 513,875)	( 356,477)	( 923,045)	96,193
<b>Other comprehensive income that will be reclassified to profit or loss</b>		211,082	5,157,804	2,633,430	6,556,224	2,310,151
<b>Other comprehensive income for the period</b>		\$ 220,411	\$ 5,058,424	\$ 2,154,516	\$ 6,845,979	\$ 1,657,081
<b>Total comprehensive income for the period</b>		\$ 654,271	\$ 15,074,954	\$ 5,570,312	\$ 20,321,670	\$ 7,951,999
<b>Profit attributable to:</b>						
Owners of the parent		\$ 415,392	\$ 9,529,665	\$ 3,277,208	\$ 12,902,085	\$ 6,058,266
Non-controlling interest		\$ 18,468	\$ 486,865	\$ 138,588	\$ 573,606	\$ 236,652
<b>Comprehensive income attributable to:</b>						
Owners of the parent		\$ 570,205	\$ 13,061,017	\$ 4,735,133	\$ 17,710,554	\$ 6,659,145
Non-controlling interest		\$ 84,066	\$ 2,013,937	\$ 835,179	\$ 2,611,116	\$ 1,292,854
<b>Basic earnings per share</b>	6(27)					
Total basic earnings per share		\$ 0.16	\$ 3.67	\$ 1.26	\$ 4.97	\$ 2.33
<b>Diluted earnings per share</b>						
Total diluted earnings per share		\$ 0.16	\$ 3.66	\$ 1.26	\$ 4.95	\$ 2.32

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



DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF DOLLARS)  
(UNAUDITED)

Equity attributable to owners of the parent														
Items	Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest					Total	Non-controlling interest	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain (loss) on hedging instruments			
<u>2018 New Taiwan Dollars</u>														
Balance at January 1, 2018		\$ 25,975,433	\$ 48,446,318	\$ 21,373,388	\$ 2,767,749	\$ 35,320,056	(\$ 5,911,839)	(\$ 4,751,514)	(\$ 1,256,841)	\$ 80,537	\$ -	\$ 122,043,287	\$ 9,216,505	\$ 131,259,792
Effects of retrospective application and retrospective restatement		-	-	-	-	( 1,118,916)	-	2,375,757	1,256,841	( 80,537)	80,537	2,513,682	-	2,513,682
Balance after retrospective restatement at January 1, 2018		25,975,433	48,446,318	21,373,388	2,767,749	34,201,140	( 5,911,839)	( 2,375,757)	-	-	80,537	124,556,969	9,216,505	133,773,474
Profit for the period		-	-	-	-	6,058,266	-	-	-	-	-	6,058,266	236,652	6,294,918
Other comprehensive income (loss) for the period		-	-	-	-	19,525	1,209,203	( 689,195)	-	-	61,346	600,879	1,056,202	1,657,081
Comprehensive income (loss) for the period		-	-	-	-	6,077,791	1,209,203	( 689,195)	-	-	61,346	6,659,145	1,292,854	7,951,999
Distribution of 2017 earnings	6(19)													
Legal reserve appropriated		-	-	1,838,056	-	( 1,838,056)	-	-	-	-	-	-	-	-
Special reserve appropriated		-	-	-	4,320,394	( 4,320,394)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 12,987,717)	-	-	-	-	-	( 12,987,717)	-	( 12,987,717)
Changes in ownership interests in subsidiaries		-	( 78,888)	-	-	-	-	-	-	-	-	( 78,888)	-	( 78,888)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	( 9,791)	( 9,791)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	( 239)	-	239	-	-	-	-	-	-
Balance at June 30, 2018		<u>\$ 25,975,433</u>	<u>\$ 48,367,430</u>	<u>\$ 23,211,444</u>	<u>\$ 7,088,143</u>	<u>\$ 21,132,525</u>	<u>(\$ 4,702,636)</u>	<u>(\$ 3,064,713)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,883</u>	<u>\$ 118,149,509</u>	<u>\$ 10,499,568</u>	<u>\$ 128,649,077</u>
<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	3(1)	-	-	-	-	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		-	-	-	-	12,902,085	-	-	-	-	-	12,902,085	573,606	13,475,691
Other comprehensive (loss) income for the period		-	-	-	-	( 90,344)	4,423,963	466,459	-	-	8,391	4,808,469	2,037,510	6,845,979
Comprehensive income for the period		-	-	-	-	12,811,741	4,423,963	466,459	-	-	8,391	17,710,554	2,611,116	20,321,670
Distribution of 2018 earnings	6(19)													
Legal reserve appropriated		-	-	1,819,310	-	( 1,819,310)	-	-	-	-	-	-	-	-
Special reserve appropriated		-	-	-	472,889	( 472,889)	-	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 12,987,717)	-	-	-	-	-	( 12,987,717)	-	( 12,987,717)
Change in ownership interests in subsidiaries		-	( 894)	-	-	-	-	-	-	-	-	( 894)	-	( 894)
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	7,057	-	-	-	-	-	-	-	-	7,057	( 379,614)	( 372,557)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	28,324,558	28,324,558
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	( 229,973)	-	229,973	-	-	-	-	-	-
Balance at June 30, 2019		<u>\$ 25,975,433</u>	<u>\$ 48,403,230</u>	<u>\$ 25,030,754</u>	<u>\$ 7,561,032</u>	<u>\$ 30,463,899</u>	<u>\$ 1,938</u>	<u>(\$ 2,573,727)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,543</u>	<u>\$ 135,002,102</u>	<u>\$ 39,745,809</u>	<u>\$ 174,747,911</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF DOLLARS)  
(UNAUDITED)

Equity attributable to owners of the parent														

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF DOLLARS)  
(UNAUDITED)

	Notes	US Dollars 2019	New Taiwan Dollars 2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Consolidated profit before tax for the period		\$ 527,673	\$ 16,389,530	\$ 8,150,885
Adjustments				
Income and expenses having no effect on cash flows				
Depreciation	6(9)(10)(11)	164,526	5,110,176	4,526,337
Amortisation	6(12)	44,598	1,385,205	1,086,191
Expected credit impairment gain	12(2)	( 2,113)	( 65,633)	( 49,746)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(22)	( 8,070)	( 250,655)	207,149
Interest expense	6(23)	11,749	364,913	242,423
Interest income	6(21)	( 15,871)	( 492,968)	( 378,682)
Dividend income	6(21)	( 2,676)	( 83,117)	( 41,366)
Share-based payments	6(28)	30	943	9,609
Share of profit of associates accounted for under equity method	6(8)	( 6,761)	( 209,982)	( 419,597)
Loss (gain) on disposal of property, plant and equipment	6(22)	856	26,592	( 236,793)
(Gain) loss on disposal of investments	6(22)	( 187,161)	( 5,813,219)	99
Reversal of impairment loss on non-financial assets	6(22)	( 2,796)	( 86,832)	-
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets mandatorily measured at fair value through profit or loss		( 3,208)	( 99,656)	( 6,102)
Contract assets		300	9,313	( 608,453)
Notes receivable		3,542	110,005	55,195
Accounts receivable		62,242	1,933,250	1,733,564
Accounts receivable - related parties		87,124	2,706,058	( 118,737)
Other receivables	( 5,551)	( 172,414)	( 224,099)	
Other receivables - related parties		3,364	104,493	( 15,666)
Inventories		63,267	1,965,064	( 783,265)
Prepayments	( 10,915)	( 339,026)	( 260,907)	
Other current assets		1,275	39,590	215,360
Other non-current assets		4,243	131,806	( 139,843)
Net changes in liabilities relating to operating activities				
Contract liabilities		32,264	1,002,125	933,648
Notes payable	( 58)	( 1,800)	( 1,259)	
Accounts payable	( 146,644)	( 4,554,754)	( 1,222,621)	
Accounts payable - related parties	( 77,485)	( 2,406,671)	( 131,823)	
Other payables	( 84,120)	( 2,612,762)	( 4,122,531)	
Other current liabilities	( 18,468)	( 573,620)	( 873,686)	
Other non-current liabilities		9,847	305,848	( 261,019)
Cash inflow generated from operations		445,003	13,821,802	7,527,911
Interest received		17,876	555,220	362,171
Dividends received		2,676	83,117	573,455
Interest paid	( 11,195)	( 347,725)	( 243,454)	
Income taxes paid	( 46,888)	( 1,456,341)	( 2,120,805)	
Net cash flows from operating activities		407,472	12,656,073	6,099,278

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(EXPRESSED IN THOUSANDS OF DOLLARS)  
(UNAUDITED)

	Notes	US Dollars 2019	New Taiwan Dollars	
			2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through other comprehensive income		(\$ 360)	(\$ 11,190)	(\$ 230,220)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	29,269	909,105	90
Acquisition of investments accounted for under equity method		-	-	( 205,160)
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(29)	( 773,278)	( 24,018,015)	-
Acquisition of property, plant and equipment	6(9)	( 274,823)	( 8,535,999)	( 5,555,220)
Proceeds from disposal of property, plant and equipment		4,108	127,583	487,770
Acquisition of intangible assets	6(12)	( 6,071)	( 188,575)	( 247,054)
(Increase) decrease in other financial assets		( 3,019)	( 93,784)	57,574
(Increase) decrease in other non-current assets		( 15,595)	( 484,364)	345,681
Net cash flows used in investing activities		( 1,039,769)	( 32,295,239)	( 5,346,539)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Decrease in short-term borrowings	6(31)	( 1,422)	( 44,165)	( 3,587,451)
Proceeds from long-term debt		186,949	5,806,633	1,931,154
Repayment of long-term debt		( 3,722)	( 115,591)	-
Lease principal repayment	6(10)	( 10,541)	( 327,397)	-
Cash dividends paid to minority share interests		( 70,334)	( 2,184,585)	-
Acquisition of ownership interests in subsidiaries		( 11,988)	( 372,338)	-
Net cash flows from (used in) financing activities		88,942	2,762,557	( 1,656,297)
Effects due to changes in exchange rate		46,975	1,459,050	1,055,719
Net (decrease) increase in cash and cash equivalents		( 496,380)	( 15,417,559)	152,161
Cash and cash equivalents at beginning of period		1,919,469	59,618,697	57,366,617
Cash and cash equivalents at end of period		<u>\$ 1,423,089</u>	<u>\$ 44,201,138</u>	<u>\$ 57,518,778</u>

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

DELTA ELECTRONICS, INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2019 AND 2018  
(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 July 31, 2019.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

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

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

#### IFRS 16, 'Leases'

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

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

(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 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 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

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

Except for the compliance statement, basis of preparation, basis of consolidation and increased sections as below, the significant accounting policies are identical to those disclosed in the consolidated financial statements for the year ended December 31, 2018. 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 Standard 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, 2018.

(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) Liabilities on cash-settled share-based payment arrangements measured at fair value.
  - (d) 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 Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
1	Delta International Holding Limited (DIH)	Equity investments	Delta Electronics, Inc.	94	94	94	
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	Delta Electronics, Inc. and DIH	100	100	100	
4	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	"	100	100	100	Note 1 Note 2
5	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuits and information software services	Delta Electronics, Inc.	98.17	98.17	98.17	Note 1 Note 2 Note 3
6	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	"	100	100	100	
7	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	"	100	100	100	Note 1 Note 2
8	Delta Electronics Capital Company (DECC)	Equity investments	"	100	100	100	
9	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	"	100	100	100	Note 4
10	Allied Material Technology Corp. (AMT)	Lease services, etc.	"	99.97	99.97	99.97	
11	Delta Green Life Co., Ltd. (DGL)	Providing installation and construction of lighting equipment	"	-	-	100	Note 2 Note 5
12	Delta America Ltd. (DAL)	Equity investments	Delta Electronics, Inc., DEN, Castle Horizon Limited and Energy Dragon Global Limited	100	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
13	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	DIH	100	100	100	
14	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	"	100	100	100	
15	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and materials	"	100	100	100	
16	DAC Holding (Cayman) Limited (DAC)	Equity investments	"	100	100	100	Note 1 Note 2
17	Ace Pillar Holding Co., Ltd. (Ace)	"	"	100	100	100	
18	Drake Investment (HK) Limited (Drake-HK)	"	"	100	100	100	
19	Delta Greentech (China) Co., Ltd. (DGC)	Sales of uninterruptible power systems	DIH, Ace, Drake-HK, DGSG and Boom	95.91	95.91	95.91	
20	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	DIH	100	100	100	Note 1 Note 2
21	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	"	100	100	100	
22	Delta Electronics Europe Ltd. (DEU)	Repair centre and providing support services	"	100	100	100	Note 1 Note 2
23	Boom Treasure Limited (Boom)	Equity investments	"	100	100	100	
24	Apex Investment (HK) Limited (Apex-HK)	"	"	100	100	100	
25	Galaxy Star Investment (HK) Limited (Galaxy Star-HK)	"	"	100	100	100	
26	Jade Investment (HK) Limited (Jade-HK)	"	"	100	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
27	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and thermal products	DHK	100	100	100	
28	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of power supplies	"	100	100	100	
29	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design, management consulting service and distribution of electronic products	"	100	100	100	
30	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	DHK, Apex-HK, Galaxy Star-HK and Jade-HK	100	100	100	
31	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	"	100	100	100	
32	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	"	100	100	100	
33	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of LED light source, power supplies and others	DHK	100	100	100	
34	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of transformers	"	100	100	100	
35	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management system of industrial automation product and telecommunications equipment	"	100	100	100	Note 1 Note 2
36	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	"	-	100	100	Note 2 Note 6
37	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers	"	100	100	100	Note 1 Note 2
38	Delta Electronics (Pingtan) Co., Ltd. (Delta Pingtan)	Wholesale and retail of electronic products and energy-saving equipment	"	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
39	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	PHK	100	100	100	Note 1 Note 2
40	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	DEJ	100	100	100	
41	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products electronic components, industrial automation products and their materials	//	100	100	100	
42	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	DAC	-	100	100	Note 2 Note 7
43	Delta Video Technology Limited (DVT)	Sales of electronic products	//	100	100	100	Note 1 Note 2
44	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of transformers	DWH	100	100	100	
45	Chenzhou Delta Technology Co., Ltd. (CDT)	//	DCZ	100	100	100	
46	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	//	DDG and DPEC	100	100	100	Note 1 Note 2
47	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	//	DPEC and DGC	100	100	100	Note 1 Note 2
48	Delta Networks, Inc. (DNI Cayman)	Equity investments	DNH	100	100	100	
49	Delta Networks, Inc. (Taiwan) (DNIT)	Research, development, design, manufacturing and sales of networking system and peripherals	Delta Electronics, Inc.	-	99.98	99.98	Note 8
50	DNI Logistics (USA) Corporation (ALN)	Trading of networking system and peripherals	DNI Cayman	100	100	100	Note 1

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
51	Delta Networks (H.K.) Limited (DNHK)	Equity investments	DNI Cayman	100	100	100	
52	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	DNHK	100	100	100	
53	Delta Networks (Shanghai) Ltd. (DNS)	Design of computer software	“	-	-	100	Note 2 Note 9
54	Fairview Assets Ltd. (Fairview)	Equity investments	Cyntec	100	100	100	
55	Grandview Holding Ltd. (Grandview)	“	Fairview	100	100	100	
56	Cyntec Holding (H.K.) Ltd. (CHK)	“	Grandview	100	100	100	
57	Cyntec International Ltd. (CIL-Labuan)	Trading	“	100	100	100	
58	Cyntec Electronics (Suzhou) Co., Ltd. (CES)	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	CHK	100	100	100	
59	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	DelBio	100	100	100	Note 1 Note 2
60	ELTEK AS	Research, development and sales of power supplies and others	DEN	100	100	100	
61	Castle Horizon Limited	Equity investments	“	100	100	100	
62	Energy Dragon Global Limited	“	“	100	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
63	Delta Controls Inc. (DCI)	Provide resolution of building management and control	DEN	100	100	100	
64	DELTA ELECTRONICS HOLDING (USA) INC.	Equity investments	"	100	100	100	Note 1 Note 2 Note 10
65	ELTEK PAKISTAN (PRIVATE) LIMITED	Sales of power supplies and others	ELTEK AS	100	100	100	Note 1 Note 2
66	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	"	100	100	100	Note 1 Note 2
67	ELTEK AUSTRALIA PTY LIMITED	"	"	100	100	100	Note 1 Note 2
68	Eltek Egypt for Power Supply S.A.E.	Sales of power supplies and others	"	95	95	95	Note 1 Note 2
69	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	"	100	100	100	Note 1 Note 2
70	Eltek SGS Mechanics Pvt Ltd.	Sales of power supplies and others	ELTEK AS and Eltek SGS Pvt Ltd.	51	51	51	Note 1 Note 2
71	ELTEK POWER PTE. LTD.	Sales of power supplies and others and system installation	DELI-SG	-	100	100	Note 1 Note 2 Note 4
72	Eltek Polska Sp. z o. o.	"	ELTEK AS	51.04	51.04	51.04	Note 1 Note 2
73	ELTEK POWER FRANCE SAS	"	"	100	100	100	Note 1 Note 2
74	ELTEK LIMITED	Equity investments and trading	"	100	100	100	Note 1 Note 2
75	ELTEK MEA DMCC	Sales of power supplies and others	"	100	100	100	Note 1 Note 2
76	ELTEK KENYA LIMITED	Sales of power supplies	ELTEK MEA DMCC and ELTEK AS	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
77	ELTEK WEST AFRICA LIMITED	Sales of power supplies	ELTEK MEA DMCC and ELTEK AS	100	100	100	Note 1 Note 2
78	Eltek Italia S.r.l.	Sales of power supplies and others	ELTEK AS	100	100	100	Note 1 Note 2
79	Eltek Power Sweden AB	Sales of power supplies and equity investments	"	100	100	100	Note 1 Note 2
80	Eltek Power (UK) Ltd.	Sales of power supplies	"	100	100	100	Note 1 Note 2
81	Eltek Power Oy	Sales of power supplies and others	"	100	100	100	Note 1 Note 2
82	OOO Eltek	Sales of power supplies and others and system installation	"	100	100	100	Note 1 Note 2
83	ELTEK ENERJİ SİSTEMLERİ LIMITED SİRKETİ	Sales of power supplies and others	"	100	100	100	Note 1 Note 2
84	Eltek Montage GmbH	Installation and maintenance of power supplies	Eltek Deutschland GmbH	100	100	100	Note 1 Note 2
85	E.V.I Electronics Sp. z o. o.	Trading and construction of power supply model	"	100	100	100	Note 1 Note 2
86	ELTEK POWER INCORPORATED	Sales of power supplies and others	DEIL-SG/ELTEK POWER PTE. LTD.	100	100	100	Note 1 Note 2 Note 11
87	ELTEK POWER CO., LTD.	"	"	100	100	100	Note 1 Note 2 Note 11 Note 12
88	ELTEK POWER (CAMBODIA) LTD.	"	"	100	100	100	Note 1 Note 2 Note 11
89	ELTEK POWER (MALAYSIA) SDN. BHD.	"	"	100	100	100	Note 1 Note 2 Note 11 Note 13
90	ELTEK CVI LIMITED	Equity investments	ELTEK LIMITED	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
91	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	ELTEK CVI LIMITED	100	100	100	Note 1 Note 2
92	DELTA ELECTRONICS (USA) INC.	Manufacturing and sales of power supplies	DELTA ELECTRONICS HOLDING (USA) INC.	100	100	100	Note 14 Note 15
93	DELTA ELECTRONICS (ARGENTINA) S.R.L.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC.	100	100	100	Note 1 Note 2 Note 16
94	Eltek Sistemas de Energia Industrial e Comercio S.A.	Manufacturing and sales of power supplies	"	100	100	100	Note 1 Note 2
95	DELTA ELECTRONICS (PERU) INC. S.R.L.	Sales of power supplies and others	"	100	100	100	Note 1 Note 2 Note 17
96	DELTA ELECTRONICS (COLDMBIA) S.A.S.	"	"	100	100	100	Note 1 Note 2 Note 18
97	Eltek Energy International I, LLC	Equity investments	"	-	-	100	Note 2 Note 19
98	Eltek Energy International II, LLC	"	"	-	-	100	Note 2 Note 20
99	Eltekenergy Services, S.A. de C.V.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	100	100	100	Note 1 Note 2
100	Eltekenergy International de México, S. de R.L. de C.V.	"	"	100	100	100	Note 1 Note 2



No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
101	Delta Electronics (Americas) Ltd.	Sales of electronic components	DAL	100	100	100	
102	Delta Solar Solutions LLC	Equity investments	"	100	100	100	Note 1 Note 2
103	2009 PPA LLC	Sales of power supplies	Delta Electronics (Americas) Ltd.	100	100	100	Note 1 Note 2
104	DSS-CI LLC	Rental of solar power systems	Delta Solar Solution LLC	100	100	100	Note 1 Note 2
105	DSS-USF LLC	"	"	100	100	100	Note 1 Note 2
106	Power Forest Technology Corporation	IC design of power management	Cyntec	59.03	59.03	59.03	Note 1 Note 2
107	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	DET-SH	100	100	100	Note 1 Note 2
108	Loy Tec electronics GmbH (Loy Tec)	Consulting service of building management and control solutions	DEIL-SG	100	85	85	Note 1 Note 2 Note 22
109	LOYTEC Americas, Inc.	"	Loy Tec	100	100	100	Note 1 Note 2
110	Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	DHK	100	100	100	Note 1 Note 2
111	Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral and software	"	100	100	100	Note 1 Note 2
112	Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	Delta Electronics (Beijing) Co., Ltd.	80	80	80	Note 1 Note 2 Note 26
113	UNICOM SYSTEM ENG. CORP.	Design and sales of computer, peripheral and information system (software and hardware)	Delta Electronics, Inc.	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
114	Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	UNICOM SYSTEM ENG. CORP.	100	100	100	Note 1 Note 2
115	Delta Electronics (Switzerland) AG (DES)	Equity investments, research, development and sales of electronic products	DEN, Delta Greentech (Netherlands) B.V.	100	51	51	Note 1 Note 2 Note 24
116	Delta Greentech Electronics Industry LLC	Marketing and sales of electronic products	"	100	51	51	Note 1 Note 2 Note 24
117	Delta Greentech (Brasil) S.A. (DGB)	Manufacturing and sales of electronic products	DEN	100	100	100	Note 1 Note 2
118	Delta Electronics (Czech Republic), spol. s.r.o.	"	DES	100	100	100	Note 1 Note 2
119	Delta Electronics (Italy) S.r.l.	"	"	100	100	100	Note 1 Note 2
120	Delta Electronics (Poland) Sp. z o. o.	Sales of electronic products	"	100	100	100	Note 1 Note 2
121	Delta Solutions (Finland) Oy	Manufacturing and sales of electronic products	"	100	100	100	Note 1 Note 2
122	Delta Electronics Solutions (Spain) SL	Sales of electronic products	"	100	100	100	Note 1 Note 2
123	Delta Electronics (France) SA	"	"	100	100	100	Note 1 Note 2
124	Delta Energy Systems (Sweden) AB	"	"	100	100	100	Note 1 Note 2
125	Vivotek Inc.	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	Delta Electronics, Inc.	50.13	50.13	48.94	Note 21
126	Vatics Inc.	Designing and sales of multimedia integrated circuits	Vivotek Inc. and Realwin Investment Inc.	54.41	54.41	54.41	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
127	Vivotek Holdings, Inc.	Holding company	Vivotek Inc.	100	100	100	
128	Realwin Investment Inc.	Investment in the network communications industry	"	100	100	100	
129	Vivotek Netherlands B.V.	Sales service	"	100	100	100	
130	Vivotek (Japan) Inc.	"	"	100	100	-	Note 23
131	Vivotek USA, Inc.	Sales of webcams and related components	Vivotek Holdings, Inc.	100	100	100	
132	Wellstates Investment, LLC	Investment and commercial lease of real estate	Realwin Investment Inc.	100	100	100	
133	Otus Imaging, Inc.	Sales of webcams and related components	Vivotek Inc.	100	100	100	
134	Aetek Inc.	"	Realwin Investment Inc.	56.21	56.21	56.21	
135	Vivotek Middle East FZCO	"	"	89.99	89.99	89.99	
136	Lidlight Inc.	Sale of lighting equipment	"	51	51	51	
137	DELTA ELECTRONICS BRASIL LTDA.	Manufacturing and sales of electronic products	DEN	100	100	100	Note 1 Note 2
138	Delta Electronics (Thailand) Public Company Limited (DET)	Manufacturing and exporting power supplies, other electronic parts and components	Delta Electronics, Inc., DEIL-SG, DIH	63.78	-	-	Note 25
139	DET International Holding Limited	Equity investments	DET	100	-	-	Note 25
140	Delta Energy Systems (Singapore) PTE. LTD.	Equity investments, trading, management and consultancy	"	100	-	-	Note 25

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
141	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	DET	100	-	-	Note 25
142	DET Logistics (USA) Corporation	Providing logistics services in USA	DET International Holding Limited	100	-	-	Note 25
143	Delta Energy Systems (Germany) GmbH	Development, marketing and sales of electronic products	//	100	-	-	Note 25
144	Delta Energy Systems (India) Private Ltd.	Marketing and sales of electronic products	//	100	-	-	Note 25
145	Delta Electronics (Slovakia) s.r.o.	Manufacturing and sales of power supplies, power system and OEM power system	//	100	-	-	Note 25
146	Delta Energy Systems (Romania) S.R.L.	Research and development	//	100	-	-	Note 25
147	Delta Energy Systems Property (Germany) GmbH	Property rights business	Delta Energy Systems (Germany) GmbH	100	-	-	Note 25
148	Delta Electronics (Australia) Pty. Ltd.	Marketing and sales of renewable energy products	Delta Energy Systems (Singapore) PTE. LTD.	100	-	-	Note 25

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
149	Delta Electronics India Pvt. Ltd.	Manufacturing and marketing of non- telecom power system and uninterruptible power supply, and sales of uninterruptible power supply	Delta Energy Systems (Singapore) PTE. LTD.	100	-	-	Note 25
150	Delta Electronics (Myanmar) Co., Ltd.	Manufacturing of electronic products used in CMP manufacturing process and machinery	“	100	-	-	Note 25
151	Delta Energy Systems (UK) Ltd.	Research and development of electronic products	“	100	-	-	Note 25
152	Delta PBA Engineering Solutions Co., Ltd.	Providing solution for industrial automation	“	51	-	-	Note 25
153	Delta Greentech (Netherlands) Cooperatie U.A.	Equity investments	“	100	-	-	Note 25
154	Delta Greentech (Netherlands) B.V.	Equity investments	Delta Greentech (Netherlands) Cooperatie UA	100	-	-	Note 25
155	Delta Energy Systems LLC	Marketing and sales of power systems	Delta Greentech (Netherlands) B.V.	100	-	-	Note 25
156	Eltek s.r.o.	Manufacturing of telecom power system	“	100	-	-	Note 25
157	Delta Electronics (Automotive) Americas Inc.	Research and development of automotive power and traction inverter	“	100	-	-	Note 25

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				June 30, 2019	December 31, 2018	June 30, 2018	
158	Amerlux, LLC	Design and producing of dedicated lighting system and facilities	DEN	100	-	-	Note 1 Note 25
159	Amerlux Lighting Asia, LLC	Equity investments	Amerlux, LLC	100	-	-	Note 1 Note 25
160	Amerlux Lighting Hong Kong Limited	"	Amerlux Lighting Asia LLC	100	-	-	Note 1 Note 25
161	Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	Amerlux Lighting Hong Kong Limited	100	-	-	Note 1 Note 25

Note 1: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at June 30, 2019 were not reviewed by independent accountants.

Note 2: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as at June 30, 2018 were not reviewed by independent accountants.

Note 3: In the fourth quarter of 2015, the subsidiary company began liquidation process and was dissolved, but has not yet been completed as at June 30, 2019.

Note 4: 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 5: Merged with the Company on August 1, 2018.

Note 6: This company had been liquidated in April, 2019.

Note 7: This company had been liquidated on March 28, 2019.

Note 8: Merged with the Company on April 1, 2019.

Note 9: This company had been liquidated in November, 2018.

Note 10: On March 6, 2018, Eltek Energy Holding Inc. was sold to DEN by ELTEK AS and subsequently renamed as DELTA ELECTRONICS HOLDING (USA) INC..

Note 11: Relative to the merger described in Note 4, the investee was changed from ELTEK AS to DEIL-SG.

Note 12: 55% of shares are held through others due to local regulations.

Note 13: 71% of shares are held through others due to local regulations.

Note 14: Formerly named Eltek, Inc., and was renamed as DELTA ELECTRONICS (USA) INC..

Note 15: In May 2018, Delta Greentech (USA) Corporation merged with DELTA ELECTRONICS (USA) INC.. After combination, DELTA ELECTRONICS (USA) INC. was the surviving company and Delta Greentech (USA) Corporation was the dissolved company.

Note 16: Formerly named Eltek Argentina S.R.L., was renamed as DELTA ELECTRONICS (ARGENTINA) S.R.L..

Note 17: Formerly named Eltek Peru S.R.L., and was renamed as DELTA ELECTRONICS (PERU) INC. S.R.L..

Note 18: Formerly named Eltek Colombia S.A.S, was renamed as DELTA ELECTRONICS (COLOMBIA) S.A.S..

Note 19: This company had been liquidated in October, 2018.

Note 20: This company had been liquidated in September, 2018.

Note 21: Because most of the shares were held by the company and other shareholdings are disaggregated, it was included in the consolidated financial statements.

Note 22: In May 2019, DEIL-SG acquired a 15% equity interest in Loy Tec electronics GmbH, and the total shareholding ratio is 100%.

Note 23: Companies were established or acquired through merger during 2018.

Note 24: 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 25: Companies were established or acquired through merger during 2019.

Note 26: In the second quarter of 2019, the subsidiary company began liquidation process and was dissolved, but has not yet been completed as at June 30, 2019.

The financial statements of certain consolidated subsidiaries for the six months ended June 30, 2019 and 2018 were not reviewed by independent accountants. The total assets of these unreviewed subsidiaries as at June 30, 2019 and 2018 were \$27,666,527 and \$22,222,860, constituting 8.46% and 8.81% of consolidated total assets, respectively, and the total liabilities were \$6,020,294 and \$5,380,969, constituting 3.95% and 4.35% of the consolidated total liabilities, respectively. The total comprehensive income (loss) was \$44,419, (\$216,318), \$241,211 and \$124,342, constituting 0.29%, (3.88%), 1.19% and 1.56% of the consolidated total comprehensive income for the three months and six months ended June 30, 2019 and 2018, 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 June 30, 2019, December 31, 2018 and June 30, 2018, the non-controlling interest amounted to \$39,745,809, \$9,189,749 and \$10,499,568, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		June 30, 2019		December 31, 2018	
		Amount	Ownership (%)	Amount	Ownership (%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,915,076	6.00%	\$ 4,216,092	6.00%
Vivotek Inc.	Taiwan	3,914,057	49.87%	3,975,977	49.87%
Delta Electronics (Thailand) Public Co., Ltd. (DET)	Thailand	30,697,110	36.22%	-	-

Name of subsidiary	Principal place of business	Non-controlling interest	
		June 30, 2018	
		Amount	Ownership (%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 5,233,774	6.00%
Vivotek Inc.	Taiwan	4,062,384	51.06%

Summarised financial information of the subsidiary:

Balance sheet

	DIH		
	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 91,258,754	\$ 87,627,784	\$ 84,743,234
Non-current assets	41,078,349	34,384,761	34,355,156
Current liabilities	( 46,561,019)	( 46,922,159)	( 44,206,339)
Non-current liabilities	( 3,034,017)	( 2,693,084)	( 2,128,506)
Total net assets	<u>\$ 82,742,067</u>	<u>\$ 72,397,302</u>	<u>\$ 72,763,545</u>



	Vivotek Inc.		
	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 3,485,492	\$ 3,003,380	\$ 3,289,439
Non-current assets	6,564,398	6,575,800	6,344,842
Current liabilities	( 1,767,117)	( 1,207,012)	( 1,478,544)
Non-current liabilities	( 434,254)	( 399,485)	( 199,638)
Total net assets	<u>\$ 7,848,519</u>	<u>\$ 7,972,683</u>	<u>\$ 7,956,099</u>

	DET
	June 30, 2019
Current assets	\$ 35,781,967
Non-current assets	63,568,999
Current liabilities	( 12,518,019)
Non-current liabilities	( 2,081,126)
Total net assets	<u>\$ 84,751,821</u>

Statement of comprehensive income

	DIH	
	Three months ended June 30,	
	2019	2018
Revenue	\$ 45,117,367	\$ 40,849,369
Profit before income tax	6,009,609	2,000,918
Income tax expense	( 447,153)	( 590,240)
Profit for the period from continuing operations	5,562,456	1,410,678
(Loss) gain attributable to non-controlling interest	( 64,600)	47,109
Profit for the period	5,497,856	1,457,787
Other comprehensive loss, net of tax	( 1,213,887)	( 1,770,913)
Total comprehensive income (loss) for the period	<u>\$ 4,283,969</u>	<u>(\$ 313,126)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 257,038</u>	<u>(\$ 18,788)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

		DIH	
		Six months ended June 30,	
		2019	2018
Revenue	\$	83,496,490	\$ 75,868,962
Profit before income tax		7,518,441	8,173,188
Income tax expense	(	901,161)	( 1,069,663)
Profit for the period from continuing operations		6,617,280	7,103,525
(Loss) gain attributable to non-controlling interest	(	73,010)	37,160
Profit for the period		6,544,270	7,140,685
Other comprehensive loss, net of tax	(	478,914)	( 593,002)
Total comprehensive income for the period	\$	6,065,356	\$ 6,547,683
Comprehensive income attributable to non-controlling interest	\$	363,921	\$ 392,861
Dividends paid to non-controlling interest	\$	-	\$ -

		Vivotek Inc.	
		Three months ended June 30,	
		2019	2018
Revenue	\$	1,933,659	\$ 1,379,565
Profit before income tax		70,608	91,671
Income tax expense	(	17,976)	( 28,869)
Profit for the period from continuing operations		52,632	62,802
Gain attributable to non-controlling interest		5,726	18,947
Profit for the period		58,358	81,749
Other comprehensive income, net of tax		3,415	12,742
Total comprehensive income for the period	\$	61,773	\$ 94,491
Comprehensive income attributable to non-controlling interest	\$	30,806	\$ 45,603
Dividends paid to non-controlling interest	\$	-	\$ -

	Vivotek Inc.	
	Six months ended June 30,	
	2019	2018
Revenue	\$ 3,645,828	\$ 2,483,175
Profit before income tax	115,847	89,104
Income tax expense	( 34,602)	( 37,492)
Profit for the period from continuing operations	81,245	51,612
Gain attributable to non-controlling interest	14,745	40,212
Profit for the period	95,990	91,824
Other comprehensive income, net of tax	4,291	7,480
Total comprehensive income for the period	\$ 100,281	\$ 99,304
Comprehensive income attributable to non-controlling interest	\$ 50,010	\$ 54,650
Dividends paid to non-controlling interest	\$ -	\$ -

	DET	
	Three months ended June 30, 2019	Six months ended June 30, 2019
Revenue	\$ 13,782,635	\$ 26,534,334
Profit before income tax	621,186	1,685,006
Income tax expense	( 28,658)	( 37,787)
Profit for the period from continuing operations	592,528	1,647,219
Gain attributable to non-controlling interest	4,436	7,398
Profit for the period	596,964	1,654,617
Other comprehensive loss, net of tax	( 359,191)	( 273,940)
Total comprehensive income for the period	\$ 237,773	\$ 1,380,677
Comprehensive income attributable to non-controlling interest	\$ 86,121	\$ 86,121
Dividends paid to non-controlling interest	\$ 2,184,585	\$ 2,184,585

#### Statements of cash flows

	DIH	
	Six months ended June 30,	
	2019	2018
Net cash provided by operating activities	\$ 4,259,730	\$ 4,249,651
Net cash used in investing activities	( 24,202,813)	( 7,579,652)
Net cash provided by financing activities	274,941	385,559
Effect of exchange rates on cash and cash equivalents	3,185,758	1,809,920
Decrease in cash and cash equivalents	( 16,482,384)	( 1,134,522)
Cash and cash equivalents, beginning of period	33,611,167	31,677,068
Cash and cash equivalents, end of period	\$ 17,128,783	\$ 30,542,546

		Vivotek Inc.	
		Six months ended June 30,	
		2019	2018
Net cash provided by (used in) operating activities	\$	598,782	(\$ 251,044)
Net cash used in investing activities	(	79,021)	( 43,808)
Net cash used in financing activities	(	123,056)	( 9,332)
Effect of exchange rates on cash and cash equivalents		4,580	5,448
Increase (decrease) in cash and cash equivalents		401,285	( 298,736)
Cash and cash equivalents, beginning of period		807,712	1,185,542
Cash and cash equivalents, end of period	\$	<u>1,208,997</u>	<u>\$ 886,806</u>

		DET	
		Six months ended	
		June 30, 2019	
Net cash provided by operating activities	\$	1,668,467	
Net cash used in investing activities	(	2,185,414)	
Net cash used in financing activities	(	2,793,931)	
Effect of exchange rates on cash and cash equivalents		813,567	
Decrease in cash and cash equivalents	(	2,497,311)	
Cash and cash equivalents, beginning of period		14,877,311	
Cash and cash equivalents, end of period	\$	<u>12,380,000</u>	

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

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

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

(5) Leased assets/ operating leases (lessee)

Prior to 2019

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

(6) 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.

(7) 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 and associates, 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. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. 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.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Cash on hand	\$ 7,706	\$ 5,635	\$ 6,567
Checking accounts and demand deposits	30,429,579	37,506,087	39,523,938
Time deposits	13,763,853	22,106,975	17,988,273
	<u>\$ 44,201,138</u>	<u>\$ 59,618,697</u>	<u>\$ 57,518,778</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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 585,134	\$ 561,989	\$ 329,248
Emerging stocks	49,000	56,102	59,323
Corporate bond	-	-	50,000
Derivatives	157,307	37,047	-
Hybrid instrument	162,504	119,074	-
	<u>953,945</u>	<u>774,212</u>	<u>438,571</u>
Valuation adjustment	312,784	225,904	366,029
	<u>\$ 1,266,729</u>	<u>\$ 1,000,116</u>	<u>\$ 804,600</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 507,844	\$ 501,639	\$ 786,613
Emerging stocks	81,000	107,037	-
Unlisted stocks	2,514,068	2,371,304	2,581,597
	<u>3,102,912</u>	<u>2,979,980</u>	<u>3,368,210</u>
Valuation adjustment	(601,403)	(587,181)	(504,066)
	<u>\$ 2,501,509</u>	<u>\$ 2,392,799</u>	<u>\$ 2,864,144</u>
<u>Liability Items</u>			
Current items:			
Valuation adjustment of derivatives	\$ 24,247	\$ 8,544	\$ 115,476

The Group has recognised financial assets and liabilities at fair value through profit or loss of



\$208,763, (\$172,531), \$250,655, (\$207,149) for the three months and six months ended June 30, 2019 and 2018, respectively.

A. 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:

	June 30, 2019		
Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy RMB	USD	123,803	2019.04.30~2019.09.19
- Sell USD / Buy NTD	USD	1,000	2019.05.17~2019.07.03
- Sell USD / Buy JPY	USD	3,000	2019.05.29~2019.07.25
- Sell USD / Buy CZK	USD	100	2019.06.14~2019.07.22
- Sell USD / Buy SGD	USD	1,500	2019.06.28~2019.09.03
- Sell USD / Buy THB	USD	133,000	2019.03.25~2019.10.02
- Sell USD / Buy EUR	USD	2,948	2019.06.06~2019.07.26
- Sell JPY / Buy USD	JPY	1,222,528	2019.04.02~2019.09.18
- Sell AUD / Buy USD	AUD	2,270	2019.03.25~2019.10.29
- Sell EUR / Buy USD	EUR	32,330	2019.03.25~2019.10.29
- Sell EUR / Buy NOK	EUR	3,000	2019.03.27~2019.10.04
- Sell THB / Buy USD	THB	61,440	2019.06.25~2019.07.25
- Sell THB / Buy JPY	THB	29,119	2019.03.27~2019.09.27
- Sell GBP / Buy USD	GBP	1,000	2019.06.03~2019.07.05
- Sell INR / Buy USD	INR	1,618,897	2019.05.27~2019.08.07
- Sell BRL / Buy USD	BRL	33,848	2019.05.07~2019.08.07
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	11,000	2019.03.08~2019.09.05
- Sell GBP / Buy NOK	GBP	2,000	2019.05.06~2019.08.07
- Sell USD / Buy NOK	USD	7,000	2019.03.12~2019.09.05

December 31, 2018

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

June 30, 2018			
Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy CZK	USD	260	2018.06.20~2018.07.23
- Sell JPY / Buy USD	JPY	872,352	2018.03.05~2018.09.04
- Sell USD / Buy EUR	USD	4,749	2018.04.25~2018.08.02
- Sell USD / Buy HKD	USD	4,200	2018.04.25~2018.07.03
- Sell USD / Buy SGD	USD	18,900	2017.07.31~2018.03.04
- Sell AUD / Buy USD	AUD	3,150	2018.03.05~2018.11.02
- Sell EUR / Buy USD	EUR	51,300	2018.02.23~2018.10.03
- Sell USD / Buy NTD	USD	6,370	2018.04.13~2018.08.17
- Sell USD / Buy JPY	USD	10,100	2018.04.16~2018.08.10
- Sell USD / Buy RMB	USD	122,204	2018.04.30~2018.08.29
- Sell GBP / Buy NOK	GBP	1,000	2018.06.27~2018.08.07
- Sell EUR / Buy NOK	EUR	7,500	2018.02.05~2018.11.07
- Sell THB / Buy SGD	THB	69,508	2018.06.27~2018.08.27
- Sell USD / Buy NOK	USD	10,000	2018.02.28~2018.10.03
- Sell BRL / Buy USD	BRL	16,413	2018.05.03~2018.08.07
- Sell NOK / Buy USD	NOK	212,353	2018.06.29~2018.07.05
Cross currency swap:			
- Sell EUR / Buy NOK	EUR	10,000	2018.04.09~2018.11.07
- Sell USD / Buy NOK	USD	3,000	2018.05.04~2018.09.05
- Sell USD / Buy SGD	USD	8,000	2018.05.04~2018.08.07
Forward exchange spot contract:			
- Sell NOK / Buy USD	NOK	57,008	2018.06.29~2018.07.03

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) C(b).

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

Items	June 30, 2019	December 31, 2018	June 30, 2018
Current items:			
Equity instruments			
Listed stocks	\$ 1,485,910	\$ 871,492	\$ 881,232
Valuation adjustment	( 1,154,184)	( 813,836)	( 715,617)
	<u>\$ 331,726</u>	<u>\$ 57,656</u>	<u>\$ 165,615</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 2,959,101	\$ 4,301,090	\$ 4,097,558
Unlisted stocks	<u>676,477</u>	<u>1,008,088</u>	<u>1,005,087</u>
	3,635,578	5,309,178	5,102,645
Valuation adjustment	( 1,419,543)	( 2,388,840)	( 2,349,095)
	<u>\$ 2,216,035</u>	<u>\$ 2,920,338</u>	<u>\$ 2,753,550</u>

- A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,547,761, \$2,977,994 and \$2,919,165 as at June 30, 2019, December 31, 2018 and June 30, 2018, respectively.
- B. For the first half of 2019 and 2018, the Group sold listed stocks and convertible bonds whose fair value were \$909,105 and \$90, respectively, to adjust the stock position, resulting to an accumulated loss on disposal of \$229,973 and \$239, 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 June 30,	
	2019	2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>73,032</u> )	(\$ <u>484,737</u> )
Cumulative gain (loss) reclassified to retained earnings due to derecognition	(\$ <u>195,632</u> )	\$ <u>-</u>
	Six months ended June 30,	
	2019	2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>463,096</u>	\$ <u>697,029</u>
Cumulative gain (loss) reclassified to retained earnings due to derecognition	(\$ <u>229,973</u> )	(\$ <u>239</u> )

D. As at June 30, 2019, December 31, 2018 and June 30, 2018 , without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$2,547,761, \$2,977,994 and \$2,919,165, respectively.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Hedging financial assets and liabilities

	<u>June 30, 2018</u>
	<u>Assets</u>
Current:	
Cash flow hedges	\$ <u>6,644</u>

As at June 30, 2019 and December 31, 2018, the balance of financial assets and liabilities used for hedging was both \$0.

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

	<u>June 30, 2018</u>		
	<u>Notional amount</u>		<u>Contract period</u>
Hedging instruments			
Short-term borrowings	USD	\$ 8,600	2017.10.10~2018.10.20

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

	<u>Cash flow hedges</u>	<u>Hedges of net investments in foreign operations</u>
<u>Other equity</u>		
At January 1, 2019	\$ -	\$ 131,152
Add: Gain on hedge effectiveness-amount recognised in other comprehensive income	( 6,124)	8,391
Add: Reclassified to profit or loss as the hedged item has affected profit or loss	<u>6,124</u>	<u>-</u>
At June 30, 2019	<u>\$ -</u>	<u>\$ 139,543</u>

	<u>Cash flow hedges</u>	<u>Hedges of net investments in foreign operations</u>
<u>Other equity</u>		
At January 1, 2018	\$ 7,061	\$ 73,476
Add: (Loss) gain on hedge effectiveness- amount recognised in other comprehensive income	( 5,840)	64,824
Add: Reclassified to profit or loss as the hedged item has affected profit or loss	2,362	-
At June 30, 2018	<u>\$ 3,583</u>	<u>\$ 138,300</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 June 30, 2019, December 31, 2018 and June 30, 2018 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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Notes receivable	<u>\$ 3,981,226</u>	<u>\$ 4,091,231</u>	<u>\$ 3,955,250</u>
Accounts receivable	<u>\$ 60,371,089</u>	<u>\$ 53,014,340</u>	<u>\$ 47,866,769</u>
Less: Allowance for uncollectible accounts	( 1,033,244)	( 960,844)	( 1,137,531)
	<u>\$ 59,337,845</u>	<u>\$ 52,053,496</u>	<u>\$ 46,729,238</u>

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Overdue receivables (shown as other non-current assets)	\$ 264,096	\$ 271,439	\$ 226,345
Less: Allowance for uncollectible accounts	( <u>264,096</u> )	( <u>271,439</u> )	( <u>226,345</u> )
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Not past due	\$ 54,783,842	\$ 46,402,442	\$ 43,112,664
1 to 90 days	3,856,789	5,270,339	2,879,061
91 to 180 days	373,632	228,796	330,107
181 to 365 days	280,666	125,428	267,681
Over 365 days	42,916	26,491	139,725
	<u>\$ 59,337,845</u>	<u>\$ 52,053,496</u>	<u>\$ 46,729,238</u>

The above aging analysis was based on past due date.

B. As at June 30, 2019, December 31, 2018 and June 30, 2018, there was no notes receivable past due.

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

D. As at June 30, 2019, December 31, 2018 and June 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum hedge to credit risk in respect of the amount that best represents the Group's notes receivable were \$3,981,226, \$4,091,231 and \$3,955,250, and accounts receivable were \$59,337,845, \$52,053,496 and \$46,729,238, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable 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 June 30, 2019, December 31, 2018 and June 30, 2018, the relevant information on unsettled accounts receivable that were sold is set forth below:

	<u>June 30, 2019</u>				
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 50,484	\$ -	\$ 310,600	\$ -	\$ -

December 31, 2018

<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 70,948	\$ -	\$ 307,150	\$ -	\$ -

June 30, 2018

<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 111,699	\$ -	\$ 304,600	\$ -	\$ -

(7) Inventories

June 30, 2019

	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 15,777,147	(\$ 3,136,036)	\$ 12,641,111
Work in process	4,517,563	( 12,683)	4,504,880
Finished goods	28,297,195	( 3,301,696)	24,995,499
Inventory in transit	851,746	-	851,746
	<u>\$ 49,443,651</u>	<u>(\$ 6,450,415)</u>	<u>\$ 42,993,236</u>

December 31, 2018

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

June 30, 2018

	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 12,517,424	(\$ 1,673,464)	\$ 10,843,960
Work in process	2,579,236	( 10,485)	2,568,751
Finished goods	20,317,487	( 2,565,967)	17,751,520
Inventory in transit	444,436	-	444,436
	<u>\$ 35,858,583</u>	<u>(\$ 4,249,916)</u>	<u>\$ 31,608,667</u>



The Group recognised as expense or loss:

	Three months ended June 30,	
	2019	2018
Cost of goods sold	\$ 51,643,273	\$ 41,887,635
Loss on market value decline and obsolete and slow-moving inventories	494,573	465,868
Others	(148,278)	(140,689)
	<u>\$ 51,989,568</u>	<u>\$ 42,212,814</u>
	Six months ended June 30,	
	2019	2018
Cost of goods sold	\$ 90,162,901	\$ 79,208,973
Loss on market value decline and obsolete and slow-moving inventories	1,104,304	723,576
Others	(277,067)	(283,004)
	<u>\$ 90,990,138</u>	<u>\$ 79,649,545</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	June 30, 2019		December 31, 2018		June 30, 2018	
	Ownership % (Note 1)	Book value	Ownership % (Note 1)	Book value	Ownership % (Note 1)	Book value
Delta Electronics (Thailand) Public Co., Ltd. (DET) (Note 2)	-	\$ -	20.93	\$ 8,154,777	20.93	\$ 7,616,606
Optovue, Inc.	29.50	917,366	29.50	959,816	29.50	977,959
Digital Projection International Ltd. (DPI)	41.00	259,078	41.00	241,333	41.00	186,658
Others		43,965		37,790		45,046
		<u>\$ 1,220,409</u>		<u>\$ 9,393,716</u>		<u>\$ 8,826,269</u>

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

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

B. For the three months and six months ended June 30, 2019 and 2018, the share of profit (loss) of associates were \$20,700, \$244,790, \$209,982 and \$419,597, respectively.

C. The financial statements of investments under equity method were reviewed by other independent accountants. The share of profit (loss) and other comprehensive income (loss) of associates was \$0, (\$17,687), \$429,060 and (\$260,552) for the three months and six-months ended June 30, 2019

and 2018, respectively, and the balance of investments accounted for under equity method was \$0 and \$7,616,606 as at June 30, 2019 and 2018, respectively.

- D. Financial statements of some of the Group's associates accounted for under equity method were unreviewed. The share of profit (loss) and other comprehensive income (loss) of associates was \$167, (\$24,541), (\$33,164) and (\$40,689) for the three months and six months ended June 30, 2019 and 2018, respectively, and the balance of investments accounted for under equity method was \$1,220,409 and \$1,209,663 as at June 30, 2019 and 2018, respectively.
- E. The summarised financial information of the associates that are material to the Group is shown below:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio (Note)</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2018</u>	<u>June 30, 2018</u>		
DET	Thailand	20.93%	20.93%	Holds more than 20% of voting rights	Equity method

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

Balance sheet

	<u>DET</u>	
	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Current assets	\$ 36,209,901	\$ 34,100,302
Non-current assets	9,734,999	9,122,242
Current liabilities	( 11,779,439)	( 11,948,847)
Non-current liabilities	( 1,812,976)	( 1,721,201)
Total net assets	<u>\$ 32,352,485</u>	<u>\$ 29,552,496</u>
Share in associate's net assets	\$ 6,771,375	\$ 6,185,337
Unrealised upstream and sidestream transactions	( 8,719)	( 10,550)
Others	<u>1,392,121</u>	<u>1,441,819</u>
Carrying amount of the associate	<u>\$ 8,154,777</u>	<u>\$ 7,616,606</u>

Statement of comprehensive income

	<u>DET</u>	
	<u>Three months ended June 30, 2018</u>	<u>Six months ended June 30, 2018</u>
Revenue	\$ 12,397,907	\$ 24,108,588
Profit for the period from continuing operations	\$ 1,290,999	\$ 2,266,764
Loss attributable to non-controlling interests	( 2,728)	( 6,195)
Other comprehensive income (loss), net of tax	<u>221,106</u>	<u>( 164,367)</u>
Total comprehensive income	<u>\$ 1,509,377</u>	<u>\$ 2,096,202</u>
Dividends received from associates	<u>\$ 532,089</u>	<u>\$ 532,089</u>

- F. 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 June 30, 2019, December 31, 2018 and June 30, 2018, the carrying amount of the Group's individually immaterial associates amounted to \$1,220,409, \$1,238,939 and \$1,209,663, respectively.

	Three months ended June 30,	
	2019	2018
Profit (loss) for the period from continuing operations	\$ 1,724	(\$ 25,452)
Other comprehensive income (loss), net of tax	(1,557)	911
Total comprehensive income (loss)	<u>\$ 167</u>	<u>(\$ 24,541)</u>
	Six months ended June 30,	
	2019	2018
Loss for the period from continuing operations	(\$ 32,758)	(\$ 42,497)
Other comprehensive income (loss), net of tax	(406)	1,808
Total comprehensive loss	<u>(\$ 33,164)</u>	<u>(\$ 40,689)</u>

- G. The Group's investment in DET has quoted market price. The fair value of DET as at December 31, 2018 and June 30, 2018 was \$17,298,030 and \$14,109,597, respectively.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2019</u>							
Cost	\$ 9,387,791	\$ 35,410,148	\$ 34,306,477	\$ 15,133,753	\$ 13,323,988	\$ 1,426,294	\$ 108,988,451
Accumulated depreciation and impairment	( 12,228)	( 14,756,380)	( 24,800,888)	( 12,254,047)	( 10,736,034)	-	( 62,559,577)
	<u>\$ 9,375,563</u>	<u>\$ 20,653,768</u>	<u>\$ 9,505,589</u>	<u>\$ 2,879,706</u>	<u>\$ 2,587,954</u>	<u>\$ 1,426,294</u>	<u>\$ 46,428,874</u>
<u>2019</u>							
Opening net book amount	\$ 9,375,563	\$ 20,653,768	\$ 9,505,589	\$ 2,879,706	\$ 2,587,954	\$ 1,426,294	\$ 46,428,874
Additions	2,457,473	353,355	1,869,619	829,754	1,034,103	1,991,695	8,535,999
Acquired through business combinations	1,937,962	2,891,051	2,408,419	372,027	1,190,607	1,184,235	9,984,301
Disposal	-	( 8,620)	( 97,154)	( 20,893)	( 27,381)	( 127)	( 154,175)
Transfer	-	48,616	658,249	115,348	28,275	( 850,488)	-
Reclassifications (Note 1)	465,686	1,164,972	-	-	-	-	1,630,658
Depreciation charge	-	( 935,906)	( 1,939,015)	( 944,095)	( 991,017)	-	( 4,810,033)
Reversal of impairment loss (Note 2)	-	86,246	-	-	586	-	86,832
Net exchange differences	57,840	255,339	508,272	85,691	( 41,462)	( 264,323)	601,357
Closing net book amount	<u>\$ 14,294,524</u>	<u>\$ 24,508,821</u>	<u>\$ 12,913,979</u>	<u>\$ 3,317,538</u>	<u>\$ 3,781,665</u>	<u>\$ 3,487,286</u>	<u>\$ 62,303,813</u>
<u>At June 30, 2019</u>							
Cost	\$ 14,307,212	\$ 44,442,575	\$ 43,380,401	\$ 17,006,497	\$ 18,399,360	\$ 3,487,286	\$ 141,023,331
Accumulated depreciation and impairment	( 12,688)	( 19,933,754)	( 30,466,422)	( 13,688,959)	( 14,617,695)	-	( 78,719,518)
	<u>\$ 14,294,524</u>	<u>\$ 24,508,821</u>	<u>\$ 12,913,979</u>	<u>\$ 3,317,538</u>	<u>\$ 3,781,665</u>	<u>\$ 3,487,286</u>	<u>\$ 62,303,813</u>

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

(Note 2) The Group recognised a reversal of impairment loss of \$86,832 for certain buildings and structures and others equipment that was assessed for reuse in the future. Such reversal of impairment loss was recognised in other operating income and expenses.

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2018</u>							
Cost	\$ 6,200,330	\$ 34,716,148	\$ 32,147,803	\$ 14,124,840	\$ 12,529,075	\$ 1,266,620	\$ 100,984,816
Accumulated depreciation and impairment	( 11,617)	( 13,243,559)	( 22,629,430)	( 11,118,300)	( 9,643,282)	-	( 56,646,188)
	<u>\$ 6,188,713</u>	<u>\$ 21,472,589</u>	<u>\$ 9,518,373</u>	<u>\$ 3,006,540</u>	<u>\$ 2,885,793</u>	<u>\$ 1,266,620</u>	<u>\$ 44,338,628</u>
<u>2018</u>							
Opening net book amount	\$ 6,188,713	\$ 21,472,589	\$ 9,518,373	\$ 3,006,540	\$ 2,885,793	\$ 1,266,620	\$ 44,338,628
Additions	2,049,970	62,152	1,272,652	619,861	544,712	1,005,873	5,555,220
Disposals	( 136,303)	( 53,828)	( 45,882)	( 6,409)	( 8,151)	( 404)	( 250,977)
Transfer	-	320,108	430,658	112,777	165,110	( 1,028,653)	-
Reclassifications (Note)	6,159	105,843	3,274	11,757	15,708	-	142,741
Depreciation charge	-	( 895,877)	( 1,743,632)	( 909,840)	( 904,091)	-	( 4,453,440)
Net exchange differences	6,710	182,717	81,528	51,154	( 3,225)	( 40,886)	277,998
Closing net book amount	<u>\$ 8,115,249</u>	<u>\$ 21,193,704</u>	<u>\$ 9,516,971</u>	<u>\$ 2,885,840</u>	<u>\$ 2,695,856</u>	<u>\$ 1,202,550</u>	<u>\$ 45,610,170</u>
<u>At June 30, 2018</u>							
Cost	\$ 8,127,348	\$ 35,319,227	\$ 33,701,213	\$ 14,795,361	\$ 13,051,999	\$ 1,202,550	\$ 106,197,698
Accumulated depreciation and impairment	( 12,099)	( 14,125,523)	( 24,184,242)	( 11,909,521)	( 10,356,143)	-	( 60,587,528)
	<u>\$ 8,115,249</u>	<u>\$ 21,193,704</u>	<u>\$ 9,516,971</u>	<u>\$ 2,885,840</u>	<u>\$ 2,695,856</u>	<u>\$ 1,202,550</u>	<u>\$ 45,610,170</u>

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

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

(10) Leasing arrangements - lessee

Effective 2019

A. The Group leases various assets including land, buildings, machinery 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>June 30, 2019</u>	<u>Three months ended June 30, 2019</u>	<u>Six months ended June 30, 2019</u>
	<u>Book value</u>	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,588,526	\$ 11,800	\$ 24,166
Buildings and structures	1,815,863	125,160	227,581
Machinery and equipment	550	450	823
Transportation equipment	117,156	24,511	43,771
Other equipment	22,071	2,045	3,802
	<u>\$ 3,544,166</u>	<u>\$ 163,966</u>	<u>\$ 300,143</u>

C. For the three months and six months ended June 30, 2019, the additions to right-of-use assets were \$105,829 and \$378,837, respectively.

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

	<u>Three months ended June 30, 2019</u>	<u>Six months ended June 30, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 6,093</u>	<u>\$ 11,596</u>
Expense on short-term lease contracts	<u>\$ 96,342</u>	<u>\$ 182,129</u>

E. For the six months ended June 30, 2019, the Group's total cash outflow for leases was \$327,397.

F. Extension options

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

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

(11) Investment property

	Land	Buildings and structures	Total
<u>At January 1, 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 June 30, 2019</u>			
Cost	\$ 14,070	\$ -	\$ 14,070
Accumulated depreciation and impairment	-	-	-
	<u>\$ 14,070</u>	<u>\$ -</u>	<u>\$ 14,070</u>
	Land	Buildings and structures	Total
<u>At January 1, 2018</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	( 2,987,489)	( 2,987,489)
	<u>\$ 465,724</u>	<u>\$ 1,310,687</u>	<u>\$ 1,776,411</u>
<u>2018</u>			
Opening net book amount	\$ 465,724	\$ 1,310,687	\$ 1,776,411
Depreciation charge	-	( 72,897)	( 72,897)
Closing net book amount	<u>\$ 465,724</u>	<u>\$ 1,237,790</u>	<u>\$ 1,703,514</u>
<u>At June 30, 2018</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	( 3,060,386)	( 3,060,386)
	<u>\$ 465,724</u>	<u>\$ 1,237,790</u>	<u>\$ 1,703,514</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% for the first half of 2019.

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

	Three months ended June 30,	
	2019	2018
Rental revenue from the lease of the investment property	\$ 1,618	\$ 17,032
Direct operating expenses of investment property that generated rental revenue during the period	\$ -	\$ 16,933
Direct operating expenses of investment property that did not generate rental revenue during the period	\$ -	\$ 25,878

	Six months ended June 30,	
	2019	2018
Rental revenue from the lease of the investment property	\$ 3,214	\$ 26,558
Direct operating expenses of investment property that generated rental revenue during the period	\$ -	\$ 27,754
Direct operating expenses of investment property that did not generate rental revenue during the period	\$ -	\$ 57,583

- B. The fair value of the investment property held by the Group as at June 30, 2019, December 31, 2018 and June 30, 2018 was \$14,070, \$3,106,112 and \$3,180,420, respectively, which was revalued by the Group.



(12) Intangible assets








	Trademarks	Patents	Goodwill	Customer Relationship	Technical Skill	Others	Total
<u>At January 1, 2019</u>							
Cost	\$ 3,677,160	\$ 1,587,354	\$ 19,987,587	\$ 11,055,632	\$ 4,010,083	\$ 3,220,854	\$ 43,538,670
Accumulated amortisation and impairment	( 835,968)	( 1,148,612)	( 7,291)	( 5,629,871)	( 1,082,984)	( 2,205,556)	( 10,910,282)
	<u>\$ 2,841,192</u>	<u>\$ 438,742</u>	<u>\$ 19,980,296</u>	<u>\$ 5,425,761</u>	<u>\$ 2,927,099</u>	<u>\$ 1,015,298</u>	<u>\$ 32,628,388</u>
<u>2019</u>							
Opening net book amount	\$ 2,841,192	\$ 438,742	\$ 19,980,296	\$ 5,425,761	\$ 2,927,099	\$ 1,015,298	\$ 32,628,388
Additions - acquired separately	-	4,608	-	-	-	183,967	188,575
Additions - acquired through business combinations	474,000	254,419	37,286,478	7,863,413	8,357,715	879,706	55,115,731
Reclassifications	-	-	-	-	( 7,722)	7,722	-
Amortisation	( 112,790)	( 59,075)	-	( 645,357)	( 266,216)	( 301,767)	( 1,385,205)
Net exchange differences	<u>11,335</u>	<u>( 54,829)</u>	<u>767,414</u>	<u>( 113,370)</u>	<u>( 242,631)</u>	<u>( 268,130)</u>	<u>99,789</u>
Closing net book amount	<u>\$ 3,213,737</u>	<u>\$ 583,865</u>	<u>\$ 58,034,188</u>	<u>\$ 12,530,447</u>	<u>\$ 10,768,245</u>	<u>\$ 1,516,796</u>	<u>\$ 86,647,278</u>
<u>At June 30, 2019</u>							
Cost	\$ 4,162,495	\$ 1,791,552	\$ 58,041,479	\$ 18,805,675	\$ 12,117,445	\$ 4,024,119	\$ 98,942,765
Accumulated amortisation and impairment	( 948,758)	( 1,207,687)	( 7,291)	( 6,275,228)	( 1,349,200)	( 2,507,323)	( 12,295,487)
	<u>\$ 3,213,737</u>	<u>\$ 583,865</u>	<u>\$ 58,034,188</u>	<u>\$ 12,530,447</u>	<u>\$ 10,768,245</u>	<u>\$ 1,516,796</u>	<u>\$ 86,647,278</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, 2018</u>							
Cost	\$ 2,928,120	\$ 1,138,472	\$ 19,684,246	\$ 9,770,892	\$ 3,713,854	\$ 5,304,729	\$ 42,540,313
Accumulated amortisation and impairment	( 622,233)	( 1,037,322)	( 7,291)	( 4,548,881)	( 776,556)	( 1,714,382)	( 8,706,665)
	<u>\$ 2,305,887</u>	<u>\$ 101,150</u>	<u>\$ 19,676,955</u>	<u>\$ 5,222,011</u>	<u>\$ 2,937,298</u>	<u>\$ 3,590,347</u>	<u>\$ 33,833,648</u>
<u>2018</u>							
Opening net book amount	\$ 2,305,887	\$ 101,150	\$ 19,676,955	\$ 5,222,011	\$ 2,937,298	\$ 3,590,347	\$ 33,833,648
Additions - acquired separately	-	4,835	-	-	-	242,219	247,054
Reclassifications (Note)	691,811	379,787	( 25,421)	912,736	207,851	( 2,308,833)	( 142,069)
Amortisation	( 104,692)	( 65,057)	-	( 535,970)	( 148,364)	( 232,108)	( 1,086,191)
Net exchange differences	<u>41,606</u>	<u>18,989</u>	<u>235,963</u>	<u>282,291</u>	<u>64,290</u>	<u>( 178,622)</u>	<u>464,517</u>
Closing net book amount	<u>\$ 2,934,612</u>	<u>\$ 439,704</u>	<u>\$ 19,887,497</u>	<u>\$ 5,881,068</u>	<u>\$ 3,061,075</u>	<u>\$ 1,113,003</u>	<u>\$ 33,316,959</u>
<u>At June 30, 2018</u>							
Cost	\$ 3,661,537	\$ 1,542,083	\$ 19,894,788	\$ 10,965,919	\$ 3,985,995	\$ 3,059,493	\$ 43,109,815
Accumulated amortisation and impairment	( 726,925)	( 1,102,379)	( 7,291)	( 5,084,851)	( 924,920)	( 1,946,490)	( 9,792,856)
	<u>\$ 2,934,612</u>	<u>\$ 439,704</u>	<u>\$ 19,887,497</u>	<u>\$ 5,881,068</u>	<u>\$ 3,061,075</u>	<u>\$ 1,113,003</u>	<u>\$ 33,316,959</u>

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

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

	Three months ended June 30,	
	2019	2018
Operating costs	\$ 12,519	\$ 2,314
Selling expenses	417,806	318,957
Administrative expenses	66,512	54,772
Research and development expenses	289,040	161,690
	<u>\$ 785,877</u>	<u>\$ 537,733</u>
	Six months ended June 30,	
	2019	2018
Operating costs	\$ 25,461	\$ 4,367
Selling expenses	762,913	640,781
Administrative expenses	124,158	104,087
Research and development expenses	472,673	336,956
	<u>\$ 1,385,205</u>	<u>\$ 1,086,191</u>

B. The Group acquired registered or under-application trademark rights such as   , , VIVITEK, 麗訊, ,  and . Trademarks are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortised but are tested for impairment annually.

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

	June 30, 2019	December 31, 2018	June 30, 2018
Goodwill:			
Eltek	\$ 5,318,788	\$ 5,292,098	\$ 5,248,163
Cyntec and its subsidiaries	5,146,053	5,146,053	5,146,053
Vivotek Inc.	3,232,954	3,232,954	3,232,954
DCI	2,576,886	2,548,263	2,527,107
DGC	1,800,778	1,780,775	1,765,991
Loy Tec	1,436,637	1,420,680	1,408,885
DET	36,930,632	-	-
Amerlux	997,707	-	-
Others	593,753	559,473	558,344
	<u>\$ 58,034,188</u>	<u>\$ 19,980,296</u>	<u>\$ 19,887,497</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 June 30, 2019, the Group's goodwill arose from business combinations amounting to \$58,034,188 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

	June 30, 2019	December 31, 2018	June 30, 2018
Long-term prepaid rent	\$ -	\$ 1,052,797	\$ 1,082,043
Prepayments for business facilities	1,030,533	605,154	459,138
Guarantee deposits paid	383,119	314,517	283,085
Prepayments for long-term investments	84,983	90,833	72,323
Cash surrender value of life insurance	57,013	60,780	62,522
Others	560,520	421,234	582,201
	<u>\$ 2,116,168</u>	<u>\$ 2,545,315</u>	<u>\$ 2,541,312</u>

(14) Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured bank loans	\$ 6,214,897	\$ 6,259,062	\$ 13,876,058
Credit lines	\$ 79,135,357	\$ 78,523,480	\$ 99,589,775
Interest rate range	<u>0.40%~7.01%</u>	<u>0.40%~7.13%</u>	<u>0.40%~8.50%</u>

(15) Long-term borrowings

Type of borrowings	June 30, 2019	December 31, 2018	June 30, 2018
Credit loans	\$ 30,708,135	\$ 25,013,145	\$ 13,015,234
Collateral loans	389,394	393,342	183,608
	<u>31,097,529</u>	<u>25,406,487</u>	<u>13,198,842</u>
Less: Current portion (shown as other current liabilities)	( 182,241)	( 173,700)	( 50,026)
	<u>\$ 30,915,288</u>	<u>\$ 25,232,787</u>	<u>\$ 13,148,816</u>
Credit lines	\$ 76,112,702	\$ 72,776,669	\$ 46,825,249
Interest rate range	<u>0.38%~6.23%</u>	<u>0.37%~6.23%</u>	<u>0.36%~6.23%</u>

- A. As at June 30, 2019, the revolving loans of \$30,225,100 can be drawn down during the period from July 1, 2018 to December 5, 2020 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 \$150,261, \$19,493, \$198,416 and \$39,050 for the three months and six months ended June 30, 2019 and 2018, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group within one year from June 30, 2019 are \$54,112.

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company and its domestic subsidiaries for the three months and six months ended June 30, 2019 and 2018 were \$114,890, \$102,972, \$226,723 and \$203,650, respectively.
- (b) Other overseas companies have defined contribution plans in accordance with the local regulations.

#### (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 June 30, 2019, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share.
- B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 million units of global depository receipts (GDRs), represented by 80 million shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg, 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 June 30, 2019, there were 617 thousand units outstanding, representing 3,084 thousand common shares of the Company's common stock.

(18) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation approved by the shareholders on June 8, 2016, the current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues.
- (b) Offset against prior years' operating losses, if any.
- (c) Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorised capital of the Company.
- (d) Setting aside or reversing a special reserve according to relevant regulations when necessary.
- (e) The remainder along with beginning unappropriated earnings shall be stockholders' bonus. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders. As the Company is in the growth stage, and taking into consideration the

shareholders' benefits, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the current period. Cash dividends shall be at least 15% of the bonus distributed to shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2018 and 2017 earnings had been approved by the shareholders during their meeting on June 10, 2019 and June 11, 2018, respectively. Details are summarised below:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,819,310		\$ 1,838,056	
Special reserve appropriated	472,889		4,320,394	
Cash dividends	12,987,717	\$ 5.0	12,987,717	\$ 5.0

The appropriations of 2018 earnings had been resolved during the shareholders' meeting. Therefore, the consolidated financial statements had reflected the dividends payable. Information about the appropriation of earnings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(25).



(20) Operating revenue

	Three months ended June 30,	
	2019	2018
Revenue from contracts with customers	\$ 73,374,101	\$ 57,897,107
	Six months ended June 30,	
	2019	2018
Revenue from contracts with customers	\$ 127,476,328	\$ 108,767,131

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 June 30, 2019					
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 36,243,863	\$ 9,905,109	\$ 27,047,371	\$ 177,758	\$ 73,374,101
Timing of revenue recognition					
At a point in time	36,168,427	8,730,846	25,522,126	167,853	70,589,252
Over time	75,436	1,174,263	1,525,245	9,905	2,784,849
	\$ 36,243,863	\$ 9,905,109	\$ 27,047,371	\$ 177,758	\$ 73,374,101
Three months ended June 30, 2018					
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 25,676,856	\$ 9,393,443	\$ 22,479,999	\$ 346,809	\$ 57,897,107
Timing of revenue recognition					
At a point in time	25,478,730	8,226,651	20,732,408	371,915	54,809,704
Over time	198,126	1,166,792	1,747,591	( 25,106)	3,087,403
	\$ 25,676,856	\$ 9,393,443	\$ 22,479,999	\$ 346,809	\$ 57,897,107
Six months ended June 30, 2019					
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 59,777,781	\$ 18,495,327	\$ 48,834,314	\$ 368,906	\$ 127,476,328
Timing of revenue recognition					
At a point in time	59,371,526	16,426,380	46,138,602	350,333	122,286,841
Over time	406,255	2,068,947	2,695,712	18,573	5,189,487
	\$ 59,777,781	\$ 18,495,327	\$ 48,834,314	\$ 368,906	\$ 127,476,328

Six months ended June 30, 2018					
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 48,172,680	\$ 17,629,218	\$ 42,393,832	\$ 571,401	\$ 108,767,131
Timing of revenue recognition					
At a point in time	47,812,267	15,438,907	39,637,647	560,996	103,449,817
Over time	360,413	2,190,311	2,756,185	10,405	5,317,314
	<u>\$ 48,172,680</u>	<u>\$ 17,629,218</u>	<u>\$ 42,393,832</u>	<u>\$ 571,401</u>	<u>\$ 108,767,131</u>

#### B. Contract assets and liabilities

The Group has recognised the revenue-related contract assets primarily from automation equipment contracts and resolution of communication equipment power resource system; contract liabilities primarily pertain to advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.

Revenue recognised that was included in the contract liability balance at the beginning of the period is as follows:

		Three months ended June 30,	
		2019	2018
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.		\$ -	\$ -
		Six months ended June 30,	
		2019	2018
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.		\$ 2,643,318	\$ 1,693,773

(21) Other income

		Three months ended June 30,	
		2019	2018
Interest income:			
Interest income from bank deposits	\$	239,772	\$ 213,390
Rental income		34,057	31,242
Dividend income		47,744	37,526
Others		846,971	610,553
	\$	<u>1,168,544</u>	<u>\$ 892,711</u>
		Six months ended June 30,	
		2019	2018
Interest income:			
Interest income from bank deposits	\$	492,968	\$ 378,682
Rental income		61,312	58,937
Dividend income		83,117	41,366
Others		1,539,619	1,322,668
	\$	<u>2,177,016</u>	<u>\$ 1,801,653</u>

(22) Other gains and losses

		Three months ended June 30,	
		2019	2018
Loss on disposal of property, plant and equipment	(\$	18,731)	(\$ 9,025)
Gain on disposal of investments (Note)		5,909,660	884
Net currency exchange (loss) gain	(	1,990)	200,317
Gain (loss) on financial assets / liabilities at fair value through profit or loss		208,763	( 172,531)
Reversal of impairment loss			
Reversal of impairment loss on property, plant and equipment		86,832	-
Miscellaneous disbursements	(	93,498)	( 127,826)
	\$	<u>6,091,036</u>	<u>(\$ 108,181)</u>
		Six months ended June 30,	
		2019	2018
(Loss) gain on disposal of property, plant and equipment	(\$	26,592)	\$ 236,793
Gain (loss) on disposal of investments (note)		5,813,219	( 99)
Net currency exchange gain		107,774	193,869
Gain (loss) on financial assets/liabilities at fair value through profit or loss		250,655	( 207,149)
Reversal of impairment loss			
Reversal of impairment loss on property, plant and equipment		86,832	-
Miscellaneous disbursements	(	365,999)	( 329,817)
	\$	<u>5,865,889</u>	<u>(\$ 106,403)</u>

(Note) The Group recognised a gain as a result of measuring at fair value its 20.93% equity interest in DET held before the business combination. Please refer to Note 6(29) for more information.

(23) Finance costs

		Three months ended June 30,	
		2019	2018
Interest expense	\$	205,309	\$ 129,388
Loss on hedging instruments		2,508	( 3,957)
	\$	<u>207,817</u>	<u>\$ 125,431</u>
		Six months ended June 30,	
		2019	2018
Interest expense	\$	364,913	\$ 242,423
Loss on hedging instruments		6,124	( 2,362)
	\$	<u>371,037</u>	<u>\$ 240,061</u>

(24) Expenses by nature

		Three months ended June 30,	
		2019	2018
Employee benefit expense	\$	15,478,115	\$ 11,798,856
Depreciation charges on property, plant and equipment		2,633,298	2,270,377
Amortisation charges on intangible assets		785,877	537,733
	\$	<u>18,897,290</u>	<u>\$ 14,606,966</u>
		Six months ended June 30,	
		2019	2018
Employee benefit expense	\$	26,962,662	\$ 22,850,651
Depreciation charges on property, plant and equipment		4,810,033	4,453,440
Amortisation charges on intangible assets		1,385,205	1,086,191
	\$	<u>33,157,900</u>	<u>\$ 28,390,282</u>

(25) Employee benefit expense

		Three months ended June 30,	
		2019	2018
Post-employment benefits			
Defined contribution plans	\$	230,693	\$ 264,761
Defined benefit plans		150,261	19,493
		<u>380,954</u>	<u>284,254</u>
Other employee benefits		15,097,161	11,514,602
	\$	<u>15,478,115</u>	<u>\$ 11,798,856</u>

	Six months ended June 30,	
	2019	2018
Post-employment benefits		
Defined contribution plans	\$ 430,464	\$ 456,076
Defined benefit plans	198,416	39,050
	<u>628,880</u>	<u>495,126</u>
Other employee benefits	26,333,782	22,355,525
	<u>\$ 26,962,662</u>	<u>\$ 22,850,651</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the three months and six months ended June 30, 2019 and 2018, employees' compensation was accrued at \$566,953, \$439,983, \$1,006,213 and \$802,633, respectively; while directors' remuneration was accrued at \$22,074, \$9,786, \$33,615 and \$19,572, respectively. The aforementioned amounts were recognised in salary expenses.

For the six months ended June 30, 2019, 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 \$1,728,344 and directors' remuneration of \$29,400 for 2018 were resolved by the Board of Directors on March 11, 2019.

Employees' compensation and directors' remuneration for 2018 amounted to \$1,728,344 and \$29,400, respectively, as resolved at the meeting of Board of Directors. Employees' compensation as resolved by the Board of Directors was in agreement with the amount recognised in the 2018 financial statements. For directors' compensation of \$39,144, the difference of \$9,744 between the amount resolved at the Board meeting and the amount recognised in the 2018 financial statements had been adjusted in the profit or loss for 2019.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors and shareholders 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 June 30,	
	2019	2018
Current tax:		
Current tax on profits for the period	\$ 3,528,356	\$ 988,935
Prior year income tax (over) underestimation	( 206,601)	25,567
Tax on undistributed surplus earnings	144,720	41,909
Total current tax	3,466,475	1,056,411
Deferred tax:		
Origination and reversal of temporary differences	( 1,041,394)	( 62,890)
Impact of change in tax rate	-	-
Total deferred tax	( 1,041,394)	( 62,890)
	<u>\$ 2,425,081</u>	<u>\$ 993,521</u>
	Six months ended June 30,	
	2019	2018
Current tax:		
Current tax on profits for the period	\$ 4,318,742	\$ 1,735,622
Prior year income tax overestimation	( 335,481)	( 5,194)
Tax on undistributed surplus earnings	144,720	41,909
Total current tax	4,127,981	1,772,337
Deferred tax:		
Origination and reversal of temporary differences	( 1,214,142)	( 532,815)
Impact of change in tax rate	-	616,445
Total deferred tax	( 1,214,142)	83,630
	<u>\$ 2,913,839</u>	<u>\$ 1,855,967</u>

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

	Three months ended June 30,	
	2019	2018
Currency translation differences	(\$ 484,082)	(\$ 371,445)
Gain (loss) on hedging instruments	( 29,793)	17,782
Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	3,363	( 18,762)
	<u>(\$ 510,512)</u>	<u>(\$ 372,425)</u>

	Six months ended June 30,	
	2019	2018
Currency translation differences	(\$ 920,947)	(\$ 130,646)
Gain (loss) on hedging instruments	( 2,098)	7,944
Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	3,363 (	18,762)
Impact of change in tax rate	-	226,071
	<u>(\$ 919,682)</u>	<u>\$ 84,607</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
NEM	2015
The Company and DNIT	2016
DECC, Vivotek Inc., Lidlight Inc., AMT, DelBio, Cyntec, UNICOM SYSTEM ENG. CORP., Power Forest Technology Corporation, Vatics Inc., Realwin Investment Inc., Otus Imaging, Inc. and Aetek Inc.	2017

- C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(27) Earnings per share

Three months ended June 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,529,665	2,597,543	\$ 3.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 9,529,665	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	5,032	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 9,529,665	2,602,575	\$ 3.66
Three months ended June 30, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,277,208	2,597,543	\$ 1.26
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,277,208	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	5,334	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 3,277,208	2,602,877	\$ 1.26



Six months ended June 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 12,902,085	2,597,543	\$ 4.97
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 12,902,085	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	9,474	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 12,902,085	2,607,017	\$ 4.95
Six months ended June 30, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,058,266	2,597,543	\$ 2.33
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,058,266	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	12,123	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 6,058,266	2,609,666	\$ 2.32

(28) Share-based payment

A. For the six months ended June 30, 2019 and 2018, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Power Forest - Employee stock options	2017.3.3	1,000,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
"	2018.3.30	500,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
Vatics Inc. - Employee stock options	2016.11.8	2,116,000	3 years	1~3 years' service
Vivotek Inc. - Plan of restricted stocks to employees	2017.11.20	700,000	2 years	1~2 years' performance

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

(a) Employee share options

	2019		2018	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	1,960,000	\$ 15.72	2,742,000	\$ 15.95
Options granted	-	-	500,000	15.00
Options forfeited	( 187,000)	15.00	( 95,000)	15.00
Options exercised	-	-	( 242,000)	15.00
Options expired	( 31,000)	16.50	( 523,000)	16.50
Options outstanding at June 30	<u>1,742,000</u>	<u>\$ 15.79</u>	<u>2,382,000</u>	<u>\$ 15.77</u>
Options exercisable at June 30	<u>1,086,500</u>	<u>\$ 15.94</u>	<u>729,500</u>	<u>\$ 16.25</u>

(b) Restricted stocks to employees

	2019	2018
	No. of shares	No. of shares
January 1	\$ 345,500	\$ 700,000
Expired during the period	-	( 4,500)
June 30	<u>\$ 345,500</u>	<u>\$ 695,500</u>

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

		June 30, 2019	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2019	912,000	\$ 16.50
March 3, 2017	March 2, 2023	445,000	15.00
March 30, 2018	March 29, 2024	385,000	15.00
		December 31, 2018	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2019	943,000	\$ 16.50
March 3, 2017	March 2, 2023	577,000	15.00
March 30, 2018	March 29, 2024	440,000	15.00
		June 30, 2018	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 7, 2019	1,219,000	\$ 16.50
March 3, 2017	March 2, 2023	663,000	15.00
March 30, 2018	March 29, 2024	500,000	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

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)
Vivotek Inc.- Plan of restricted stocks to employees	2017.11.20	\$ 97.20	\$ -	Not applicable	1~2	Not applicable	Not applicable	\$97.2000

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 June 30,	
	2019	2018
Equity-settled	\$ 213	\$ 2,718
	Six months ended June 30,	
	2019	2018
Equity-settled	\$ 943	\$ 9,609

(29) Business combinations

- A. On April 2, 2019, the Group acquired 42.85% of the share capital of the Group's associate, DET, for \$36,874,645 and obtained control over DET. As a result of the acquisition, the Group is expected to decrease its risk on global trade and extend global business. On June 1, 2019, the Group acquired 100% of the share capital of Amerlux for \$2,844,498 and obtained control over Amerlux. As a result of the acquisition, the Group is expected to improve the product mix of lighting fixture and provide completed solutions to customers. The amortisation duration of acquisition price will complete in one year after the acquisition.
- B. The following table summarises the consideration paid for DET and Amerlux and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>June 30, 2019</u>
Purchase consideration	
Cash	\$ 39,719,143
Contingent consideration	<u>271,048</u>
	39,990,191
Fair value of equity interest in DET Company held before the business combination	18,057,035
Fair value of the non-controlling interest	<u>30,575,137</u>
	<u>88,622,363</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	15,701,128
Other current assets	22,719,840
Property, plant and equipment	9,984,301
Intangible assets	17,829,253
Deferred tax assets	244,895
Other non-current assets	281,247
Other current liabilities	( 13,252,993)
Deferred tax liabilities	( 119,870)
Other non-current liabilities	( 2,051,916)
Total identifiable net assets	<u>51,335,885</u>
Goodwill	<u>\$ 37,286,478</u>

- C. The fair value of DET and Amerlux of the acquired identifiable intangible assets and goodwill of \$17,829,253 and \$37,286,478 is provisional pending receipt of the final valuations for those assets.
- D. The Group originally held 20.93% of share ownership in DET before the business combination. Gain on remeasurement of fair value amounted to \$5,925,521.
- E. The operating revenue included in the consolidated statement of comprehensive income since April 2, 2019 and June 1, 2019 contributed by DET and Amerlux were \$10,322,288 and \$256,263, respectively. DET and Amerlux also contributed profit before income tax amounting to \$708,656 and \$29,244 over the same period, respectively. Had the companies been consolidated from January 1, 2019, the consolidated statement of comprehensive income would show operating revenue of \$138,010,718 and profit before income tax of \$17,023,990.

(30) Supplemental cash flow information

Financing activities with no cash flow effects

	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash dividends declared but yet to be paid	<u>\$ 12,987,717</u>	<u>\$ 12,987,717</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2019	\$ 6,259,062	\$ 25,406,487	\$ 31,665,549
Changes in cash flow from financing activities	( 44,165)	5,691,042	5,646,877
At June 30, 2019	<u>\$ 6,214,897</u>	<u>\$ 31,097,529</u>	<u>\$ 37,312,426</u>
	Short-term borrowings	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2018	\$ 17,463,509	\$ 11,267,688	\$ 28,731,197
Changes in cash flow from financing activities	( 3,587,451)	1,931,154	( 1,656,297)
At June 30, 2018	<u>\$ 13,876,058</u>	<u>\$ 13,198,842</u>	<u>\$ 27,074,900</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names and relationship of related parties	Relationship with the Group
Delta Electronics (Thailand) Public Company Limited	It is an associate before April 2, 2019, and has been a subsidiary since April 2, 2019
Delta Electronics (Slovakia) s.r.o.	"
Delta Electronics India Pvt. Ltd.	"
Delta Energy Systems (Singapore) PTE. LTD.	"
Delta Energy Systems (Australia) Pty. Ltd.	"
Eltek s.r.o.	"
Delta Power Solutions (India) Pvt. Ltd.	Merged with Delta Electronics India Pvt. Ltd. in February 2019
Digital Projection Ltd.	Associate
Digital Projection Inc.	"

(2) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended June 30,	
	2019	2018
Sales of goods:		
Associates	\$ 382,987	\$ 1,261,044
Sales of services:		
Associates	1,926	357,296
	<u>\$ 384,913</u>	<u>\$ 1,618,340</u>

	Six months ended June 30,	
	2019	2018
Sales of goods:		
Associates	\$ 1,607,238	\$ 2,231,007
Sales of services:		
Associates	422,192	723,183
	<u>\$ 2,029,430</u>	<u>\$ 2,954,190</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

	Three months ended June 30,	
	2019	2018
Purchases of goods:		
Associates	<u>\$ 24,958</u>	<u>\$ 1,722,943</u>
	Six months ended June 30,	
	2019	2018
Purchases of goods:		
Associates	<u>\$ 1,471,219</u>	<u>\$ 3,502,011</u>

The purchase terms, including prices and payments, were negotiated based on cost, market, competitors and other factors.

C. Period-end balances arising from sales of goods

	June 30, 2019	December 31, 2018	June 30, 2018
Receivables from related parties:			
Associates	<u>\$ 391,017</u>	<u>\$ 1,722,114</u>	<u>\$ 1,438,206</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 75 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Period-end balances arising from purchases of goods

	June 30, 2019	December 31, 2018	June 30, 2018
Payables to related parties:			
Associates	<u>\$ 6,669</u>	<u>\$ 1,484,335</u>	<u>\$ 1,338,020</u>

The payables to related parties arise mainly from purchase transactions and are due 70 days after the date of purchase. The payables bear no interest.

E. Period-end balances arising from other transactions

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Other receivables-related parties			
Associates	<u>\$ 4,933</u>	<u>\$ 99,389</u>	<u>\$ 85,847</u>

The above pertain mainly to payments on behalf of others.

(3) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	<u>\$ 152,961</u>	<u>\$ 78,178</u>
	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	<u>\$ 238,011</u>	<u>\$ 165,826</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>	<u>Pledge purpose</u>
Demand deposits (shown as other current assets)	\$ 153,108	\$ 127,251	\$ 94,237	Performance bonds
Time deposits (shown as other current assets)	215,828	147,901	128,161	Performance bonds, customs deposits and other guarantee
Property, plant and equipment	585,269	588,052	399,304	Long-term borrowings and credit line
	<u>\$ 954,205</u>	<u>\$ 863,204</u>	<u>\$ 621,702</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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Property, plant and equipment	<u>\$ 5,340,832</u>	<u>\$ 2,482,368</u>	<u>\$ 288,500</u>
Costs of computer software	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ -</u>



###### 10. SIGNIFICANT DISASTER LOSS

None.

###### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

To enhance management efficiency, cut administrative costs and implement positioning strategies in the value chain, the Board of Directors resolved to implement share right restructuring on July 31, 2019. Under the restructuring, DEN will directly hold a 100% equity interest in DHK, DGSG, Drake-HK and Boom, respectively, and DIH will directly hold a 100% equity interest in Eltek AS, DCI and Delta Electronics Holding (USA) Inc. and directly hold a 51% equity interest in DES, respectively.

###### 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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 3,768,238</u>	<u>\$ 3,392,915</u>	<u>\$ 3,668,744</u>
Financial assets at fair value through other comprehensive income			
Selected designated investments in equity instruments	<u>\$ 2,547,761</u>	<u>\$ 2,977,994</u>	<u>\$ 2,919,165</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 44,201,138	\$ 59,618,697	\$ 57,518,778
Notes receivable	3,981,226	4,091,231	3,955,250
Accounts receivable	59,728,862	53,775,610	48,167,444
Other receivables	1,484,688	856,397	1,024,502
Guarantee deposits paid	383,119	314,517	283,085
Other financial assets	<u>368,936</u>	<u>275,152</u>	<u>222,398</u>
	<u>\$ 110,147,969</u>	<u>\$ 118,931,604</u>	<u>\$ 111,171,457</u>
Derivative financial assets for hedging	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,644</u>

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</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	<u>\$ 24,247</u>	<u>\$ 8,544</u>	<u>\$ 115,476</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 6,214,897	\$ 6,259,062	\$ 13,876,058
Notes payable	6,155	7,955	8,533
Accounts payable	41,653,509	40,501,108	36,824,223
Other accounts payable	39,334,835	24,786,588	34,045,537
Lease liability (including current portion)	2,260,802	-	-
Long-term borrowings (including current portion)	31,097,529	25,406,487	13,198,842
Guarantee deposits received	<u>158,702</u>	<u>87,287</u>	<u>91,622</u>
	<u>\$ 120,726,429</u>	<u>\$ 97,048,487</u>	<u>\$ 98,044,815</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:

June 30, 2019			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB (Note)	\$ 589,578	6.8696	\$ 18,312,293
USD:NTD	370,911	31.0600	11,520,492
USD:THB (Note)	278,926	30.5558	8,663,438
RMB:USD (Note)	1,052,542	0.1456	4,758,932
EUR:USD (Note)	69,621	1.1391	2,463,207
<u>Non-monetary items</u>			
USD:NTD	\$ 4,625,862	31.0600	\$ 143,679,259
THB:USD (Note)	50,005,972	0.0327	50,831,071
RMB:USD (Note)	6,640,039	0.1456	30,022,074
NOK:USD (Note)	3,499,749	0.1174	12,765,755
THB:NTD	4,596,314	1.0165	4,672,153
EUR:USD (Note)	72,885	1.1391	2,578,658
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 327,211	31.0600	\$ 10,163,183
USD:RMB (Note)	287,568	6.8696	8,931,854
RMB:USD (Note)	1,583,490	0.1456	7,159,545
USD:THB (Note)	176,534	30.5558	5,483,146
HKD:NTD	489,991	3.9770	1,948,695
JPY:NTD	4,949,863	0.2886	1,428,531

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

December 31, 2018			
(Foreign currency: functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,392,537	0.1456	\$ 6,228,957
USD:RMB (Note)	340,946	6.8666	10,472,156
USD:NTD	97,782	30.7150	3,003,374
EUR:NOK (Note)	42,704	10.0329	1,503,181
EUR:USD (Note)	62,091	1.1460	2,185,603
<u>Non-monetary items</u>			
USD:NTD	\$ 4,178,234	30.7150	\$ 128,334,451
RMB:USD (Note)	6,716,680	0.1456	30,044,381
NOK:USD (Note)	3,479,516	0.1142	12,207,741
THB:USD (Note)	6,908,111	0.0310	6,584,811
EUR:USD (Note)	61,261	1.1460	2,156,379
THB:NTD	1,647,048	0.9532	1,569,966
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,938,334	0.1456	\$ 8,670,362
USD:RMB (Note)	273,578	6.8666	8,402,948
USD:NTD	1,170,089	30.7150	35,939,284
EUR:NOK (Note)	48,333	10.0329	1,701,322
EUR:NTD	30,378	35.2000	1,069,306
EUR:USD (Note)	38,062	1.1460	1,339,782

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

(Foreign currency: functional currency)	June 30, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,009,646	0.1510	\$ 4,643,069
USD:RMB (Note)	363,283	6.6236	11,065,600
USD:NTD	333,094	30.4600	10,146,043
EUR:NOK (Note)	54,390	9.4655	1,925,406
EUR:USD (Note)	63,803	1.1622	2,258,626
<u>Non-monetary items</u>			
USD:NTD	\$ 4,031,480	30.4600	\$ 122,798,886
THB:NTD	1,549,137	0.9237	1,430,938
RMB:USD (Note)	6,617,086	0.1510	30,430,060
THB:USD (Note)	6,696,620	0.0303	6,185,668
EUR:USD (Note)	61,196	1.1622	2,166,324
NOK:USD (Note)	3,360,105	0.1228	12,566,388
CAD:USD (Note)	110,831	0.7564	2,553,547
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,558,886	0.1510	\$ 7,168,865
USD:RMB (Note)	299,208	6.6236	9,113,876
USD:NTD	270,642	30.4600	8,243,755
USD:NOK (Note)	46,642	8.1446	1,420,715

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

- v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2019 and 2018 amounted to (\$1,990), \$200,317, \$107,774 and \$193,869, respectively.

Six months ended June 30, 2019				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : RMB (Note)	1%	\$ 183,123	\$	-
USD : NTD	1%	115,205		-
USD : THB (Note)	1%	86,634		-
RMB : USD (Note)	1%	47,589		-
EUR : USD (Note)	1%	24,632		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 101,632	\$	-
USD : RMB (Note)	1%	89,319		-
RMB : USD (Note)	1%	71,595		-
USD : THB (Note)	1%	54,831		-
HKD : NTD	1%	19,487		-
JPY : NTD	1%	14,285		-

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

Six months ended June 30, 2018				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB : USD (Note)	1%	\$ 46,431	\$	-
USD : RMB (Note)	1%	110,656		-
USD : NTD	1%	101,460		-
EUR : NOK (Note)	1%	19,254		-
EUR : USD (Note)	1%	22,586		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB : USD (Note)	1%	\$ 71,689	\$	-
USD : RMB (Note)	1%	91,139		-
USD : NTD	1%	82,438		-
USD : NOK (Note)	1%	14,207		-

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 six months ended June 30, 2019 and 2018 would have increased/decreased by \$34,325 and \$35,593, 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 \$25,478 and \$29,192, 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 six months ended June 30, 2019 and 2018, the Group's borrowings at variable rate were denominated in NTD, USD and JPY.
- ii. On June 30, 2019 and 2018, if the interest rate increases by 0.25%, with all other variables held constant, profit, net of tax for the six months ended June 30, 2019 and 2018 would have decreased by \$62,195 and \$1,378, 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 June 30, 2019, December 31, 2018 and June 30, 2018, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At June 30, 2019</u>			
Expected loss rate	0.03%	1.77%	22.57%
Total book value	\$ 54,802,284	\$ 3,902,274	\$ 482,543
Loss allowance	<u>\$ 18,442</u>	<u>\$ 45,485</u>	<u>\$ 108,911</u>
	<u>181-365 days past due</u>	<u>Over 365 days past due</u>	<u>Total</u>
Expected loss rate	44.04%	93.71%	
Total book value	\$ 501,542	\$ 682,446	\$ 60,371,089
Loss allowance	<u>\$ 220,876</u>	<u>\$ 639,530</u>	<u>\$ 1,033,244</u>
	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At December 31, 2018</u>			
Expected loss rate	0.00%	1.15%	23.39%
Total book value	\$ 46,402,866	\$ 5,331,599	\$ 298,633
Loss allowance	<u>\$ 424</u>	<u>\$ 61,260</u>	<u>\$ 69,837</u>
	<u>181-365 days past due</u>	<u>Over 365 days past due</u>	<u>Total</u>
Expected loss rate	49.81%	96.38%	
Total book value	\$ 249,925	\$ 731,317	\$ 53,014,340
Loss allowance	<u>\$ 124,497</u>	<u>\$ 704,826</u>	<u>\$ 960,844</u>



	<u>Not past due</u>	<u>1-90 days past due</u>	<u>91-180 days past due</u>
<u>At June 30, 2018</u>			
Expected loss rate	0.00%	1.84%	21.95%
Total book value	\$ 43,114,519	\$ 2,933,060	\$ 422,934
Loss allowance	<u>\$ 1,855</u>	<u>\$ 53,999</u>	<u>\$ 92,827</u>
	<u>181-365 days</u>	<u>Over 365 days</u>	
	<u>past due</u>	<u>past due</u>	<u>Total</u>
Expected loss rate	41.88%	85.07%	
Total book value	\$ 460,568	\$ 935,688	\$ 47,866,769
Loss allowance	<u>\$ 192,887</u>	<u>\$ 795,963</u>	<u>\$ 1,137,531</u>

- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable, contract assets and overdue receivables are as follows:

	<u>2019</u>				
	<u>Notes</u>	<u>Accounts</u>	<u>Contract</u>	<u>Overdue</u>	
	<u>receivable</u>	<u>receivable</u>	<u>assets</u>	<u>receivables</u>	<u>Total</u>
At January 1	\$ -	\$ 960,844	\$ -	\$ 271,439	\$ 1,232,283
Acquired from business combinations	-	99,640	-	-	99,640
Reversal of impairment loss	-	( 53,141)	-	( 12,492)	( 65,633)
Effect of foreign exchange	-	25,901	-	5,149	31,050
At June 30	<u>\$ -</u>	<u>\$ 1,033,244</u>	<u>\$ -</u>	<u>\$ 264,096</u>	<u>\$ 1,297,340</u>
	<u>2018</u>				
	<u>Notes</u>	<u>Accounts</u>	<u>Contract</u>	<u>Overdue</u>	
	<u>receivable</u>	<u>receivable</u>	<u>assets</u>	<u>receivables</u>	<u>Total</u>
At January 1	\$ -	\$ 1,166,495	\$ -	\$ 238,283	\$ 1,404,778
Reversal of impairment loss	-	( 36,083)	-	( 13,663)	( 49,746)
Effect of foreign exchange	-	7,119	-	1,725	8,844
At June 30	<u>\$ -</u>	<u>\$ 1,137,531</u>	<u>\$ -</u>	<u>\$ 226,345</u>	<u>\$ 1,363,876</u>

For provisioned loss for the six months ended June 30, 2019 and 2018, the reversal gain of impairment arising from customers' contracts amounted to \$65,633 and \$49,746, respectively.

(c) Liquidity risk

- 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.
- 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>June 30, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 6,214,897	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	41,659,664	-	-	-
Other payables	39,334,835	-	-	-
Lease liabilities (including current portion)	654,408	497,468	656,333	452,593
Long-term borrowings (including current portion)	182,241	30,283,538	116,714	515,036

Non-derivative financial liabilities:

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 6,259,062	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	40,509,063	-	-	-
Other payables	24,786,588	-	-	-
Long-term borrowings (including current portion)	173,700	24,585,550	116,969	530,268

Non-derivative financial liabilities:

<u>June 30, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 13,876,058	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	36,832,756	-	-	-
Other payables	34,045,537	-	-	-
Long-term borrowings (including current portion)	50,026	12,671,500	91,864	385,452

Derivative financial liabilities:

As at June 30, 2019, December 31, 2018 and June 30, 2018, the Group's derivative financial liabilities are due within 1 year.

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a

market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.
- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>June 30, 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	\$ 1,501,633	\$ -	\$ 1,930,906	\$ 3,432,539
Hybrid instruments	109,318	-	69,074	178,392
Derivative instruments	-	157,307	-	157,307
Financial assets at fair value through other comprehensive income				
Equity instruments	<u>1,871,283</u>	<u>-</u>	<u>676,478</u>	<u>2,547,761</u>
	<u>\$ 3,482,234</u>	<u>\$ 157,307</u>	<u>\$ 2,676,458</u>	<u>\$ 6,315,999</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 24,247</u>	<u>\$ -</u>	<u>\$ 24,247</u>

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,390,101	\$ -	\$ 1,842,693	\$ 3,232,794
Hybrid instruments	54,000	-	69,074	123,074
Debt securities	-	-	-	-
Derivative instruments	-	37,047	-	37,047
Financial assets at fair value through other comprehensive income				
Equity instruments	1,632,492	-	1,345,502	2,977,994
	<u>\$ 3,076,593</u>	<u>\$ 37,047</u>	<u>\$ 3,257,269</u>	<u>\$ 6,370,909</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 8,544</u>	<u>\$ -</u>	<u>\$ 8,544</u>
 <u>June 30, 2018</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,410,910	\$ -	\$ 2,148,358	\$ 3,559,268
Debt securities	53,250	-	-	53,250
Derivative instruments	-	56,226	-	56,226
Financial assets at fair value through other comprehensive income				
Equity securities	1,914,078	-	1,005,087	2,919,165
Derivative financial assets for hedging	-	6,644	-	6,644
	<u>\$ 3,378,238</u>	<u>\$ 62,870</u>	<u>\$ 3,153,445</u>	<u>\$ 6,594,553</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 115,476</u>	<u>\$ -</u>	<u>\$ 115,476</u>

D. The methods and assumptions that the Group used to measure fair value are as follows:

- (a) The instruments that the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Convertible (exchangeable) bond</u>
Market quoted price	Closing price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are approved for financial management.
- (c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty.
- E. For the six months ended June 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the six months ended June 30, 2019 and 2018:

	2019		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ 69,074	\$ 3,188,195	\$ 3,257,269
Loss recognised in profit or loss	-	( 9,151)	( 9,151)
Loss recognised in other comprehensive income or loss	-	( 40,002)	( 40,002)
Acquired during the period	-	123,915	123,915
Disposals during the period	-	( 673,609)	( 673,609)
Net exchange differences	-	18,036	18,036
At June 30	<u>\$ 69,074</u>	<u>\$ 2,607,384</u>	<u>\$ 2,676,458</u>

	2018		
	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ -	\$ 1,580,428	\$ 1,580,428
Acquired during the period	-	367,674	367,674
Effect of IFRS 9 adjustment	-	1,147,672	1,147,672
Loss recognised in profit or loss	- (	14,213) (	14,213)
Proceeds from capital reduction	- (	12,930) (	12,930)
Transfers from prepayments for investment	-	58,869	58,869
Net exchange differences	-	25,945	25,945
At June 30	<u>\$ -</u>	<u>\$ 3,153,445</u>	<u>\$ 3,153,445</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 June 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 2,607,384	Most recent non-active market price	Not applicable	-	Not applicable
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
	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 3,188,195	Most recent non-active market price	Not applicable	-	Not applicable
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

	Fair value at June 30, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 3,153,445	Most recent non-active market price	Not applicable	-	Not applicable

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		June 30, 2019				
				Recognised in profit or loss	Recognised in other comprehensive income (loss)	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instruments	Most recent non-active market price	± 1%	<u>\$ 19,309</u>	<u>(\$ 19,309)</u>	<u>\$ 6,765</u>	<u>(\$ 6,765)</u>
Hybrid instruments	Enterprise value to EBITDA	± 1%	<u>\$ 691</u>	<u>(\$ 691)</u>	<u>\$ -</u>	<u>\$ -</u>
	Discount for lack of marketability	± 1%	<u>\$ 691</u>	<u>(\$ 691)</u>	<u>\$ -</u>	<u>\$ -</u>



			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Equity instruments	Most recent non-active market price	± 1%	\$ 18,427	(\$ 18,427)	\$ 13,455	(\$ 13,455)
Hybrid instruments	Enterprise value to EBITDA	± 1%	\$ 691	(\$ 691)	\$ -	\$ -
	Discount for lack of marketability	± 1%	\$ 691	(\$ 691)	\$ -	\$ -
			June 30, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 21,484	(\$ 21,484)	\$ 10,051	(\$ 10,051)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes

6(2), 6(4) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 6, 7 and 8 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cytotec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the six months ended June 30, 2019.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group's management has determined the reportable segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group considers the business from a product perspective. The Group's business is segregated into power electronics business, automation business and infrastructure business. Breakdown of the revenue from all sources is as follows:

- A. Power electronics: Component, Embedded Power, Fans and Thermal Management, Automotive Electronics, Merchant & Mobile Power and Vivitek Projectors.
- B. Automation: Industrial Automation and Building Automation.
- C. Infrastructure: ICT Infrastructure and Energy Infrastructure.

Because of the change of product classification, the Group's internal business segment restructured accordingly. The prior period information was restated for comparison.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Six months ended June 30, 2019			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	<u>\$ 59,777,781</u>	<u>\$ 18,495,327</u>	<u>\$ 48,834,314</u>	<u>\$ 127,107,422</u>
Segment income (Note)	<u>\$ 6,279,847</u>	<u>\$ 1,692,221</u>	<u>\$ 3,228,661</u>	<u>\$ 11,200,729</u>

	Six months ended June 30, 2018			
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	<u>\$ 48,172,680</u>	<u>\$ 17,629,218</u>	<u>\$ 42,393,832</u>	<u>\$ 108,195,730</u>
Segment income (Note)	<u>\$ 3,697,359</u>	<u>\$ 2,658,022</u>	<u>\$ 2,073,054</u>	<u>\$ 8,428,435</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 six months ended June 30, 2019 and 2018 is provided as follows:

	Six months ended June 30,	
	2019	2018
Reportable segments income	\$ 11,200,729	\$ 8,428,435
Other segments' loss	( 2,693,049)	( 2,152,336)
Non-operating income and expenses	7,881,850	1,874,786
Income before tax from continuing operations	<u>\$ 16,389,530</u>	<u>\$ 8,150,885</u>

Delta Electronics, Inc. and Subsidiaries  
Loans to others  
Six months ended June 30, 2019  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2019 (Note 2)	Balance at June 30, 2019	Actual amount drawn down	Interest rate	Nature of loan (Note 7)	Amount of transactions with the borrower	Reason for short- term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	\$ 10,560,400	\$ 10,560,400	\$ 10,560,400	0.50%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 30,898,351	\$ 30,898,351	Note 5
1	Fairview Assets Ltd.	Delta Controls Inc.	Other receivables – related parties	Yes	3,354,480	3,354,480	2,329,500	0.50%	2	-	Additional operating capital	-	None	-	30,898,351	30,898,351	Note 5
1	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	9,318,000	8,432,790	8,432,790	0.50%	2	-	Additional operating capital	-	None	-	30,898,351	30,898,351	Note 5
2	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	6,833,200	6,833,200	6,833,200	0.50%	2	-	Additional operating capital	-	None	-	9,912,272	9,912,272	Note 5
3	Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	869,680	869,680	869,680	0.50%	2	-	Additional operating capital	-	None	-	14,687,532	14,687,532	Note 4
3	Delta Electronics (H.K.) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	6,212,000	6,212,000	6,212,000	0.50%	2	-	Additional operating capital	-	None	-	14,687,532	14,687,532	Note 4
4	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Other receivables - related parties	Yes	5,218,080	3,074,940	3,074,940	0.50%	2	-	Additional operating capital	-	None	-	32,914,957	32,914,957	Note 4
4	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Other receivables - related parties	Yes	12,424,000	12,424,000	12,424,000	0.50%	2	-	Additional operating capital	-	None	-	32,914,957	32,914,957	Note 4
5	ELTEK AS	Eltek Italia S.r.l.	Other receivables - related parties	Yes	28,304	28,304	28,200	1.90%	2	-	Additional operating capital	-	None	-	3,093,842	3,093,842	Note 5
6	Delta Electronics (Wuhu) Co., Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	180,855	180,855	-	4.35%	2	-	Additional operating capital	-	None	-	1,807,038	1,807,038	Note 4
6	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables - related parties	Yes	1,356,411	1,356,411	1,130,343	4.35%	2	-	Additional operating capital	-	None	-	1,807,038	1,807,038	Note 4
7	Vivotek Inc.	Vatics Inc.	Other receivables - related parties	Yes	200,000	200,000	118,000	1.34%	2	-	Additional operating capital	-	None	-	277,405	554,810	Note 6
7	Vivotek Inc.	LIDLIGHT INC.	Other receivables - related parties	Yes	10,000	10,000	-	1.34%	2	-	Additional operating capital	-	None	-	20,000	554,810	Note 6
8	GRANDVIEW HOLDING LTD.	CYNTec HOLDING (H.K.) LTD.	Other receivables - related parties	Yes	3,106	3,106	3,106	0.50%	2	-	Additional operating capital	-	None	-	9,515,795	9,515,795	Note 5
9	Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Other receivables - related parties	Yes	406,870	406,870	385,642	0.40%	2	-	Additional operating capital	-	None	-	409,496	409,496	Note 5
9	Delta Energy Systems (Germany) GmbH	Eltek s.r.o.	Other receivables - related parties	Yes	53,070	-	-	0.40%	2	-	Additional operating capital	-	None	-	409,496	409,496	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 June 30, 2019, which the Company reported to the Securities and Futures Bureau.

Note 3: Limit on loans granted by the Company to a single party is 20% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 4: Limit on loans granted by subsidiaries to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

Note 5: Limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note 6: The calculation and amount on ceiling of loans of Vivotek Inc. are as follows:

(1) The ceiling on total amount of loans to others shall not exceed 20% of the subsidiary's net assets value in the latest financial statement which was reviewed or audited 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 reviewed or audited 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  
Six months ended June 30, 2019

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 of June 30, 2019	Outstanding endorsement / guarantee amount at June 30, 2019	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement / guarantee amount to net asset value of the endorser / guarantor company	Ceiling on total amount of endorsements / guarantees provided	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser / guarantor (Note 6)											
1	ELTEK AS	Eltek Power Sweden AB	2	\$ 2,700,042	\$ 16,750	\$ 16,750	\$ 16,750	\$ -	0.01%	\$ 6,750,105	Y	N	N	Note 3
1	ELTEK AS	ELTEK MEA DMCC	2	2,700,042	72,456	72,456	72,456	-	0.05%	6,750,105	Y	N	N	Note 3
1	ELTEK AS	ELTEK AUSTRALIA PTY LIMITED	2	2,700,042	139,770	139,770	139,770	-	0.10%	6,750,105	Y	N	N	Note 3
2	Vivotek Inc.	Vatics Inc.	2	554,810	120,000	-	-	-	4.33%	1,109,619	Y	N	N	Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees," limit on total endorsements is 40% of the Company's net assets based on the latest audited or reviewed financial statements, limit on endorsements to a single company is 20% of the Company's net assets based on the latest audited or reviewed financial statements. Limit on total endorsements granted by the Company and subsidiaries is 50% of the Company's net assets based on the latest audited or reviewed financial statements, limit on total endorsements to a single party is 30% of the Company's net assets based on the latest audited or reviewed financial statements.

Note 3: In accordance with 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 \$135,002,102 thousand (2019/6/30).

Note 5: The limit on total endorsements/guarantees of Vivotek Inc. shall not exceed 40% of the company's net assets value in the latest financial statement which was reviewed or audited by independent accountant, and limit on endorsements to a single party is 20% of Vivotek Inc.'s net assets based on the latest audited or reviewed financial statements. period when endorsements and guarantees are incurred.

Note 6: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Delta Electronics, Inc. and Subsidiaries  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
June 30, 2019

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 of June 30, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income	141,773,851	\$ 1,385,131	5.64	\$ 1,385,131	
Delta Electronics, Inc.	Lanner Electronics Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	6,262,820	453,428	5.75	453,428	
Delta Electronics, Inc.	WK Technology Fund. Common stock, etc.	None	-	-	254,923	-	254,923	
Delta Electronics Capital Company	Fusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss	1,713,000	339,174	1.31	339,174	
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss	2,660,000	292,600	1.61	292,600	
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	652,043	152,252	0.22	152,252	
Delta Electronics Capital Company	Crystalvue Medical Corporation. common stock	None	Financial assets at fair value through profit or loss-current	1,715,000	108,422	8.01	108,422	
Delta Electronics Capital Company	Globalwafers Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	467,650	147,076	0.11	147,076	
Delta Electronics Capital Company	Buding Technology Limited preferred stock	None	Financial assets at fair value through profit or loss-non-current	1,059,047	148,075	2.95	148,075	
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	FineTek Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss	-	1,542,658	-	1,542,658	
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	None	Financial assets at fair value through other comprehensive income-non-current	1,454,193	89,874	3.15	89,874	
Cyntec Co., Ltd.	Impact Clean Power Technology S. A. Convertible Bond	None	Financial assets at fair value through profit or loss-current	-	69,074	-	69,074	
Delta Electronics Int'l (Singapore) Pte. Ltd.	PBA International Pte. Ltd. common stock, etc.	None	-	-	130,987	-	130,987	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta International Holding Limited	Solarflare Communications, Inc. preferred shares	None	Financial assets at fair value through profit or loss-non-current	9,547,235	\$ 296,537	3.43	\$ 296,537	
Delta International Holding Limited	Mentis Technology, Inc., etc	None	Financial assets at fair value through profit or loss-non-current	-	93,180	-	93,180	
Delta Electronics (H.K.) Ltd.	Grace Connection Microelectronics Limited	None	Financial assets at fair value through profit or loss-non-current	141,065	124,240	19.90	124,240	
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	-	33,910	15.00	33,910	
Delta Electronics (Japan), Inc.	Macy Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	74,000,000	35,838	19.79	35,838	
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	155,300	10.46	155,300	
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	-	56,900	-	56,900	
UNICOM SYSTEM ENG. CORP.	Digi-Hua System Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss-non-current	-	3,273	-	3,273	
Delta America Ltd.	VPT, Inc. common stock, etc.	None	Financial assets at fair value through other comprehensive income-non-current	-	5,436	-	5,436	

Table 3-2

Delta Electronics, Inc. and Subsidiaries  
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital  
Six months ended June 30, 2019  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2019		Addition		Disposal				Balance as at June 30, 2019		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
ELTEK AS	ELTEK POWER PTE. LTD.	Investments accounted for under equity method	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,000,000	\$ 1,078,841	-	\$ 14,229 (Note 2)	2,000,000	\$ 1,292,340	\$ 1,093,070	(Note 1)	-	\$ -	Note 3
Cyntec Co., Ltd.	LUXTERA. INC.	Financial assets at fair value through other comprehensive income	Cisco Systems, Inc.	None	55,029,284	673,609	-	-	55,029,284	656,798	336,195	256,482 (Note 4)	-	-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Investments accounted for under equity method	Natural person	None	-	2,156,379	-	422,279 (Note 5)	-	-	-	-	-	2,578,658	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Co., Ltd.	Investments accounted for under equity method	Natural person	None	-	-	534,479,306	37,693,554 (Note 6)	-	-	-	-	534,479,306	37,693,554	
Delta Electronics (Netherlands) B.V.	Amerlux, LLC	Investments accounted for under equity method	The Unicorn Group, Inc.	None	-	-	-	3,080,240 (Note 7)	-	-	-	-	-	3,080,240	

Note 1: The transaction resulted from the Group's adjustment in investment structure. There was no gain or loss on disposal pursuant to related ordinances.

Note 2: It reflected the movement in the adjustments in the profit (loss) and net value of investments recognised in this period.

Note 3: Only sales transactions are disclosed.

Note 4: It was retained earnings transferred from other equity.

Note 5: In April 2019, Delta Electronics Int'l (Singapore) Pte. Ltd. increased its investment in Loy Tec electronics GmbH amounting to \$372,338, including investment income (loss) recognised during the period and the movement in the adjustments in the profit (loss).

Note 6: In April 2019, Delta Electronics Int'l (Singapore) Pte. Ltd. increased its investment in Delta Electronics (Thailand) Public Company Limited amounting to \$36,874,645, including investment income (loss) recognised during the period and the movement in the adjustments in the profit (loss).

Note 7: In June 2019, Delta Electronics (Netherlands) B.V. increased its investment in Amerlux, LLC amounting to \$2,844,498, which was including contingent consideration, investment income (loss) recognised during the period and the movement in the adjustments in the profit (loss).



Delta Electronics, Inc. and Subsidiaries  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Six months ended June 30, 2019  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Delta Electronics, Inc.	Land and buildings in Zhongli and Neili	April 17, 2019	\$ 2,561,996	Acquired by cash	Kenmec Mechanical Engineering Co., Ltd.	None	-	-	-	\$ -	Appraisal report	For future business development	None

Delta Electronics, Inc. and Subsidiaries  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
Six months ended June 30, 2019  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		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.	Cyntec Co., Ltd.	Subsidiary	Sales	\$ 101,417	0.44	70 days	\$ -	-	\$ 56,828	0.58	
Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales and other operating revenue	218,809	0.96	70 days	-	-	1,660	0.02	
Delta Electronics, Inc.	Delta Electronics (Japan), Inc.	Subsidiary	Sales and other operating revenue	162,609	0.71	70 days	-	-	144,079	1.47	
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Subsidiary	Sales and other operating revenue	103,332	0.45	70 days	-	-	56,323	0.57	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	5,724,982	25.11	70 days	-	-	1,150,342	11.72	
Delta Electronics, Inc.	Delta Energy Systems (Singapore) PTE. LTD.	Subsidiary	Sales	134,195	0.59	70 days	-	-	71,253	0.73	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	Sales and other operating revenue	649,349	2.85	70 days	-	-	245,019	2.50	Note 5
Delta Electronics, Inc.	DELTA ELECTRONICS (USA) INC.	Subsidiary	Sales	502,234	2.20	70 days	-	-	360,105	3.67	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	2,907,517	12.75	70 days	-	-	2,415,635	24.60	
Delta Electronics, Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	Sales	202,584	0.89	70 days	-	-	152,466	1.55	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		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, Inc.	Ultimate parent company	Sales and other operating revenue	\$ 9,204,144	8.71	70 days	\$ -	-	\$ 7,470,704	14.89	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	557,239	0.53	70 days	-	-	-	-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	Sales	149,770	0.14	70 days	-	-	-	-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	2,800,391	2.65	70 days	-	-	1,075,660	2.14	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	5,590,856	5.29	70 days	-	-	2,503,034	4.99	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	8,407,965	7.96	70 days	-	-	1,087,775	2.17	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	5,389,193	5.10	70 days	-	-	943,396	1.88	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	1,406,849	1.33	70 days	-	-	315,041	0.63	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	2,381,620	2.25	70 days	-	-	602,738	1.20	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	1,174,805	1.11	70 days	-	-	678,990	1.35	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	1,532,493	1.45	70 days	-	-	780,551	1.56	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales	141,158	0.13	70 days	-	-	54,718	0.11	

Table 6-2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		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.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	\$ 12,776,720	12.09	70 days	\$ -	-	\$ 7,918,409	15.78	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Sales	158,071	0.15	70 days	-	-	90,066	0.18	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	6,258,989	5.92	70 days	-	-	3,128,754	6.23	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Sales	111,505	0.11	70 days	-	-	36,730	0.07	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics ( Switzerland ) AG	Affiliated enterprise	Sales	564,221	0.53	70 days	-	-	364,080	0.73	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales	1,656,700	1.57	70 days	-	-	837,725	1.67	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	725,308	0.69	70 days	-	-	386,383	0.77	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	1,417,785	1.34	70 days	-	-	639,250	1.27	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	997,328	0.94	70 days	-	-	577,176	1.15	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Sales	850,398	0.80	70 days	-	-	437,692	0.87	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Sales	209,025	0.20	70 days	-	-	76,282	0.15	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales	309,325	0.29	70 days	-	-	113,149	0.23	

Table 6-3

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		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 Green Industrial (Thailand) Co., Ltd.	Affiliated enterprise	Sales	\$ 119,455	0.11	70 days	\$ -	-	\$ 95,821	0.19	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Associate	Sales	274,398	0.26	70 days	-	-	183,054	0.36	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Associate	Sales	261,028	0.25	70 days	-	-	177,038	0.35	
Delta Networks, Inc. (Taiwan)	Delta Electronics, Inc.	Ultimate parent company	Sales	282,807	15.98	70 days	-	-	-	-	
Delta Networks, Inc. (Taiwan)	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	1,032,121	58.31	70 days	-	-	-	-	
DNI Logistics (USA) Corporation	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	886,614	95.37	70 days	-	-	873,373	99.74	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	8,514,229	92.20	70 days	-	-	3,416,020	95.13	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,984,110	79.09	70 days	-	-	1,692,104	72.00	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	351,994	6.99	70 days	-	-	231,876	9.87	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	8,821,139	88.79	70 days	-	-	3,287,694	82.53	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	826,023	8.31	70 days	-	-	529,899	13.30	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	126,273	0.59	70 days	-	-	76,655	1.50	

Table 6-4

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 3,115,139	14.58	70 days	\$ -	-	\$ 1,363,773	26.65	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	243,858	1.14	70 days	-	-	132,129	2.58	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	17,847,045	83.54	70 days	-	-	3,531,871	69.02	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	5,909,049	44.00	70 days	-	-	3,373,056	70.21	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	7,355,906	54.78	70 days	-	-	1,340,571	27.90	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	770,438	27.93	70 days	-	-	408,661	54.55	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	1,697,480	61.53	70 days	-	-	187,078	24.97	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales and other operating revenue	190,327	6.90	70 days	-	-	101,023	13.48	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	4,758,779	97.85	70 days	-	-	2,181,569	97.59	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	104,529	2.15	70 days	-	-	53,666	2.40	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	1,840,142	88.16	70 days	-	-	706,852	88.18	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	247,067	11.84	70 days	-	-	94,786	11.82	

Table 6-5

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	\$ 854,451	72.61	70 days	\$ -	-	\$ 309,967	69.59	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	209,826	17.83	70 days	-	-	74,466	16.72	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	6,872,680	51.72	70 days	-	-	4,273,202	54.32	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	705,833	5.31	70 days	-	-	439,655	5.59	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Other operating revenue	372,252	2.80	70 days	-	-	193,320	2.46	
Cyntec Co., Ltd.	Cyntec International Ltd. - Labuan	Affiliated enterprise	Sales and other operating revenue	311,973	20.01	Note 1	Note 1	Note 1	36,754	4.58	
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	125,080	8.02	Note 2	Note 2	Note 2	43,730	5.44	
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	512,038	32.84	Note 2	Note 2	Note 2	289,908	36.10	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	Affiliated enterprise	Sales	1,667,433	32.15	Note 3	Note 3	Note 3	353,155	26.06	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,518,373	67.85	Note 4	Note 4	Note 4	1,001,901	73.88	
Cyntec International Ltd. - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	Sales	485,751	21.41	Note 1	Note 1	Note 1	166,549	8.77	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	447,630	0.17	70 days	-	-	139,045	0.11	

Table 6-6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		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 (Japan), Inc.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	\$ 126,352	-	70 days	\$ -	-	\$ 102,352	0.08	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	182,767	5.55	90 days	-	-	100,908	10.16	
ELTEK AS	Eltek s.r.o.	Affiliated enterprise	Sales	243,390	4.30	70 days	-	-	129,523	7.15	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	681,950	19.98	70 days	-	-	334,293	18.44	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales	208,287	6.66	70 days	-	-	226,175	18.87	
Delta Electronics (Netherlands) B.V.	Delta Electronics (Italy) S.r.l.	Affiliated enterprise	Sales	119,896	3.83	70 days	-	-	72,055	6.01	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	121,993	1.00	70 days	-	-	45,863	0.41	
Delta Electronics (Thailand) Public Company Limited	Delta Power Solutions (India) Pvt. Ltd.	Affiliated enterprise	Sales	109,480	1.00	70 days	-	-	-	-	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	Sales and other operating revenue	180,221	1.00	70 days	-	-	134,827	1.20	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	124,974	1.00	70 days	-	-	58,782	0.52	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	197,041	1.00	70 days	-	-	95,942	0.85	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Slovakia) s.r.o.	Affiliated enterprise	Sales and other operating revenue	141,304	1.00	70 days	-	-	42,622	0.38	

Table 6-7



Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	Sales and other operating revenue	\$ 6,968,140	34.00	70 days	\$ -	-	\$ 4,832,546	42.96	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	399,675	2.00	70 days	-	-	235,084	2.09	
Delta Electronics (Slovakia) s.r.o.	Delta Greentech (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	319,773	20.00	70 days	-	-	166,981	18.73	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales and other operating revenue	269,566	17.00	70 days	-	-	158,963	17.83	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales and other operating revenue	764,843	48.00	70 days	-	-	482,580	54.14	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	118,418	8.00	70 days	-	-	47,467	5.33	
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	Sales and other operating revenue	1,067,939	99.00	70 days	-	-	209,156	96.85	
Delta Energy Systems (Germany) GmbH	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Sales and other operating revenue	1,001,971	87.00	70 days	-	-	24,013	9.42	

Note 1: Selling price was the same with the third parties. The credit term to related parties is 60~90 days after monthly billings, while 30~120 days after monthly billings for the third parties.

Note 2: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30~120 days after monthly billings.

Note 3: For the sales transactions, the amount is calculated by adding costs, fees and all necessary processing costs. The credit term to related parties is 60~90 days after monthly billings, while 30~120 days after monthly billings for the third parties.

Note 4: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 5: It initially was the Group's associate, and became the Group's subsidiary since April 2019.

Delta Electronics, Inc. and Subsidiaries  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
June 30, 2019  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	\$ 1,509,235	3.89	\$ -		\$ 344,404	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	2,415,635	2.35	-		523,075	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Subsidiary	245,019	4.87	-		3,670	
Delta Electronics, Inc.	DELTA ELECTRONICS (USA) INC.	Subsidiary	360,105	2.68	-		48,827	
Delta Electronics, Inc.	Delta Electronics (Americas) Ltd.	Subsidiary	152,466	1.99	-		6,865	
Delta Electronics, Inc.	Delta Electronics (Japan), Inc.	Subsidiary	144,079	1.90	-		22,692	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	7,577,629	2.49	-		1,238,370	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Affiliated enterprise	142,186	0.42	136,897		116	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,075,660	4.52	23,989		372,720	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	2,503,034	3.71	545,735		310,600	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,087,775	11.82	114		1,087,775	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	943,396	9.94	-		943,396	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	315,041	7.26	-		315,041	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	602,738	6.42	-		437,810	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	678,990	3.45	403,728		121,134	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	780,551	3.79	-		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	7,918,409	3.43	929,306		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Co., Ltd.	Affiliated enterprise	3,128,754	3.42	746,192		1,149,220	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	139,591	1.23	66,136		18,136	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics ( Switzerland ) AG	Affiliated enterprise	364,080	2.35	-		117,592	

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B. V.	Affiliated enterprise	\$ 837,725	4.40	\$ 360		\$ 103,772	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	386,383	4.55	-		83,657	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	639,250	3.72	3,907		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	577,176	2.50	-		577,176	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	437,692	4.74	20,067		1,530	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	113,149	4.77	14		43,634	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Affiliated enterprise	183,054	4.39	-		21,603	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Affiliated enterprise	177,038	3.38	24,308		10,871	
DNI Logistics (USA) Corporation	DEI Logistics (USA) Corp.	Affiliated enterprise	873,373	1.10	-		-	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,416,020	5.08	-		1,352,027	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,692,104	5.01	-		675,684	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	231,876	2.74	-		79,716	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,287,694	5.63	-		1,756,759	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	529,899	3.08	-		158,270	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	132,129	4.15	-		46,418	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,363,773	5.17	-		452,137	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,531,871	10.05	-		2,746,989	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	3,373,056	3.62	-		1,007,709	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,340,571	11.29	-		572	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	101,023	0.03	-		41,957	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	408,661	2.48	-		117,752	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	187,078	12.91	-		-	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,181,569	4.20	-		-	

Table 7-2

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 706,852	5.42	\$ -		\$ -	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	309,967	4.68	-		89,013	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	4,273,202	1.90	56,860		1,508,857	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	439,655	1.59	15,854		145,820	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	193,320	1.77	-		69,173	
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	289,908	3.83	-		87,902	
Cyntec Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	112,252	8.87	-		111,839	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	Affiliated enterprise	353,155	9.86	-		278,504	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,001,901	6.42	-		1,001,901	
Cyntec International Ltd. - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	166,549	5.44	-		-	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	139,045	2.57	-		89,163	
Delta Electronics (Japan), Inc.	Delta Electronics, Inc.	Ultimate parent company	102,352	4.68	-		29,918	
ELTEK AS	Eltek s.r.o.	Affiliated enterprise	129,523	1.89	-		-	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	334,293	2.89	-		-	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	226,175	1.03	-		-	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	100,908	3.05	-		32,041	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics India Pvt. Ltd.	Affiliated enterprise	134,827	5.24	-		-	
Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	Affiliated enterprise	4,832,546	3.06	-		-	
Delta Electronics (Thailand) Public Company Limited	Delta Electronics (Americas) Ltd.	Affiliated enterprise	235,084	4.04	-		-	
Delta Electronics (Slovakia) s.r.o.	Delta Greentech (Netherlands) B.V.	Affiliated enterprise	166,981	3.22	-		-	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	158,963	3.85	-		-	
Delta Electronics (Slovakia) s.r.o.	Delta Electronics Int'l (Singapore) Pte.Ltd.	Affiliated enterprise	482,580	6.33	-		-	
Eltek s.r.o.	ELTEK AS	Affiliated enterprise	209,156	11.36	-		-	

Table 7-3

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2019 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 10,560,400	-	\$ -		\$ -	
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,329,500	-	-		-	
Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	8,432,790	-	-		-	
Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	6,833,200	-	-		-	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	869,680	-	-		-	
Delta Electronics (H.K.) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	6,212,000	-	-		-	
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	3,074,940	-	-		-	
Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	12,424,000	-	-		-	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,130,343	-	-		-	
Vivotek Inc.	VATICS INC.	Affiliated enterprise	118,000	-	-		-	
Delta Energy Systems (Germany) GmbH	Delta Energy Systems Property (Germany) GmbH	Affiliated enterprise	385,642	-	-		-	

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

Note 2: The amount represents collections subsequent to June 30, 2019 up to July 31, 2019.

Delta Electronics, Inc. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Six months ended June 30, 2019  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 8)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Sales and other operating revenue	\$ 5,724,982	(Note 4)	4.49
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	1	Sales	2,907,517	(Note 4)	2.28
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales and other operating revenue	9,204,144	(Note 4)	7.22
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	2,800,391	(Note 4)	2.20
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	5,590,856	(Note 4)	4.39
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	8,407,965	(Note 4)	6.60
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	5,389,193	(Note 4)	4.23
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	1,406,849	(Note 4)	1.10
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	2,381,620	(Note 4)	1.87
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	1,532,493	(Note 4)	1.20
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Sales	12,776,720	(Note 4)	10.02
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	6,258,989	(Note 4)	4.91
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	3	Sales	1,656,700	(Note 4)	1.30
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	3	Sales	1,417,785	(Note 4)	1.11
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	8,514,229	(Note 4)	6.68

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 8)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	\$ 3,984,110	(Note 4)	3.13
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	8,821,139	(Note 4)	6.92
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	3,115,139	(Note 4)	2.44
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	17,847,045	(Note 4)	14.00
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	5,909,049	(Note 4)	4.64
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	7,355,906	(Note 4)	5.77
7	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	1,697,480	(Note 4)	1.33
8	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,758,779	(Note 4)	3.73
9	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	1,840,142	(Note 4)	1.44
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales and other operating revenue	6,872,680	(Note 4)	5.39
11	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	3	Sales	1,667,433	(Note 6)	1.31
11	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	3,518,373	(Note 7)	2.76
16	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	3	Sales and other operating revenue	6,968,140	(Note 4)	5.47
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable and other receivables	7,577,629	(Note 4)	2.32
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	7,918,409	(Note 4)	2.42
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,416,020	(Note 4)	1.04
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,287,694	(Note 4)	1.01

Table 8-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 8)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	\$ 3,531,871	(Note 4)	1.08
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	3,373,056	(Note 4)	1.03
10	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	4,273,202	(Note 4)	1.31
16	Delta Electronics (Thailand) Public Company Limited	DET Logistics (USA) Corporation	3	Accounts receivable	4,832,546	(Note 4)	1.48
12	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	3	Other receivables	10,560,400	(Note 5)	3.23
12	Fairview Assets Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Other receivables	8,432,790	(Note 5)	2.58
13	Delta Networks Holding Limited	Delta Electronics (Netherlands) B.V.	3	Other receivables	6,833,200	(Note 5)	2.09
14	Delta Electronics (H.K.) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Other receivables	6,212,000	(Note 5)	1.90
15	Delta International Holding Limited	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Other receivables	12,424,000	(Note 5)	3.80

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: Selling price was calculated based on the cost plus handling charges and necessary processing costs. The credit term to related parties is 60~90 days after monthly billings, while 30~120 days after monthly billings for the third parties.

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

Note 8: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.



## Delta Electronics, Inc. and Subsidiaries

## Information on investees

Six months ended June 30, 2019

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

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2019			Net profit (loss) of the investee for the six months ended June 30, 2019	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	94.00	\$ 77,124,269	\$ 6,544,271	\$ 6,215,003	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Limited	Cayman Islands	Equity investments	29,581	29,581	83,800,000	100.00	9,873,590	90,083	( 39,685)	(Note 6)
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	162,376	162,376	5,250,000	39.62	167,758	( 10,323)	( 4,090)	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of film optic-electronic devices	12,067,931	12,067,931	2,232,290,862	100.00	35,880,026	802,083	665,965	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	3,253,241	350,000,000	100.00	4,041,242	121,381	121,381	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronic products	34,498	7,270	1,500,000	100.00	19,977,939	4,427,416	4,280,887	(Note 6)
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	90,000,000	100.00	213,389	5,288	4,574	(Note 6)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,817,887	( 51,946)	( 51,930)	
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	457,124	18,837	17,821	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuits and information software services	462,442	462,442	14,313,530	98.17	45,638	( 126)	( 123)	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	4,780,487	114,615	69,128,140	5.54	4,672,153	1,904,517	70,660	(Notes 6 and 13)
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Netherlands	Trading of equipment, components and materials of telecom and computer systems	4,247,073	4,247,073	120,219,545	100.00	5,015,497	1,068,400	498,030	(Note 6)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2019			Net profit (loss) of the investee for the six months ended June 30, 2019	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Research, development, design, manufacturing and sales of networking system and peripherals	\$ -	\$ 2,490,390	-	-	\$ -	\$ 32,827	\$ 44,610	(Notes 6 and 14)
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	344,777	237,944	23,452	(Note 9)
Delta Electronics, Inc.	Vivotek Inc.	Taiwan	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	4,039,937	4,039,937	42,345,423	50.13	4,015,745	191,357	49,008	
Delta International Holding Limited	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments, operations management and engineering services	10,200,014	10,200,014	2,549,297,600	100.00	36,672,844	1,866,155	1,842,643	(Note 1)
Delta International Holding Limited	DAC Holding (Cayman) Limited	Cayman Islands	Equity investments	501,317	501,317	22,200,000	100.00	458,019	( 111,499)	( 111,499)	(Note 1)
Delta International Holding Limited	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and materials	88,799	88,799	5,600	100.00	624,438	89,798	89,798	(Note 1)
Delta International Holding Limited	Digital Projection International Ltd.	Britain	Equity investments	355,337	355,337	19,249,667	41.00	259,078	37,634	15,430	(Note 1)
Delta International Holding Limited	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	248,480	248,480	8,000,000	60.38	239,115	( 10,323)	( 6,233)	(Note 1)
Delta International Holding Limited	Delta Electronics Mexico S.A. DE C.V.	Mexico	Manufacturing and sales of electronic products	-	-	1	-	-	52	-	(Note 1)
Delta International Holding Limited	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	15,530	15,530	500,000	100.00	165,420	7,965	7,965	(Note 1)
Delta International Holding Limited	Ace Pillar Holding Co., Ltd.	Samoa	Equity investments	424,139	424,139	2,858,718	100.00	393,694	13,623	7,191	(Note 1)
Delta International Holding Limited	Drake Investment (HK) Ltd.	Hong Kong	Equity investments	5,345,934	5,345,934	304,504,306	100.00	4,876,830	176,218	94,328	(Note 1)
Delta International Holding Limited	Vivitek Corporation	U.S.A.	Sales of projector products and their materials	46,590	46,590	9,000,000	100.00	103,903	2,379	2,379	(Note 1)

Table 9-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2019			Net profit (loss) of the investee for the six months ended June 30, 2019	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta International Holding Limited	Delta Greentech SGP Pte. Ltd.	Singapore	Equity investments	\$ 867,526	\$ 867,526	12,175,470	100.00	\$ 707,019	\$ 29,213	\$ 9,930	(Note 1)
Delta International Holding Limited	Delta Electronics Europe Ltd.	Britain	Repair centre and providing support services	113,680	113,680	500,000	100.00	50,896	( 2,868)	( 2,868)	(Note 1)
Delta International Holding Limited	Boom Treasure Limited	Hong Kong	Equity investments	2,705,975	2,705,975	1	100.00	2,144,194	89,047	25,321	(Note 1)
Delta International Holding Limited	Apex Investment (HK) Limited	Hong Kong	Equity investments	3,924,252	3,924,252	2,000,001	100.00	1,813,352	137,457	137,457	(Note 1)
Delta International Holding Limited	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	3,924,252	3,924,252	2,000,001	100.00	1,813,352	137,457	137,457	(Note 1)
Delta International Holding Limited	Jade Investment (HK) Limited	Hong Kong	Equity investments	3,924,252	3,924,252	2,000,001	100.00	1,813,352	137,457	137,457	(Note 1)
Delta International Holding Limited	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and exporting power supplies, other electronic parts and components	13,379,940	4,446,314	191,984,450	15.39	13,137,517	1,904,517	232,322	(Note 13)
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	187,913	187,913	252,002	100.00	151,820	52	52	(Note 2)
Delta Electronics (Netherlands) B.V.	ELTEK AS	Norway	Research, development and sales of power supplies and others	15,442,022	15,442,022	93,531,101	100.00	12,765,755	918,170	533,240	(Note 8)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,121,085	2,121,085	1,060,624	100.00	2,162,918	198,971	197,792	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	713,868	713,868	8,179,182	39.95	1,011,402	237,944	94,451	(Notes 8 and 9)
Delta Electronics (Netherlands) B.V.	Optovue, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	1,149,220	1,149,220	5,190,330	29.50	917,366	( 179,987)	( 53,092)	
Delta Electronics (Netherlands) B.V.	Delta Controls Inc.	Canada	Provide resolution of building management and control	2,329,500	2,329,500	75,000,000	100.00	2,712,217	64,318	64,318	(Note 8)
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	150,991	150,991	10,001	100.00	223,399	20,837	20,837	(Notes 8 and 9)
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	704,204	704,204	471,800	100.00	1,042,227	97,192	97,192	(Notes 8 and 9)

Table 9-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2019			Net profit (loss) of the investee for the six months ended June 30, 2019	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics (Netherlands) B.V.	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research, development and sales of electronic products	\$ 238,056	\$ 238,056	5,100	51.00	\$ 399,625	\$ 64,836	\$ 31,438	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	119,892	119,892	479,750	51.00	52,319	( 36,967)	( 23,194)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	220,837	220,837	4,315,657	100.00	144,951	30,231	30,231	(Note 8)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA.	Brazil	Manufacturing and sales of electronic products	344,265	344,265	37,000,000	100.00	289,486	17,095	17,095	(Note 8)
Delta Electronics (Netherlands) B.V.	Amerlux, LLC	U.S.A	Design and producing of dedicated lighting system and facilities	3,062,306	-	-	100.00	3,080,240	25,571	17,747	(Note 8)
Delta America Ltd.	Delta Electronics (Americas) Ltd.	U.S.A.	Sales of electronic components	234,636	234,636	250,000	100.00	1,249,167	180,325	180,325	
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A.	Equity investments	70,506	70,506	-	100.00	62,079	( 878)	( 878)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Austria	Consulting service of building management and control solutions	2,520,812	2,146,486	-	100.00	2,578,658	47,690	16,883	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER INCORPORATED	Philippines	Sales of power supplies and others	23,398	-	11,400,000	100.00	25,104	( 4,148)	4,469	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER CO., LTD.	Thailand	Sales of power supplies and others	1	-	40,000	100.00	264,553	4,240	8,484	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (CAMBODIA) LTD.	Cambodia	Sales of power supplies and others	1	-	1,000	100.00	( 21,227)	( 8)	-	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER (MALAYSIA) SDN. BHD.	Malaysia	Sales of power supplies and others	64,150	-	300,000	100.00	( 73,035)	1,937	( 1,087)	(Note 7)
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and sales of electronic products	37,161,794	-	534,479,306	42.85	37,693,554	1,904,517	194,742	(Note 13)
Loy Tec electronics GmbH	LOYTEC Americas, Inc.	U.S.A.	Consulting service of building management and control solutions	310	310	9,978	100.00	11,278	2,289	2,289	
Delta Networks Holding Limited	Delta Networks, Inc.	Cayman Islands	Equity investments	5,524,300	5,524,300	1,196,886,000	100.00	2,907,404	75,071	72,230	(Note 3)
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,087,100	1,087,100	35,000,000	100.00	2,833,937	103,710	103,710	(Note 4)

Table 9-4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2019			Net profit (loss) of the investee for the six months ended June 30, 2019	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Networks, Inc.	DNI Logistics (USA) Corporation	U.S.A.	Trading of networking system and peripherals	\$ 17,271	\$ 17,271	500,000	100.00	\$ 44,190	(\$ 27,732)	(\$ 27,732)	(Note 4)
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	30,898,351	726,338	726,338	(Note 5)
Cyntec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	179,161	179,161	8,702,934	59.03	158,314	( 14,921)	( 13,565)	(Note 5)
Vivotek Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	305,651	305,651	20,243,849	50.53	23,784	( 53,089)	( 24,280)	(Note 11)
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	228,436	( 6,916)	( 6,916)	(Note 11)
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Investment in the network communications industry	173,696	173,696	17,369,635	100.00	91,070	12,578	15,036	(Note 11)
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	9,936	491	491	(Note 11)
Vivotek Inc.	Otus Imaging, Inc.	Taiwan	Sales of webcams and related components	44,294	44,294	6,000,000	100.00	6,776	( 6,907)	( 6,907)	(Note 11)
Vivotek Inc.	Vivotek (Japan) Inc.	Japan	Sales service	17,939	17,939	6,600	100.00	23,298	4,503	4,503	(Note 11)
Vivotek Holdings, Inc.	Vivotek USA, Inc.	U.S.A.	Sales of webcams and related components	31,060	31,060	10,000,000	100.00	272,872	( 6,912)	( 6,912)	(Note 10)
Realwin Investment Inc.	Skywatck INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	( 3,382)	-	(Note 12)
Realwin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	48,642	1,316	1,316	(Note 12)
Realwin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcams and related components	34,045	34,045	3,372,500	56.21	36,164	9,447	5,310	(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	( 13,281)	8,371	7,534	(Note 12)
Realwin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	10,200	10,200	1,020,000	51.00	3,078	886	452	(Note 12)
Realwin Investment Inc.	Vatics Inc.	Taiwan	Designing and sales of multimedia integrated circuits	31,123	31,123	1,556,142	3.88	3,628	( 53,089)	( 2,062)	(Note 12)

Table 9-5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2019			Net profit (loss) of the investee for the six months ended June 30, 2019	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Delta Electronics (Thailand) Public Company Limited	DET International Holding Limited	Cayman Islands	Equity investments	\$ 9,605,620	\$ 9,605,620	264,357,330	100.00	\$ 7,518,515	\$ 77,547	\$ 87,163	(Note 15)
Delta Electronics (Thailand) Public Company Limited	Delta Green Industrial (Thailand) Co., Ltd.	Thailand	Integration, sales, trading, installation and providing services of uninterruptible power supply, photovoltaic inverter, electric cars changer and data center	209,399	209,399	20,600,000	100.00	92,331	18,675	18,675	(Note 15)
Delta Electronics (Thailand) Public Company Limited	Delta Energy Systems (Singapore) PTE. LTD.	Singapore	Equity investments, trading, management and consultancy	4,840,063	3,426,068	146,586,590	100.00	8,939,436	159,009	178,153	(Note 15)

Note 1: Investment income / loss recognised by Delta International Holding Limited

Note 2: Investment income / loss recognised by Delta Electronics (H.K.) Limited

Note 3: Investment income / loss recognised by Delta Networks Holding Limited

Note 4: Investment income / loss recognised by Delta Networks, Inc.

Note 5: Investment income / loss recognised by Cyttec Co., Ltd.

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

Note 7: Investment income / loss and adjustments in net value recognised by Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: Investment income / loss recognised by Delta Electronics (Netherlands) B.V.

Note 9: The Company indirectly acquired 39.95% and 49.79% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V. and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited, respectively, considering 10.26% equity shares of DAL held by the Company, the total ownership are 100%.

Note 10: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Vivotek Holdings, Inc.

Note 11: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Vivotek Inc.

Note 12: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Realwin Investment Inc.

Note 13: The total shareholding ratio is 63.78% when the Company's subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd., acquired the company's equity interests on April 2, 2019, which was including the original weighted-average comprehensive shareholding ratio of 20.01%.

Note 14: The company was merged into the Company on April 1, 2019, and the company was dissolved after the merger.

Note 15: The investee company is fourth-tier company of the Company and the Company recognises investment income (loss) through Delta Electronics (Thailand) Public Company Limited.

Delta Electronics, Inc. and Subsidiaries  
Information on investments in Mainland China

Six months ended June 30, 2019

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

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019	Net income of investee for the six months ended June 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2019 (Note 26)	Book value of investments in Mainland China as of June 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformer and thermal products	\$ 3,037,979	Invested by DHK	\$ 2,226,878	\$ -	\$ -	\$ 2,226,878	\$ 112,698	94.00	\$ 102,947	\$ 3,707,605	\$ 300,040	(Notes 3 and 18)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,307,626	Invested by DHK	525,535	-	-	525,535	165,889	94.00	155,945	2,712,978	417,322	(Notes 6 and 18)
Delta Electronics (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products.	3,586,215	Invested by DHK	-	-	-	-	793,660	94.00	746,040	6,661,423	-	(Notes 9 and 18)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of LED light source, power supplies and others.	4,162,040	Invested by DHK	175,178	-	-	175,178	124,104	94.00	116,721	4,254,887	-	(Notes 10 and 18)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of transformers	1,956,780	Invested by DHK	-	-	-	-	75,479	94.00	72,455	1,888,854	-	(Notes 12 and 18)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies and transformers	1,242,400	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	4,155,406	-	-	4,155,406	366,608	94.00	344,490	2,102,585	-	(Note 24)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	3,659,179	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	6,643,709	-	-	6,643,709	675,115	94.00	633,507	6,394,228	54,798	(Notes 7 and 24)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	900,740	Invested by DHK, Apex-HK, Galaxy Star-HK and Jade-HK	1,378,703	-	-	1,378,703	68,787	94.00	64,622	1,155,000	-	(Notes 8 and 24)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers	703,509	Invested by DHK	964,425	-	-	964,425	( 14,753)	94.00	( 13,868)	565,599	-	(Notes 14 and 18)
Delta Electronics (Pingtan) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	135,641	Invested by DHK	145,982	-	-	145,982	13,922	94.00	13,087	199,316	-	(Note 18)
PreOptix (Jiang Su) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	411,545	Invested by PHK	396,636	-	-	396,636	( 11,790)	96.38	( 11,363)	256,331	-	(Notes 13 and 21)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers	133,380	Invested by DWH	-	-	-	-	1,916	94.00	1,801	141,241	-	(Note 16)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers	155,295	Invested by DCZ	-	-	-	-	24,304	94.00	22,809	215,605	-	(Note 16)
Delta Energy Technology (Dongguan) Co., Ltd.	Manufacturing and sales of transformers	135,641	Invested by DPEC and DDG	-	-	-	-	2,883	94.00	2,710	157,553	-	(Note 16)
Delta Energy Technology (Shanghai) Co., Ltd.	Manufacturing and sales of transformers	45,214	Invested by DPEC and DGC	-	-	-	-	( 1,813)	90.54	( 1,642)	34,517	-	(Note 16)
Delta Greentech (China) Co., Ltd.	Sales of uninterruptible power systems	2,568,138	Invested by DIH, Ace, Boom, Drake and DGSG	9,067,158	-	-	9,067,158	394,739	90.16	267,260	5,501,115	-	(Notes 4 and 17)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the six months ended June 30, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019	Net income of investee for the six months ended June 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2019 (Note 26)	Book value of investments in Mainland China as of June 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	\$ 452	Invested by DET-SH	\$ -	\$ -	\$ -	\$ -	\$ 67	90.54	\$ 61	\$ 7,593	\$ -	(Note 16)
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale of similar products	6,288,481	Invested by CHK	6,164,241	-	-	6,164,241	504,350	100.00	504,350	7,690,709	-	(Note 20)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	1,087,100	Invested by DNHK	1,388,579	-	-	1,388,579	102,158	100.00	102,158	2,307,807	683,320	(Notes 5 and 19)
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	66,682	Invested by DNHK	21,742	-	-	21,742	2,132	30.00	598	13,450	-	(Note 19)
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	229,844	Invested by Eltek CV1 LIMITED	1,164,143	-	-	1,164,143	( 2,578)	100.00	( 2,578)	158,085	-	(Note 23)
DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	124,240	Invested by DelBio	124,240	-	-	124,240	9,164	100.00	9,164	159,725	-	(Note 22)
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	226,069	Invested by DHK	-	-	-	-	( 11,816)	94.00	( 11,033)	162,733	-	(Notes 15 and 18)
Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral equipment and software	248,675	Invested by DHK	243,876	-	-	243,876	( 8,147)	94.00	( 7,658)	222,169	-	(Note 18)
Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	29,389	Invested by Delta Electronics (Beijing) Co., Ltd.	-	-	-	-	( 596)	75.20	( 358)	(13,002)	-	(Notes 16 and 25)
Unicom (Nanjing) System Eng. Corp	Design and sales of computer, peripheral and information system (software and hardware)	9,318	Invested by UNICOM SYSTEM ENG. CORP.	9,318	-	-	9,318	1,010	100.00	1,010	63,771	-	(Note 11)
Guangzhou Amerlux Lighting Co., Ltd.	Wholesale of lighting fixture and decorative objects	14,754	Invested by DEN	-	181,376	-	181,376	852	100.00	852	14,658	-	(Note 23)

Note 1: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.8696 to US\$1 and NTD 4.52137 to RMB\$1.

Note 2: The accumulated remittance as of January 1, 2019, remitted or collected this period, accumulated remittance as of June 30, 2019 and investment income remitted back as of June 30, 2019 was translated into New Taiwan Dollars at the average exchange rate of NTD 31.06 to US\$1 at the balance sheet date.

Note 3: Except for the facility of US\$71,696 thousand permitted by Investment Commission, the capitalisation of earnings of US\$22,616 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\$291,924 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\$16,920 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\$213,899 thousand permitted by Investment Commission, the capitalisation of earnings of US\$25,235 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\$44,388 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: 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\$5,640 thousand permitted by Investment Commission, the capitalisation of earnings of US\$120,320 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 11: Indirect investment through UNICOM SYSTEM ENG. CORP.

Note 12: The earnings transferred to investment in Delta Electronics (Chenzhou) Co., Ltd. is US\$59,220 thousand approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is not included in the Company's investments in Mainland China.

Note 13: Except for the facility of US\$7,520 thousand permitted by Investment Commission, the investment of US\$5,250 thousand by PreOptix Co., Ltd. was permitted by Investment Commission.

Note 14: Except for the facility of US\$31,050 thousand permitted by Investment Commission, the capitalisation of earnings of US\$265 thousand permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 15: The capitalization of earnings of US\$7,268 thousand permitted by Investment Commission, is excluded from the Company's amount of investment in Mainland China.

Note 16: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.

Note 17: Jointly invested through Delta International Holding Ltd. Ace Pillar Holding Co., Ltd., Drake Investment (HK) Limited., Delta Greentech SGP Pte. Ltd. and Boom Treasure Limited.

Note 18: Invest through Delta Electronics (H.K.) Limited

Note 19: Invest through Delta Networks (H.K.) Ltd.

Note 20: Invest through Cyntec Holding (HK) Limited

Note 21: Invest through PreOptix (Hong Kong) Co., Ltd.

Note 22: Invest through DelBio Inc.

Note 23: Invest through Delta Electronics (Netherlands) B.V..

Note 24: Invest through Delta Electronics (H.K.) Limited and Delta International Holding Limited.

Note 25: In the first half of 2019, Beijing Industrial Foresight Technology Co., Ltd. began liquidation process and was dissolved, but has not yet been completed as at June 30, 2019.

Note 26: Except for Delta Green (Tianjin) Industries Co., Ltd., Delta Electronics (Pingtan) Co., Ltd., PreOptix (Jiang Su) Co., Ltd., Delta Energy Technology (Dongguan) 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., Beijing Industrial Foresight Technology Co., Ltd., Unicom (Nanjing) System Eng. Corp and Guangzhou Amerlux Lighting 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 based on the financial statements which were reviewed by the independent accountant of the Company.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of June 30, 2019	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics, Inc. (Note 2 and 3)	\$ 27,413,852	\$ 28,092,682	\$ -
Cyntec Co., Ltd.	6,164,241	6,164,241	17,555,172
DelBio Inc. (Note 4)	124,240	124,240	128,507
UNICOM SYSTEM ENG. CORP. (Note 5)	9,318	9,318	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 31.06 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 of June 30, 2019.

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

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 six months ended June 30, 2019 are shown in Table 6 and 7.