POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

SEPTEMBER 30, 2020 AND 2019

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Polytronics Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Polytronics Technology Corp. and subsidiaries (the “Group”) as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Yu-Kuan	Tsang, Kwok-Wah

PricewaterhouseCoopers, Taiwan

November 11, 2020

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

			September 30, 2020		December 31, 2019		September 30, 2019	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,131,373	37	$ 997,914	34	$ 861,754	31
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	94	-	-	-
1136	Current financial assets at amortised cost, net	8	22,456	1	3,223	-	3,223	-
1150	Notes receivable, net	6(3)	114,064	4	134,567	4	137,204	5
1170	Accounts receivable, net	6(3)	304,855	10	283,769	10	278,264	10
1180	Accounts receivable - related parties	6(3) and 7	69,102	2	106,163	4	105,929	4
1200	Other receivables		12,407	-	10,740	-	11,970	-
130X	Inventories, net	6(4)	216,738	7	219,700	7	201,767	7
1410	Prepayments		112,407	3	61,527	2	18,595	1
1470	Other current assets		1,321	-	579	-	1,770	-
11XX	**Total current assets**		1,984,723	64	1,818,276	61	1,620,476	58
	Non-current assets							
1535	Non-current financial assets at amortised cost, net	8	6,882	-	6,826	-	6,826	-
1600	Property, plant and equipment, net	6(5) and 8	732,402	24	776,198	26	797,532	29
1755	Right-of-use assets	6(6)	216,360	7	223,516	8	225,075	8
1760	Investment property, net	6(8) and 8	112,174	4	114,089	4	114,728	4
1780	Intangible assets		2,726	-	2,572	-	2,719	-
1840	Deferred income tax assets		16,985	1	21,049	1	15,860	1
1900	Other non-current assets		9,477	-	8,854	-	8,302	-
15XX	**Total non-current assets**		1,097,006	36	1,153,104	39	1,171,042	42
1XXX	**Total assets**		$ 3,081,729	100	$ 2,971,380	100	$ 2,791,518	100

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POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

			September 30, 2020		December 31, 2019		September 30, 2019	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(9)	$ 330,945	11	$ 75,057	3	$ 77,092	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	84	-	-	-	51	-
2130	Current contract liabilities	6(17)	1,172	-	3,165	-	934	-
2150	Notes payable		26,736	1	27,634	1	27,844	1
2170	Accounts payable	6(10)	120,378	4	126,608	4	113,141	4
2200	Other payables	6(11)	186,560	6	203,533	7	164,160	6
2230	Current income tax liabilities		54,008	2	116,405	4	92,472	3
2280	Current lease liabilities		12,603	-	11,141	-	12,498	-
2300	Other current liabilities		5,128	-	1,853	-	1,053	-
21XX	**Total current liabilities**		737,614	24	565,396	19	489,245	17
	Non-current liabilities							
2580	Non-current lease liabilities		196,487	7	203,867	7	203,572	7
2600	Other non-current liabilities		40,074	1	40,125	1	37,205	2
25XX	**Total non-current liabilities**		236,561	8	243,992	8	240,777	9
2XXX	**Total liabilities**		974,175	32	809,388	27	730,022	26
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(13)						
3110	Common stock		800,018	26	800,018	27	800,018	29
	Capital surplus	6(14)						
3200	Capital surplus		235,900	7	235,900	8	235,900	9
	Retained earnings	6(15)						
3310	Legal reserve		518,412	17	481,790	16	481,790	17
3320	Special reserve		79,893	3	50,367	2	50,367	2
3350	Unappropriated retained earnings		559,269	18	673,810	23	563,234	20
	Other equity interest	6(16)						
3400	Other equity interest		(85,938)	(3)	(79,893)	(3)	(69,813)	(3)
31XX	**Equity attributable to owners of the parent**		2,107,554	68	2,161,992	73	2,061,496	74
3XXX	**Total equity**		2,107,554	68	2,161,992	73	2,061,496	74
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 3,081,729	100	$ 2,971,380	100	$ 2,791,518	100

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

			Three-month periods ended September 30				Nine-month periods ended September 30			
			2020		2019		2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	$ 475,749	100	$ 492,497	100	$ 1,242,436	100	$ 1,185,872	100
5000	Operating costs	6(4)	(243,612)	(51)	(236,505)	(48)	(637,826)	(51)	(631,758)	(53)
5950	Net operating margin		232,137	49	255,992	52	604,610	49	554,114	47
	Operating expenses	6(22)(23)								
6100	Selling expenses		(22,715)	(5)	(27,151)	(6)	(66,765)	(5)	(70,710)	(6)
6200	General and administrative expenses		(51,097)	(11)	(42,387)	(9)	(144,269)	(12)	(113,069)	(10)
6300	Research and development expenses		(38,522)	(8)	(36,803)	(7)	(100,367)	(8)	(96,095)	(8)
6450	Expected credit losses	12(2)	(5,655)	(1)	(274)	-	(6,949)	(1)	(1,780)	-
6000	Total operating expenses		(117,989)	(25)	(106,615)	(22)	(318,350)	(26)	(281,654)	(24)
6900	Operating profit		114,148	24	149,377	30	286,260	23	272,460	23
	Non-operating income and expenses									
7100	Interest income	6(18)	1,650	-	1,828	-	4,592	1	4,552	-
7010	Other income	6(19)	19,102	4	19,343	4	51,450	4	49,496	4
7020	Other gains and losses	6(20)	(3,001)	-	(4,575)	(1)	(8,634)	(1)	(3,600)	-
7050	Finance costs	6(21)	(1,462)	-	(1,393)	-	(4,478)	-	(4,313)	-
7000	Total non-operating income and expenses		16,289	4	15,203	3	42,930	4	46,135	4
7900	**Profit before tax**		130,437	28	164,580	33	329,190	27	318,595	27
7950	Income tax expense	6(24)	(26,718)	(6)	(31,118)	(6)	(57,576)	(5)	(62,946)	(5)
8200	**Profit for the period**		$ 103,719	22	$ 133,462	27	$ 271,614	22	$ 255,649	22
	Other comprehensive income (loss)									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Cumulative translation differences of foreign operations	6(16)	$ 15,349	3	($ 27,459)	(5)	($ 6,045)	(1)	($ 19,446)	(2)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		15,349	3	(27,459)	(5)	(6,045)	(1)	(19,446)	(2)
8300	**Other comprehensive income (loss) for the period, net of tax**		$ 15,349	3	($ 27,459)	(5)	($ 6,045)	(1)	($ 19,446)	(2)
8500	**Total comprehensive income for the period**		$ 119,068	25	$ 106,003	22	$ 265,569	21	$ 236,203	20
	Profit attributable to:									
8610	Owners of the parent		$ 103,719	22	$ 133,462	27	$ 271,614	22	$ 255,649	22
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 119,068	25	$ 106,003	22	$ 265,569	21	$ 236,203	20
9750	Basic earnings per share	6(25)	$	1.30	$	1.67	$	3.40	$	3.20
9850	Diluted earnings per share	6(25)	$	1.29	$	1.66	$	3.37	$	3.17

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent								
			Capital surplus			Retained earnings				
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
Nine-month period ended September 30, 2019										
Balance at January 1, 2019		$ 800,018	$ 203,343	$ 14,924	$ 17,633	$ 446,786	$ 35,563	$ 657,399	($ 50,367)	$2,125,299
Profit for the period		-	-	-	-	-	-	255,649	-	255,649
Other comprehensive loss for the period	6(16)	-	-	-	-	-	-	-	(19,446)	(19,446)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	255,649	(19,446)	236,203
Distribution of 2018 earnings:	6(15)									
Legal reserve		-	-	-	-	35,004	-	(35,004)	-	-
Special reserve		-	-	-	-	-	14,804	(14,804)	-	-
Cash dividends		-	-	-	-	-	-	(300,006)	-	(300,006)
Balance at September 30, 2019		$ 800,018	$ 203,343	$ 14,924	$ 17,633	$ 481,790	$ 50,367	$ 563,234	($ 69,813)	$2,061,496
Nine-month period ended September 30, 2020										
Balance at January 1, 2020		$ 800,018	$ 203,343	$ 14,924	$ 17,633	$ 481,790	$ 50,367	$ 673,810	($ 79,893)	$2,161,992
Profit for the period		-	-	-	-	-	-	271,614	-	271,614
Other comprehensive loss for the period	6(16)	-	-	-	-	-	-	-	(6,045)	(6,045)
Total comprehensive income (loss) for the period		-	-	-	-	-	-	271,614	(6,045)	265,569
Distribution of 2019 earnings:	6(15)									
Legal reserve		-	-	-	-	36,622	-	(36,622)	-	-
Special reserve		-	-	-	-	-	29,526	(29,526)	-	-
Cash dividends		-	-	-	-	-	-	(320,007)	-	(320,007)
Balance at September 30, 2020		$ 800,018	$ 203,343	$ 14,924	$ 17,633	$ 518,412	$ 79,893	$ 559,269	($ 85,938)	$2,107,554

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month periods ended September 30 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 329,190	$ 318,595
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss		178	51
Expected credit losses	12(2)	6,949	1,780
Depreciation (including investment property and right-of-use assets)	6(20)(22)	79,788	83,352
Amortisation	6(22)	1,639	1,594
Interest expense	6(21)	4,478	4,313
Interest income	6(18)	(4,592)	(4,552)
Loss on disposal of property, plant and equipment	6(20)	1,983	826
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		19,688	(52,987)
Accounts receivable, net		(29,144)	(33,829)
Accounts receivable, net - related parties		37,061	(40,118)
Other receivables		(1,667)	(82)
Inventories		2,962	102,032
Prepayments		(50,880)	10,087
Other current assets		(742)	(811)
Changes in operating liabilities			
Current contract liabilities		(1,993)	(654)
Notes payable		(898)	20,398
Accounts payable		(6,230)	28,679
Other payables		(16,604)	(20,334)
Other current liabilities		3,275	63
Defined benefit liabilities		(103)	(807)
Cash inflow generated from operations		374,338	417,596
Interest paid		(4,478)	(4,318)
Interest received		4,592	4,552
Income tax paid		(115,910)	(70,167)
Net cash flows from operating activities		258,542	347,663

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POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine-month periods ended September 30 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost, net		($ 19,289)	($ 33)
Increase in other non-current assets		(263)	(8,275)
Acquisition of property, plant and equipment	6(26)	(26,265)	(62,780)
Proceeds from disposal of property, plant and equipment		15	937
Acquisition of intangible assets		(1,800)	(1,214)
Increase in deposits-out		(360)	(493)
Net cash flows used in investing activities		(47,962)	(71,858)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	755,802	-
Decrease in short-term borrowings	6(27)	(497,614)	-
Repayment of principal portion of lease liabilities	6(27)	(7,725)	(7,756)
Increase in deposits-in	6(27)	52	570
Cash dividends paid	6(15)	(320,007)	(300,006)
Net cash flows used in financing activities		(69,492)	(307,192)
Effect of exchange rate		(7,629)	(4,019)
Net increase (decrease) in cash and cash equivalents		133,459	(35,406)
Cash and cash equivalents at beginning of period		997,914	897,160
Cash and cash equivalents at end of period	6(1)	$ 1,131,373	$ 861,754

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

POLYTRONICS TECHNOLOGY CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Polytronics Technology Corporation (the "Company") was incorporated on December 18, 1997 and commenced operations on August 1, 1999. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research, development, manufacturing and sale of Polymeric Positive Temperature Coefficient, Overvoltage protection element and its production related semi-finished goods, modules, heat conductive substrate, thermal module, heat dispersing materials, and LED lightings and modules.

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 November 11, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

(3) 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment:proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards 34, "Interim Financial Reporting" as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2019.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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:

The basis of consolidation applied in these consolidated financial statements was the same with that applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2019.

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B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Activities	Ownership (%) September 30, 2020	Ownership (%) December 31, 2019	Ownership (%) September 30, 2019	Note
Polytronics Technology Corporation	Polytronics (B.V.I.) Corporation	Investments and general business operations	100	100	100	
Polytronics Technology Corporation	TCLAD Technology Corporation	Manufacturing of the thermal conductive board	100	-	-	Note 1
TCLAD Technology Corporation	TCLAD INC.	Manufacturing of the thermal conductive board	-	-	-	Note 2
Polytronics (B.V.I.) Corporation	P-Circuit Corporation	Investments and general business operations	-	100	100	Note 4
P-Circuit Corporation	Polystar Electronics Co., Ltd.	Production and sale of varistor and potentiometer	-	100	100	Note 4
Polytronics (B.V.I.) Corporation	Polystar Electronics Co., Ltd.	Production and sale of varistor and potentiometer	100	-	-	Note 4
Polystar Electronics Co., Ltd.	Polystar Senchip Microelectronics, Inc.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	100	100	100	

			Ownership (%)			
Name of Investor	Name of Subsidiaries	Activities	September 30, 2020	December 31, 2019	September 30, 2019	Note
Polystar Electronics Co., Ltd.	PolyStellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	100	100	-	Note 3

Note 1: It was invested by Polytronics Technology Corporation and established on May 4, 2020.

Note 2: It was invested by TCLD Technology Corporation and established on May 29, 2020. As of September 30, 2020, the investment amount has not yet been made.

Note 3: It was invested by Polystar Electronics Co., Ltd. and established on December 11, 2019.

Note 4: The dissolution and liquidation of P-Circuit Corp. was resolved by the Board of Directors on August 13, 2019 to adjust the investment structure, and the liquidation was completed in July 2020.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Additionally, the related information is disclosed accordingly.

(5) Income tax

A. The interim period income tax expense is recognized 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.

B. 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 recognized 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 have been no significant changes as of September 30, 2020. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand and revolving funds	$ 72	$ 376	$ 225
Checking accounts and demand deposits	304,734	298,925	242,794
Time deposits	826,567	698,613	618,735
Total	$ 1,131,373	$ 997,914	$ 861,754

The Group transacts 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.

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

Items	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Financial assets (liabilities) mandatorily measured at fair value through profit or loss			
Derivative instrument-forward foreign exchange contracts	$ -	$ -	$ -
Valuation adjustment	(84)	94	(51)
Total	($ 84)	$ 94	($ 51)

A. The Group recognized net (loss) profit of $151, ($306), ($393) and $672 on financial assets /liabilities held for trading for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

		September 30, 2020	
Derivative financial instruments		Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD	$ 678	2020/9/22~2020/10/30

		December 31, 2019	
Derivative financial instruments		Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD	$ 1,500	2019/12/18~2020/01/31

		September 30, 2019	
Derivative financial instruments		Contract amount (notional principal)	Contract period
Forward foreign exchange contracts	USD	$ 1,000	2019/09/18~2019/10/31

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	$ 114,064	$ 134,567	$ 137,204
Accounts receivable	$ 313,233	$ 285,197	$ 280,372
Accounts receivable-related parties	69,102	106,163	105,929
Less: Allowance for bad debts	(8,378)	(1,428)	(2,108)
	$ 373,957	$ 389,932	$ 384,193

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	September 30, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 340,416	$ 114,064	$ 308,195	$ 134,567
Up to 30 days	20,449	-	52,549	-
31 to 90 days	9,142	-	28,755	-
91 to 180 days	8,821	-	81	-
Over 180 days	3,507	-	1,780	-
	$ 382,335	$ 114,064	$ 391,360	$ 134,567

	September 30, 2019	
	Accounts receivable	Notes receivable
Not past due	$ 310,249	$ 137,204
Up to 30 days	47,292	-
31 to 90 days	24,920	-
91 to 180 days	3,450	-
Over 180 days	390	-
	$ 386,301	$ 137,204

The above ageing analysis was based on past due date.

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to $403,139.

C. As at September 30, 2020, December 31, 2019 and September 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable were $87,782, $134,567 and $137,204 and accounts receivable were $373,957 $389,932 and $384,193, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials	$ 81,695	$ 72,864	$ 71,985
Work-in-progress	74,296	75,684	65,955
Finished goods	60,747	71,152	63,827
Total	$ 216,738	$ 219,700	$ 201,767

The cost of inventories recognized as expense for the period:

	For the three-month periods ended September 30,	
	2020	2019
Cost of goods sold	$ 246,666	$ 228,827
(Gain from price recovery) loss on decline in market value	(3,054)	7,678
	$ 243,612	$ 236,505

	For the nine-month periods ended September 30,	
	2020	2019
Cost of goods sold	$ 639,274	$ 622,534
(Gain from price recovery) loss on decline in market value	(1,448)	9,224
	$ 637,826	$ 631,758

(Blank below)

(5) Property, plant and equipment

	2020							
	Buildings	Machinery	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Others	Total
At January 1								
Cost	$ 792,117	$ 565,905	$ 8,099	$ 11,065	$ 10,010	$ 19,926	$ 170,903	$ 1,578,025
Accumulated depreciation and impairment	(272,844)	(377,983)	(6,212)	(5,521)	(7,441)	(17,041)	(114,785)	(801,827)
	$ 519,273	$ 187,922	$ 1,887	$ 5,544	$ 2,569	$ 2,885	$ 56,118	$ 776,198
Opening net book amount	$ 519,273	$ 187,922	$ 1,887	$ 5,544	$ 2,569	$ 2,885	$ 56,118	$ 776,198
Additions	1,120	16,892	1,382	-	5,759	-	2,550	27,703
Disposals	-	(1,985)	(13)	-	-	-	-	(1,998)
Reclassifications	-	-	-	-	1,085	-	746	1,831
Depreciation charge	(25,222)	(24,316)	(664)	(1,018)	(1,180)	(442)	(16,140)	(68,982)
Net exchange differences	(1,148)	(1,094)	(12)	(13)	-	-	(83)	(2,350)
Closing net book amount	$ 494,023	$ 177,419	$ 2,580	$ 4,513	$ 8,233	$ 2,443	$ 43,191	$ 732,402
At September 30								
Cost	$ 791,399	$ 559,022	$ 9,360	$ 11,034	$ 15,966	$ 19,926	$ 173,937	$ 1,580,644
Accumulated depreciation and impairment	(297,376)	(381,603)	(6,780)	(6,521)	(7,733)	(17,483)	(130,746)	(848,242)
	$ 494,023	$ 177,419	$ 2,580	$ 4,513	$ 8,233	$ 2,443	$ 43,191	$ 732,402

	2019								
	Buildings	Machinery	Office equipment	Transportation equipment	Computer and communication equipment	Leasehold improvements	Construction in progress	Others	Total
At January 1									
Cost	$ 704,539	$ 580,059	$ 8,360	$ 8,080	$ 10,746	$ 19,666	$ 79,497	$ 158,742	$ 1,569,689
Accumulated depreciation and impairment	(243,602)	(369,643)	(5,743)	(5,791)	(8,165)	(16,412)	-	(94,558)	(743,914)
	$ 460,937	$ 210,416	$ 2,617	$ 2,289	$ 2,581	$ 3,254	$ 79,497	$ 64,184	$ 825,775
Opening net book amount	$ 460,937	$ 210,416	$ 2,617	$ 2,289	$ 2,581	$ 3,254	$ 79,497	$ 64,184	$ 825,775
Additions	19,754	8,474	370	3,245	1,045	260	1,737	7,695	42,580
Disposals	-	(1,342)	(45)	(58)	(1)	-	-	(317)	(1,763)
Reclassifications	78,982	3,750	-	-	-	-	(82,127)	11,517	12,122
Depreciation charge	(24,616)	(26,738)	(860)	(743)	(811)	(482)	-	(18,399)	(72,649)
Net exchange differences	(5,193)	(3,786)	(47)	(46)	-	-	893	(354)	(8,533)
Closing net book amount	$ 529,864	$ 190,774	$ 2,035	$ 4,687	$ 2,814	$ 3,032	$ -	$ 64,326	$ 797,532
At September 30									
Cost	$ 795,463	$ 574,075	$ 8,115	$ 9,983	$ 11,351	$ 19,926	$ -	$ 175,434	$ 1,594,347
Accumulated depreciation and impairment	(265,599)	(383,301)	(6,080)	(5,296)	(8,537)	(16,894)	-	(111,108)	(796,815)
	$ 529,864	$ 190,774	$ 2,035	$ 4,687	$ 2,814	$ 3,032	$ -	$ 64,326	$ 797,532

1. For the nine-month periods ended September 30, 2020 and 2019, there was no capitalization of borrowing interests attributable to the property, plant and equipment.
2. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
3. Above property, plant and equipment are owner-occupied.

(6) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 2 to 50 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:

	September 30, 2020	December 31, 2019	September 30, 2019
	Carrying amount	Carrying amount	Carrying amount
Land	$ 200,597	$ 204,704	$ 206,180
Buildings	13,163	16,690	17,865
Transportation equipment	2,600	2,122	1,030
	$ 216,360	$ 223,516	$ 225,075

	For the three-month periods ended September 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	$ 1,345	$ 1,271
Buildings	1,175	1,176
Transportation equipment	443	418
	$ 2,963	$ 2,865

	For the nine-month periods ended September 30,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	$ 4,036	$ 3,815
Buildings	3,526	3,527
Transportation equipment	1,329	1,446
	$ 8,891	$ 8,788

C. For the three-month and nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets amounted to $532, $0, $1,807 and $745, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month periods ended September 30,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 737	$ 762

	For the nine-month periods ended September 30,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,235	$ 2,311

E. For the nine-month periods ended September 30, 2020 and 2019, the Group's total cash outflow for leases amounted to $9,960 and $10,067, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(7) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three-month and nine-month periods ended September 30, 2020 and 2019, the Group recognized rent income in the amounts of $13,646, $13,687, $38,654 and $39,506, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
2019	$ -	$ -	$ 9,180
2020	13,464	41,654	25,274
2021	44,489	32,604	16,037
2022	32,604	32,604	16,037
2023	31,930	31,930	15,369
2024	13,681	-	-
Total	$ 136,168	$ 138,792	$ 81,897

(8) Investment property

	2020	2019
	Buildings	Buildings
At January 1		
Cost	$ 130,238	$ 130,238
Accumulated depreciation	(16,149)	(13,595)
	$ 114,089	$ 116,643
Opening net book amount	$ 114,089	$ 116,643
Depreciation charge	(1,915)	(1,915)
Closing net book amount	$ 112,174	$ 114,728
At September 30		
Cost	$ 130,238	$ 130,238
Accumulated depreciation	(18,064)	(15,510)
	$ 112,174	$ 114,728

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

	For the three-month periods ended September 30,	
	2020	2019
Rental income from investment property	$ 13,646	$ 13,687
Direct operating expenses arising from the investment property that generated rental income during the period	$ 638	$ 639

	For the nine-month periods ended September 30,	
	2020	2019
Rental income from investment property	$ 38,654	$ 39,506
Direct operating expenses arising from the investment property that generated rental income during the period	$ 2,757	$ 2,709

B. The fair value of investment property held by the Group as of September 30, 2020, December 31, 2019 and September 30, 2019 were $238,688, $238,688 and $238,688, respectively. The fair value is estimated using the valuation method frequently used by market participants. The valuation is based on evidence of similar trading prices.

C. There were no borrowing costs capitalized as part of investment property.

D. Information about the investment property that were pledged to others as collateral is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 130,945	0.897%	None
Secured borrowings	200,000	0.825%	Buildings
	$ 330,945		

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 75,057	2.73%	None

Type of borrowings	September 30, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 77,092	2.96%	None

Interest expense recognized in profit or loss amounted to $714, $629, $2,202 and $1, 985 for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.

(10) Accounts payable

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts payable	$ 109,360	$ 113,868	$ 103,425
Estimated accounts payable	11,018	12,740	9,716
	$ 120,378	$ 126,608	$ 113,141

(11) Other payables

	September 30, 2020	December 31, 2019	September 30, 2019
Wages and salaries payable	$ 66,355	$ 71,300	$ 64,208
Employee bonus and directors' remuneration payable	36,668	49,998	34,921
Payables on machinery and equipment	9,567	8,129	7,889
Others	73,970	74,106	57,142
	$ 186,560	$ 203,533	$ 164,160

(12) Pensions

A. (a) 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 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 2.5% 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 insufficient 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 contributions for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognized pension costs of $392, $412, $1,177 and $1,236 for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to $2,752.

B. (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 (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s Mainland China subsidiary, Polystar Electronics Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2020 and 2019 were $2,133, $3,779, $6,943 and $11,608, respectively.

(13) Share capital

As of September 30, 2020, the Company’s authorised capital was $1,000,000, consisting of 100 million shares of ordinary stock (including 5 million shares reserved for employee stock options), and the paid-in capital was $800,018 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	2020	2019
At January 1 / At September 30	80,002	80,002

(14) Capital surplus

Pursuant to the R.O.C. Company Act, 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 Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more, then setting aside or reversing special reserve according to the resolution of shareholders during their meeting or the request by competent authorities. Appropriation of remainder shall be proposed by the Board of Directors and resolved by the stockholders.

In accordance with Company Act Article 240, Item 5 and Article 241, Item 2, the resolution, for all or a portion of distributable dividends, legal reserve and capital surplus that are distributed in the form of cash, will be adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and will be reported to the shareholders, shall not be subject to the resolution at the shareholders' meeting.

B. Dividend policy: As the Company is in a rapidly changing industry and in the growth stage, and considering the Company's long-term financial plans, shareholders' long-term profit and stabilizing performance target, cash dividend distribution shall not be lower than 10% of the total dividend distribution.

C. 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.

D. (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.

E. The appropriations for 2019 and 2018 had been resolved at the shareholders' meeting on June 24, 2020 and June 19, 2019 as follows:

	2019		2018	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	$ 36,622		$ 35,004	
Special reserve	29,526		14,804	
Cash dividends	320,007	$ 4.00	300,006	$ 3.75
Total	$ 386,155		$ 349,814	

The appropriations of 2019 and 2018 earnings were the same as that approved by the Board of Directors on March 20, 2020 and March 15, 2019, respectively.

(16) Other equity items

	Currency translation
At January 1, 2020	($ 79,893)
Currency translation differences	(6,045)
At September 30, 2020	($ 85,938)

	Currency translation
At January 1, 2019	($ 50,367)
Currency translation differences	(19,446)
At September 30, 2019	($ 69,813)

(17) Operating revenue

	For the three-month periods ended September 30,	
	2020	2019
Sales revenue	$ 475,749	$ 492,497

	For the nine-month periods ended September 30,	
	2020	2019
Sales revenue	$ 1,242,436	$ 1,185,872

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

For the three-month period ended September 30, 2020	China	Taiwan	USA	Others	Total
Sales revenue	$ 297,707	$ 80,081	$ 70,386	$ 27,575	$ 475,749
Timing of revenue recognition					
At a point in time	$ 297,707	$ 80,081	$ 70,386	$ 27,575	$ 475,749

For the three-month period ended September 30, 2019	China	Taiwan	USA	Others	Total
Sales revenue	$ 304,528	$ 73,930	$ 79,801	$ 34,238	$ 492,497
Timing of revenue recognition					
At a point in time	$ 304,528	$ 73,930	$ 79,801	$ 34,238	$ 492,497

For the nine-month period ended September 30, 2020	China	Taiwan	USA	Others	Total
Sales revenue	$ 702,624	$ 234,667	$ 224,364	$ 80,781	$ 1,242,436
Timing of revenue recognition					
At a point in time	$ 702,624	$ 234,667	$ 224,364	$ 80,781	$ 1,242,436

For the nine-month period ended September 30, 2019	China	Taiwan	USA	Others	Total
Sales revenue	$ 700,566	$ 183,473	$ 215,219	$ 86,614	$ 1,185,872
Timing of revenue recognition					
At a point in time	$ 700,566	$ 183,473	$ 215,219	$ 86,614	$ 1,185,872

B. Contract assets and liabilities

(a)The Group has recognized the following revenue-related contract assets and liabilities:

	September 30, 2020	December 31, 2019	September 30, 2019	January 1, 2019
Contract liabilities:				
Contract liabilities – Advance sales receipts	$ 1,172	$ 3,165	$ 934	$ 1,588

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period:

	For the three-month periods ended September 30,	
	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 196	$ -

	For the nine-month periods ended September 30,	
	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 3,032	$ 1,477

(18) Interest income

	For the three-month periods ended September 30,	
	2020	2019
Interest income from bank deposits	$ 1,643	$ 1,808
Interest income from financial assets measured at amortised cost	7	20
	$ 1,650	$ 1,828

	For the nine-month periods ended September 30,	
	2020	2019
Interest income from bank deposits	$ 4,490	$ 4,510
Interest income from financial assets measured at amortised cost	102	42
	$ 4,592	$ 4,552

(19) Other income

	For the three-month periods ended September 30,	
	2020	2019
Rent income	$ 13,646	$ 13,687
Other income, others	5,456	5,656
	$ 19,102	$ 19,343

	For the nine-month periods ended September 30,	
	2020	2019
Rent income	$ 38,654	$ 39,506
Other income, others	12,796	9,990
	$ 51,450	$ 49,496

(20) Other gains and losses

	For the three-month periods ended September 30,	
	2020	2019
Losses on disposals of property, plant and equipment	($ 54)	($ 352)
Foreign exchange losses	(2,263)	(2,487)
Gains (losses) on financial assets at fair value through profit or loss	151	(306)
Depreciation charge-investment property	(638)	(638)
Other losses	(197)	(792)
	($ 3,001)	($ 4,575)

	For the nine-month periods ended September 30,	
	2020	2019
Losses on disposals of property, plant and equipment	($ 1,983)	($ 826)
Foreign exchange (losses) gains	(2,977)	433
(Losses) gains on financial assets at fair value through profit or loss	(393)	672
Depreciation charge-investment property	(1,915)	(1,915)
Other losses	(1,366)	(1,964)
	($ 8,634)	($ 3,600)

(21) Finance costs

	For the three-month periods ended September 30,	
	2020	2019
Interest expense	$ 1,462	$ 1,393

	For the nine-month periods ended September 30,	
	2020	2019
Interest expense	$ 4,478	$ 4,313

(22) Expenses by nature

	For the three-month periods ended September 30,	
	2020	2019
Employee benefit expenses	$ 90,588	$ 94,771
Depreciation charges on property, plant and equipment (Note)	26,736	28,309
Amortisation charges on intangible assets	542	553
Total	$ 117,866	$ 123,633

	For the nine-month periods ended September 30,	
	2020	2019
Employee benefit expenses	$ 258,714	$ 258,991
Depreciation charges on property, plant and equipment (Note)	79,788	83,352
Amortisation charges on intangible assets	1,639	1,594
Total	$ 340,141	$ 343,937

Note: Including investment property and right-of-use assets.

(23) Employee benefit expenses

	For the three-month periods ended September 30,	
	2020	2019
Wages and salaries	$ 77,728	$ 78,198
Labor and health insurance fees	3,397	4,044
Pension costs	2,525	4,191
Other personnel expenses	6,938	8,338
	$ 90,588	$ 94,771

	For the nine-month periods ended September 30,	
	2020	2019
Wages and salaries	$ 220,076	$ 209,960
Labor and health insurance fees	11,378	11,187
Pension costs	8,120	12,844
Other personnel expenses	19,140	25,000
	$ 258,714	$ 258,991

A. In accordance with Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 1.5% for directors' remuneration.

B. For the three-month and nine-month periods ended September 30, 2020 and 2019, employees' compensation was accrued at $12,135, $15,615, $31,779 and $29,911, respectively; while directors' remuneration was accrued at $1,867, $2,402, $4,889 and $4,602, respectively. The aforementioned amounts were recognized in salary expenses.

   The employees' compensation and directors' remuneration were estimated and accrued based on distributable profit of current year as of the end of reporting period, the estimated ratios are 8.68% and 1.34%, respectively.

   Employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

   Information about the employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	$ 26,735	$ 32,149
Prior year income tax overestimation	-	-
Total current tax	26,735	32,149
Deferred tax:		
Origination and reversal of temporary differences	(17)	(1,031)
Total deferred tax	(17)	(1,031)
Income tax expense	$ 26,718	$ 31,118

	For the nine-month periods ended September 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	$ 60,298	$ 63,703
Prior year income tax overestimation	(6,785)	-
Total current tax	53,513	63,703
Deferred tax:		
Origination and reversal of temporary differences	4,063	(757)
Total deferred tax	4,063	(757)
Income tax expense	$ 57,576	$ 62,946

(b) The income tax (charge)/credit relating to components of other comprehensive income: None.

(c) The income tax charged/(credited) to equity during the period: None.

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	For the three-month period ended September 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 103,719	80,002	$ 1.30
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	415	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 103,719	80,417	$ 1.29

	For the three-month period ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 133,462	80,002	$ 1.67
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	513	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 133,462	80,515	$ 1.66

	For the nine-month period ended September 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 271,614	80,002	$ 3.40
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	703	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 271,614	80,705	$ 3.37

	For the nine-month period ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 255,649	80,002	$ 3.20
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	747	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 255,649	80,749	$ 3.17

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	For the nine-month periods ended September 30,	
	2020	2019
Purchase of property, plant, and equipment	$ 27,703	$ 42,580
Net change of payable on machinery and equipment	(1,438)	20,200
Cash paid during the period	$ 26,265	$ 62,780

(27) Changes in liabilities from financing activities

	2020			
	Short-term borrowings	Lease liabilities	Deposits received	Total liabilites from financing activites
At January 1	$ 75,057	$ 215,008	$ 10,648	$ 300,713
Changes in cash flow from financing activities	258,188	(7,725)	52	250,515
Interest paid	-	2,235	-	2,235
Interest expense	-	(2,235)	-	(2,235)
Increase in lease liabilities	-	1,807	-	1,807
Impact of changes in foreign exchange rate	(2,300)	-	-	(2,300)
At September 30	$ 330,945	$ 209,090	$ 10,700	$ 550,735

	2019			
	Short-term borrowings	Lease liabilities	Deposits received	Total liabilites from financing activites
At January 1	$ 76,758	$ 223,125	$ 10,078	$ 309,961
Changes in cash flow from financing activities	-	(7,756)	570	(7,186)
Interest paid	-	2,311	-	2,311
Interest expense	-	(2,311)	-	(2,311)
Increase in lease liabilities	-	701	-	701
Impact of changes in foreign exchange rate	334	-	-	334
At September 30	$ 77,092	$ 216,070	$ 10,648	$ 303,810

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Littelfuse, Inc.	A Board of Director of the Parent Company

(2) Significant related party transactions and balances

A. Operating revenue

	For the three-month periods ended September 30,	
	2020	2019
Sales of goods:		
Other associates	$ 69,882	$ 79,741

	For the nine-month periods ended September 30,	
	2020	2019
Sales of goods:		
Other associates	$ 223,071	$ 214,775

There are no significant differences in sales prices and collection terms between related parties and third parties.

B. Accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts receivable			
Other associates	$ 69,102	$ 106,163	$ 105,929

The receivables from related parties arise mainly from sale transactions. The receivables are due 90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

(3) Key management compensation

	For the three-month periods ended September 30,	
	2020	2019
Short-term employee benefits	$ 7,030	$ 20,426
Termination benefits	352	348
Total	$ 7,382	$ 20,774

	For the nine-month periods ended September 30,	
	2020	2019
Short-term employee benefits	$ 38,684	$ 37,026
Termination benefits	1,036	1,032
Total	$ 39,720	$ 38,058

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	September 30, 2020	December 31, 2019	September 30, 2019	Purpose
Time deposit (recorded under ‘current financial assets at amortised cost’)	$ 22,456	$ 3,223	$ 3,223	Guarantee for duty paid after customs release and performance bond guarantee
Time deposit (recorded under ‘non-current financial assets at amortised cost’)	6,882	6,826	6,826	Guarantee for land lease in science park
Building construction and investment real estate	198,003	201,378	202,504	Guarantee for short-term borrowing credit line

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

In April, 2020, the Company received the service of process and related documents with respect to the civil complaint filed by Ventec with a German court. According to the complaint, Ventec alleged that the Company was involved in the misappropriation of its trade secret for HiPot Test. It was noted that the specific testing process and detailed steps of the HiPot Test had been disclosed as early as 2009 by IPC, an international industrial organization, in its Test Methods Manual, which has become the standards of the relevant industries. Since it has been disclosed and publicly known, such Test does not qualify as an object to be protected as a trade secret as alleged by Ventec. Moreover, other than the opinion provided by an employee of Ventec's affiliate, there is no independent opinion of any outside expert or any assessment report included in the complaint. Such a unilateral allegation is clearly baseless. The Company had retained a German law firm to represent and defend the Company's interests. Management believes that this lawsuit will have no material impact on the financial position and operations of the Group.

(2) Commitments

1. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Property, plant and equipment	$ 15,027	$ 17,580	$ 9,940

2. For the purpose of escalating the technology, improving product portfolio and expanding the revenue, on July 8, 2020, the Board of Directors of the Company resolved to acquire segment assets and businesses of TCLAD of Henkel US Operations Corporation and plan to continue operating the business, through the Company's wholly-owned subsidiary, TCLAD Technology Corporation. The estimated purchase price of this acquisition transaction is US$26 million, of which will be subsequently supplemented or returned based on the inventory value at settlement. The Company made the down payment of US$2million, and will pay US$18 million at settlement, and then will pay both US$3 million after 3 months and 6 months from the settlement date. All the payments will be paid in cash. The completion of this acquisition is subject to the condition of the approval of Committee on Foreign Investment in the United States. The above purchase agreement of the acquisition was signed by both parties on July 8, 2020.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

1. On November 11, 2020, the Board of Directors of the Company resolved to participate in the capital increase of the subsidiary, TCLAD Technology Corporation. The Company planned to invest 16,682 thousand shares amounting to $750,690. After the capital increase, the Company's shareholding ratio to subsidiary, TCLAD Technology Corporation, decreased from 100% to 56.27%.

2. On November 11, 2020, the Board of Directors of the Company resolved to issue the first issuance of domestic unsecured ordinary convertible bonds and increase capital by issuing new shares in order to invest the subsidiary, TCLAD Technology Corporation. The total amount of the unsecured ordinary convertible bonds amounted to $360,000 at 101% of the face value per unit. In addition, new shares issued of the capital increase amounted to 4,700 thousand shares with a par value of $10 (in dollars) per share. The rights and obligations of those new shares are the same as the common stock originally issued. 10% of the new shares shall be reserved for subscription by the employees in accordance with the regulations, 10% shall be reserved for subscription by the public pursuant to the R.O.C. Securities and Exchange Act, and the remaining will be reserved for subscription by existing shareholders according to their respective shareholding percentage as stated in shareholder roster on the record date for share subscription.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital or issue new shares to achieve the optimal capital structure.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets			
Financial assets measured at fair value through profit or loss			
Financial assets designated as at fair value through profit or loss	$ -	$ 94	$ -
Financial assets at amortised cost			
Cash and cash equivalents	$ 1,131,373	$ 997,914	$ 861,754
Financial assets at amortised cost	29,338	10,049	10,049
Notes receivable	114,064	134,567	137,204
Accounts receivable (including related parties)	373,957	389,932	384,193
Other accounts receivable	12,407	10,740	11,970
Guarantee deposits paid	3,389	3,029	4,029
	$ 1,664,528	$ 1,546,231	$ 1,409,199

	September 30, 2020	December 31, 2019	September 30, 2019
Financial liabilities			
Financial liabilities measured at fair value through profit or loss			
Financial liabilities designated as at fair value through profit or loss	$ 84	$ -	$ 51
Financial liabilities at amortised cost			
Short-term borrowings	$ 330,945	$ 75,057	$ 77,092
Notes payable	26,736	27,634	27,844
Accounts payable	120,378	126,608	113,141
Other accounts payable	186,560	203,533	164,160
Guarantee deposits received	10,700	10,648	10,648
	$ 675,319	$ 443,480	$ 392,885
Lease liabilities	$ 209,090	$ 215,008	$ 216,070

B. Financial risk management policies

(a) 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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in 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 the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2020				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	USD	8,926	29.100	$	259,754
USD:RMB	USD	212	6.8106		6,159
RMB:NTD	RMB	288	4.269		1,228
Non-monetary items: None.					
Financial liabilities					
Monetary items					
USD:NTD	USD	177	29.100	$	5,138
USD:RMB	USD	86	6.8106		2,495
Non-monetary items: None.					

	December 31, 2019				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	USD	8,966	29.980	$	268,788
USD:RMB	USD	1,204	6.966		36,094
HKD:RMB	HKD	540	0.895		2,081
RMB:NTD	RMB	841	4.305		3,621
Non-monetary items: None.					
Financial liabilities					
Monetary items					
USD:NTD	USD	542	29.980	$	16,259
JPY:NTD	JPY	11,450	0.276		3,160
Non-monetary items: None.					

	September 30, 2019				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	USD	8,869	31.040	$	275,294
USD:RMB	USD	1,120	7.1195		34,681
HKD:RMB	HKD	491	0.9081		1,938
Non-monetary items: None.					
Financial liabilities					
Monetary items					
USD:NTD	USD	2,603	31.040	$	80,797
Non-monetary items: None.					

v. The 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-month and nine-month periods ended September 30, 2020 and 2019, amounted to ($2,263), ($2,487), ($2,977) and $433, respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	For the nine-month period ended September 30, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,598	$ -
USD:RMB	1%	62	-
RMB:NTD	1%	12	-
Non-monetary items: None.			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 51)	$ -
USD:RMB	1%	(25)	-
Non-monetary items: None.			

	For the nine-month period ended September 30, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,753	$ -
USD:RMB	1%	347	-
HKD:RMB	1%	19	-
Non-monetary items: None.			
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 808)	$ -
Non-monetary items: None.			

Price risk

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. Diversification of the portfolio is done in accordance with the limits set by the Group.

(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 debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 60 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of September 30, 2020, December 31, 2019 and September 30, 2019, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Up to 181 days	Total
At September 30, 2020						
Expected loss rate	0.01%	0.4%~0.92%	2.81%~20.81%	16.38%~24.21%	64.33%~100%	
Total book value	$ 340,416	$ 20,449	$ 9,142	$ 8,821	$ 3,507	$ 382,335
Loss allowance	$ -	$ -	$ 614	$ 4,257	$ 3,507	$ 8,378

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Up to 181 days	Total
At December 31, 2019						
Expected loss rate	0.01%	0.01%~0.66%	0.02%~5.96%	0.03%~17.68%	30.96%~60.44%	
Total book value	$ 308,195	$ 52,549	$ 28,755	$ 81	$ 1,780	$ 391,360
Loss allowance	$ -	$ -	$ 30	$ 813	$ 585	$ 1,428

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Up to 181 days	Total
At September 30, 2019						
Expected loss rate	0.01%	0.46%~0.69%	3.29%~6.2%	44.11%~18.84%	62.78%~100%	
Total book value	$ 310,249	$ 47,292	$ 24,920	$ 3,450	$ 390	$ 386,301
Loss allowance	$ -	$ -	$ 30	$ 1,997	$ 81	$ 2,108

ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2020	
	Accounts receivable	Notes receivable
At January 1	$ 1,428	$ -
Provision for impairment	6,949	-
Effect of foreign exchange	1	-
At September 30	$ 8,378	$ -

	2019	
	Accounts receivable	Notes receivable
At January 1	$ 390	$ -
Provision for impairment	1,780	-
Effect of foreign exchange	(62)	-
At September 30	$ 2,108	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, and compliance with internal balance sheet ratio targets.

ii. The Group has the following undrawn borrowing facilities:

	September 30, 2020	December 31, 2019	September 30, 2019
Floating rate:			
Expiring within one year	$ 1,389,329	$ 745,207	$ 709,650

The facilities expiring within one year are annual facilities subject to review at various dates during 2020.

iii. The table below analyzes 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 58,200	$ 272,745	$ -	$ -	$ -
Notes payable	454	-	-	-	-
Accounts payable	-	120,378	-	-	-
Lease liabilities	3,328	9,913	12,305	23,952	218,370
Other payables	-	186,560	-	-	-

Non-derivative financial liabilities:

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ -	$ 75,057	$ -	$ -	$ -
Notes payable	27,634	-	-	-	-
Accounts payable	-	126,608	-	-	-
Lease liabilities	3,250	9,561	12,330	27,531	223,348
Other payables	-	203,533	-	-	-

Non-derivative financial liabilities:

September 30, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ -	$ 77,092	$ -	$ -	$ -
Notes payable	988	-	-	-	-
Accounts payable	-	139,997	-	-	-
Lease liabilities	3,153	9,038	11,777	28,816	225,008
Other payables	-	164,160	-	-	-

Derivative financial liabilities:

September 30, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Foreign exchange contracts	$ 84	$ -	$ -	$ -	$ -

Derivative financial liabilities:

December 31, 2019: None.

Derivative financial liabilities:

September 30, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Foreign exchange contracts	$ 51	$ -	$ -	$ -	$ -

(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 related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

September 30, 2020

Assets: None.

Liabilities:

Recurring fair value measurement	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss-forward foreign exchange contracts	$ -	$ 84	$ -	$ 84

December 31, 2019

Assets:

Recurring fair value measurement	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss-forward foreign exchange contracts	$ -	$ 94	$ -	$ 94

Liabilities: None.

September 30, 2019

Assets: None.

Liabilities:

Recurring fair value measurement	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss-forward foreign exchange contracts	$ -	$ 51	$ -	$ 51

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

(a) 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.

(b) Under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the Group makes self-assessment using the income approach to calculate the fair value of investment property. Related assumptions and information on inputs are as follows:

i. Cash flow: Cash flow shall be evaluated on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.

ii. Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.

iii. Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. The phrase "certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points.

(c) 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 valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. 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.

(d) 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 and the Group's credit quality.

D. For the nine-month periods ended September 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.

(4) Others

Due to the impact of COVID-19, the Company's material subsidiary, Polystar Electronics Co., Ltd. which is located in Kunshan City, China, stopped its production lines for the period from late January 2020 to mid-February 2020 in line with the local regulations. However, the subsidiary resumed its production on February 17, 2020 after receiving the approval from the local government and gradually restored its production capacity and operations. Based on the Company's assessment on the operations and financial information of the Group, the COVID-19 pandemic has no material impact on the Group's ability to continue as a going concern, impairment on assets and financing risks.

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): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

1. General information

The Group mainly operates in a single industry. The Chief Operating Decision-Maker reviews the Group's reporting to assess performance and allocate resources. The Group mainly has a single reportable segment.

2. Segment information

The Group's Chief Operating Decision-Maker evaluates the performance of operating segments based on the consolidated financial statements. The accounting policies of the operating segments are in accordance with the significant accounting policies summarized in Note 4.

3. Information about segment profit or loss, assets and liabilities

	For the nine-month periods ended September 30,	
	2020	2019
Revenue from external customers	$ 1,242,436	$ 1,185,872
Inter-segment revenue	$ -	$ -
Segment income	$ 329,190	$ 318,595
Segment assets	$ 3,081,729	$ 2,791,518

4. Reconciliation for segment income (loss), assets and liabilities

None.

Polytronics Technology Corp. and Subsidiary

Loans to others

For the nine-month period ended September 30, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended September 30, 2020	Balance at September 30, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note)	Ceiling on total loans granted (Note)
0	Polytronics Technology Corp.	Polystar Electronics Co., Ltd.	Other receivables - related party	Y	$ 259,440	$ 85,380	$ -	4.35%	Reason for short-term financing	$ -	Operational need	$ -	$ -	$ -	$ 421,510	$ 843,021
0	Polytronics Technology Corp.	TCLAD Technology Corporation	Other receivables - related party	Y	117,960	116,400	67,200	0.825%	Reason for short-term financing	-	Operational need	-	-	-	421,510	843,021

Note : Follow the group policy “Procedure for Provision of Loans”.

Polytronics Technology Corp. and Subsidiary

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020	Outstanding endorsement/ guarantee amount at September 30, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note)	Provision of endorsements/ guarantees by parent company to subsidiary (Note)	Provision of endorsements /guarantees by subsidiary to parent company (Note)	Provision of endorsements/ guarantees to the party in Mainland China (Note)
0	Polytronics Technology Corp.	Polytronics (B.V.I.) Corporation	100%, owned subsidiary	$ 2,107,554	$ 110,500	$ 108,200	$ -	$ -	5.13	$ 3,161,331	Y	N	N
0	Polytronics Technology Corp.	Polystar Electronics Co., Ltd.	100%, owned subsidiary	2,107,554	207,940	144,540	72,750	-	6.86	3,161,331	Y	N	Y
0	Polytronics Technology Corp.	TCLAD Technology Corporation	100%, owned subsidiary	2,107,554	707,760	698,400	-	-	33.14	3,161,331	Y	N	Y

Note : Follow the company policy “Procedure for Provision of Endorsements and Guarantees to Others”.

Polytronics Technology Corp. and Subsidiary

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Polytronics Technology Corp.	Liffelfuse, Inc.	Director's parent company	Sales	($ 223,071)	24%	Net 90 days	Note	Note	$ 69,102	26%	
Polytronics Technology Corp.	Polystar Electronics Co., Ltd.	Subsidiary	Sales	(193,891)	21%	Net 60 days	Note	Note	45,697	17%	

Note : With the general payment term.

Polytronics Technology Corp. and Subsidiary

Significant inter-company transactions during the reporting period

For the nine-month period ended September 30, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Polytronics Technology Corp.	Polystar Electronics Co., Ltd.	1	Sales	$ 193,891	Net 60 days	16%
0	"	"	1	Purchases	40,112	Net 45 days	3%
0	"	"	1	Processing charges	53,790	〃	4%
0	"	"	1	Accounts receivable	45,697	Net 60 days	1%
0	"	"	1	Accounts payable	69,058	Net 45 days	2%
0	"	TCLAD Technology Corporation	1	Other receivables	67,317	Receipt and payment at an agreed time	2%
2	Polystar Electronics Co., Ltd.	Polystar Senchip Microelectronics Inc.	3	Sales	3,572	Net 30 days	0%
2	"	"	3	Accounts receivable	146	〃	0%
2	"	"	3	Accounts payable	44,765	〃	1%
2	"	"	3	Other payables	44,769	〃	1%

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 six categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(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: Interest payable of parent loan to subsidiary.

Note 5: Pay temporary debits for subsidiary.

Note 6: Follow the policy “Procedure for Provision of endorsements and guarentees to others”.

Polytronics Technology Corp. and Subsidiary

Information on investees

For the nine-month period ended September 30, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at September 30, 2020: Number of shares	Shares held as at September 30, 2020: Ownership (%)	Shares held as at September 30, 2020: Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2020	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020	Footnote
Polytronics Technolgy Corp.	Polytronics (B.V.I) Corporation	British Virgin Islands	Investment and general business operations	$ 255,004	$ 211,431	2,644	100	$ 831,912	$ 48,326	$ 48,326	Subsidiary
Polytronics Technolgy Corp.	TCLAD Technology Corporation	Taiwan	Manufacturing of the thermal conductive board	9,000	-	200	100	747	(8,253)	(8,253)	Subsidiary
Polytronics (B.V.I) Corporation	P-Circuit Corp. (Note)	America	Investment and general business operations	-	212,858	-	-	-	31,606	31,606	Subsidiary

Note:P-Circuit Corp. has been liquidated and dissolved in July 2020.

Polytronics Technology Corp. and Subsidiary

Information on investments in Mainland China

For the nine-month period ended September 30, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee for the nine-month period ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2020 (Note 2)	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	Footnote
Polystar Electronics Co., Ltd. (Note 1)	Production and sale of varistor and potentiometer	$ 660,592	2	$ 187,986	$ -	$ -	$ 187,986	$ 51,025	100	$ 51,025	$ 813,684	$ -	
Polystar Senchip Microelectronics Inc.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	149,546	3	-	-	-	-	766	100	766	104,442	-	
Polystellar Electronics Co., Ltd.	Production and sale of resistors, discrete semiconductor devices and other resistive elements	55,546	3	-	-	-	-	312	100	312	55,858	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Polytronics Technology Corp.	$ 187,986	$ 660,592	$ 1,264,532

Note 1: Including retained earnings capitalized of RMB$89,286 and RMB$16,964 (In thousands of dollars).

Note 2: Investment income (loss) were recognized based on the financial statements reviewed by R.O.C. parent company's CPA.

Note 3: Under the ‘Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area’, amendment to Jing-Shen-Zi No. 09704604680 of Ministry of Economic Affairs, effective August 2008, ceiling of accumulated investment in Mainland China may not exceed 60% of the net assets and the ceiling is effective from August 1.

Note 4: Mainland China’s investees information are translated using the exchange rates of USD:NTD = 1:29.803 and RMB:TWD = 1:4.261 for recognised investmentincome (loss) and remaining using the exchangerates ofUSD:NTD=1:29.100 and RMB:TWD = 1:4.273.

Polytronics Technology Corp. and Subsidiary

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Accounts receivable (payable)		Financing				Others-processing charges	
Investee in Mainland China	Amount	%	Balance at September 30, 2020	%	Maximum balance during the nine-month period ended September 30, 2020	Balance at September 30, 2020	Interest rate	Interest during the nine-month period ended September 30, 2020	Balance at September 30, 2020	%
Polystar Electronics Co., Ltd.	$ 193,891	15.61%	$ 45,697	12.22%	$ 259,440	$ 85,380	4.35%	$ -	$ 53,790	26.65%
Polystar Electronics Co., Ltd.	(40,112)	15.38%	(69,058)	53.37%	-	-	-	-	-	-

Polytronics Technology Corp. and Subsidiary

Major shareholders information

September 30, 2020

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Everlight Chemical Industrial Corp.	8,000,000	9.99%
Littlefuse Europe Gmbh	4,600,350	5.75%