

**ZENITRON CORPORATION 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 Zenitron Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Zenitron Corporation and subsidiaries (the “Group”) as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of 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

Except as explained in the following paragraph, 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.

Basis for Qualified Conclusion

As explained in Note 4(3)B, the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$1,809,707 thousand and NT\$1,371,091 thousand, constituting 11% and 10% of the consolidated total assets, and total liabilities of NT\$716,667 thousand and NT\$505,035 thousand, constituting 6% and 5% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively, and total comprehensive income (loss) of NT\$51,332 thousand, NT\$16,354 thousand, NT\$33,596 thousand and (NT\$4,052) thousand, constituting (50%), 8%, 6% and (0.9%) of the consolidated total comprehensive income for the three months and nine months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, 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 months and nine months then ended and its consolidated cash flows for the nine months 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.

Chen, Chin-Chang

Yi-Fan Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2020

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

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Assets	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 1,410,959	9	\$ 1,198,560	8	\$ 1,364,941	10
Financial assets at fair value through profit or loss - current	6(2)	24,884	-	70,050	-	69,756	-
Financial assets at fair value through other comprehensive income - current	6(3)	892,741	5	667,431	5	670,667	5
Notes receivable, net	6(4)	194,310	1	247,446	2	290,039	2
Accounts receivable, net	6(4)	8,689,333	52	6,904,459	49	6,830,535	48
Other receivables		80,705	-	105,692	1	53,562	-
Inventories, net	6(5)	4,443,224	27	4,184,671	29	4,235,924	29
Other current assets		155,168	1	115,070	1	158,740	1
Total current assets		<u>15,891,324</u>	<u>95</u>	<u>13,493,379</u>	<u>95</u>	<u>13,674,164</u>	<u>95</u>
Non-current assets							
Financial assets at fair value through other comprehensive income - non-current	6(3)	96,978	1	110,509	1	112,786	1
Property, plant and equipment	6(6)	438,289	3	449,200	3	452,557	3
Right-of-use assets	6(7)	83,411	1	21,563	-	33,130	-
Investment property, net	6(9) and 8	37,172	-	37,579	-	37,715	-
Deferred income tax assets		58,742	-	48,809	-	35,232	-
Other non-current assets	8	63,758	-	66,061	1	68,010	1
Total non-current assets		<u>778,350</u>	<u>5</u>	<u>733,721</u>	<u>5</u>	<u>739,430</u>	<u>5</u>
Total assets		<u>\$ 16,669,674</u>	<u>100</u>	<u>\$ 14,227,100</u>	<u>100</u>	<u>\$ 14,413,594</u>	<u>100</u>

(Continued)

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(10)	\$ 7,685,915	47	\$ 5,512,308	39	\$ 5,655,627	40
Short-term notes and bills payable	6(11)	549,564	3	499,481	4	499,481	4
Notes payable		4,197	-	3,664	-	5,447	-
Accounts payable		2,961,186	18	3,185,177	22	3,194,233	22
Other payables		369,366	2	324,944	2	285,497	2
Current income tax liabilities		19,096	-	32,573	-	38,677	-
Current lease liabilities	6(7)	33,270	-	20,499	-	31,406	-
Other current liabilities		85,258	1	54,713	-	55,171	-
Total current liabilities		<u>11,707,852</u>	<u>71</u>	<u>9,633,359</u>	<u>67</u>	<u>9,765,539</u>	<u>68</u>
Non-current liabilities							
Deferred income tax liabilities		114,468	1	114,468	1	114,468	1
Non-current lease liabilities	6(7)	50,148	-	1,216	-	2,299	-
Other non-current liabilities		67,726	-	72,349	1	72,095	-
Total non-current liabilities		<u>232,342</u>	<u>1</u>	<u>188,033</u>	<u>2</u>	<u>188,862</u>	<u>1</u>
Total liabilities		<u>11,940,194</u>	<u>72</u>	<u>9,821,392</u>	<u>69</u>	<u>9,954,401</u>	<u>69</u>
Equity attributable to owners of parent							
Share capital	6(13)						
Common stock		2,138,249	13	2,138,249	15	2,138,249	15
Capital surplus	6(14)						
Capital surplus		958,734	6	965,034	6	965,034	7
Retained earnings	6(15)						
Legal reserve		718,200	4	695,154	5	695,154	5
Unappropriated retained earnings		514,691	3	390,067	3	374,718	2
Other equity interest							
Other equity interest		399,606	2	217,204	2	286,038	2
Total equity attributable to owners of parent		<u>4,729,480</u>	<u>28</u>	<u>4,405,708</u>	<u>31</u>	<u>4,459,193</u>	<u>31</u>
Total equity		<u>4,729,480</u>	<u>28</u>	<u>4,405,708</u>	<u>31</u>	<u>4,459,193</u>	<u>31</u>
Significant contingent liabilities and unrecognised contract commitments	9						
Total liabilities and equity		<u>\$ 16,669,674</u>	<u>100</u>	<u>\$ 14,227,100</u>	<u>100</u>	<u>\$ 14,413,594</u>	<u>100</u>

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating Revenue	6(16)	\$ 10,789,823	100	\$ 7,178,683	100	\$ 24,222,201	100	\$ 20,091,711	100
Operating Costs	6(5)	(10,349,492)	(96)	(6,805,608)	(95)	(23,060,543)	(95)	(18,926,338)	(94)
Gross Profit		440,331	4	373,075	5	1,161,658	5	1,165,373	6
Operating expenses	6(20)								
Selling expenses		(207,949)	(2)	(208,429)	(3)	(577,842)	(3)	(604,696)	(3)
General and administrative expenses		(114,079)	(1)	(48,513)	(1)	(256,873)	(1)	(208,057)	(1)
Total operating expenses		(322,028)	(3)	(256,942)	(4)	(834,715)	(4)	(812,753)	(4)
Operating Profit		118,303	1	116,133	1	326,943	1	352,620	2
Non-operating Income and Expenses									
Interest income		1,169	-	1,119	-	5,109	-	5,048	-
Other income	6(17)	33,973	-	37,587	1	54,258	-	64,387	-
Other gains and losses	6(18)	38,700	-	(967)	-	100,390	-	33,827	-
Finance costs	6(19)	(23,492)	-	(43,893)	(1)	(93,275)	-	(153,667)	(1)
Total non-operating income and expenses		50,350	-	(6,154)	-	66,482	-	(50,405)	(1)
Profit before Income Tax		168,653	1	109,979	1	393,425	1	302,215	1
Income tax expense	6(21)	(20,595)	-	(22,897)	-	(54,868)	-	(87,100)	-
Profit for the Period		\$ 148,058	1	\$ 87,082	1	\$ 338,557	1	\$ 215,115	1
Other Comprehensive Income									
Components of other comprehensive income that will not be reclassified to profit or loss									
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(\$ 227,393)	(2)	\$ 144,564	2	\$ 251,126	1	\$ 236,450	1
Components of other comprehensive income that will be reclassified to profit or loss									
Exchange differences on translation of foreign financial statements		(22,795)	-	(28,549)	-	(52,011)	-	4,776	-
Other Comprehensive Income for the Period		(\$ 250,188)	(2)	\$ 116,015	2	\$ 199,115	1	\$ 241,226	1
Total Comprehensive Income		(\$ 102,130)	(1)	\$ 203,097	3	\$ 537,672	2	\$ 456,341	2
Net profit attributable to:									
Owners of the parent		\$ 148,058	1	\$ 87,082	1	\$ 338,557	1	\$ 215,115	1
Non-controlling interest		-	-	-	-	-	-	-	-
		\$ 148,058	1	\$ 87,082	1	\$ 338,557	1	\$ 215,115	1
Comprehensive income attributable to:									
Owners of the parent		(\$ 102,130)	(1)	\$ 203,097	3	\$ 537,672	2	\$ 456,341	2
Non-controlling interest		-	-	-	-	-	-	-	-
		(\$ 102,130)	(1)	\$ 203,097	3	\$ 537,672	2	\$ 456,341	2
Earnings per Share (in dollars)	6(22)								
Basic earnings per share		\$ 0.69		\$ 0.41		\$ 1.58		\$ 1.01	
Diluted earnings per share		\$ 0.69		\$ 0.41		\$ 1.58		\$ 1.00	

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent					Other Equity Interest	Total equity
		Share capital – common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Nine months ended September 30, 2019</u>								
Balance at January 1, 2019		\$ 2,138,249	\$ 965,034	\$ 654,490	\$ 563,767	(\$ 38,919)	\$ 83,731	\$ 4,366,352
Net income for the period		-	-	-	215,115	-	-	215,115
Other comprehensive income	6(3)	-	-	-	-	4,776	236,450	241,226
Total comprehensive income		-	-	-	215,115	4,776	236,450	456,341
Appropriation and distribution of 2018 earnings	6(15)							
Legal reserve		-	-	40,664	(40,664)	-	-	-
Cash dividends		-	-	-	(363,500)	-	-	(363,500)
Balance at September 30, 2019		\$ 2,138,249	\$ 965,034	\$ 695,154	\$ 374,718	(\$ 34,143)	\$ 320,181	\$ 4,459,193
<u>Nine months ended September 30, 2020</u>								
Balance at January 1, 2020		\$ 2,138,249	\$ 965,034	\$ 695,154	\$ 390,067	(\$ 90,671)	\$ 307,875	\$ 4,405,708
Net income for the period		-	-	-	338,557	-	-	338,557
Other comprehensive income	6(3)	-	-	-	-	(52,011)	251,126	199,115
Total comprehensive income		-	-	-	338,557	(52,011)	251,126	537,672
Appropriation and distribution of 2019 earnings	6(15)							
Legal reserve		-	-	23,046	(23,046)	-	-	-
Cash dividends		-	-	-	(207,600)	-	-	(207,600)
Cash payment from capital surplus	6(15)	-	(6,300)	-	-	-	-	(6,300)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(3)	-	-	-	16,713	-	(16,713)	-
Balance at September 30, 2020		\$ 2,138,249	\$ 958,734	\$ 718,200	\$ 514,691	(\$ 142,682)	\$ 542,288	\$ 4,729,480

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

ZENITRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 393,425	\$ 302,215
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(18)	(51,428)	(12,689)
Expected credit loss (gain)	6(4)	19,816	(3,953)
Depreciation and amortisation	6(20)	53,498	55,627
Loss on disposal of property, plant and equipment	6(18)	10	226
Interest expense	6(19)	93,275	153,667
Interest income		(5,109)	(5,048)
Dividend income	6(17)	(26,676)	(23,795)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		96,594	9,451
Notes and accounts receivable		(1,751,554)	(1,011,971)
Other receivables		6,140	(740)
Inventories		(258,553)	(1,575,592)
Other current assets		(40,098)	(32,456)
Changes in operating liabilities			
Notes and accounts payable		(223,458)	(389,055)
Other payables		47,759	(175,772)
Other current liabilities		30,545	(5,472)
Other non-current liabilities		(4,623)	(5,002)
Cash (outflow) inflow generated from operations		(1,620,437)	2,464,771
Interest received		5,109	5,048
Interest paid		(96,612)	(164,327)
Income tax paid		(59,422)	(94,048)
Net cash flows (used in) from operating activities		(1,771,362)	2,211,444
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(74)	(27,500)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		11,640	24,840
Proceeds from disposal of financial assets at fair value through other comprehensive income		25,892	-
Acquisition of property, plant and equipment	6(6)	(7,250)	(12,297)
Proceeds from disposal of property, plant and equipment		283	131
(Increase) decrease in refundable deposits		(316)	289
Increase in other non-current assets		(612)	(2,771)
Dividends received		26,676	23,795
Net cash flows from investing activities		56,239	6,487
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	6(23)	2,173,607	(1,725,668)
Increase (decrease) in short-term notes and bills payable	6(23)	50,083	(99,921)
Payments of lease liabilities	6(23)	(32,001)	(32,718)
Cash dividends		(213,900)	(363,500)
Net cash flows from (used in) financing activities		1,977,789	(2,221,807)
Effect of exchange rate changes		(50,267)	5,083
Net increase in cash and cash equivalents		212,399	1,207
Cash and cash equivalents at beginning of period		1,198,560	1,363,734
Cash and cash equivalents at end of period		\$ 1,410,959	\$ 1,364,941

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

ZENITRON CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

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

1. HISTORY AND ORGANISATION

Zenitron Corporation (the “Company”) was incorporated as a company limited by shares in October 1982. The Company has been listed on the Taiwan Stock Exchange and started trading since August 26, 2002. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the sales of electrical components.

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 9, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all the following conditions, is a lease modification:

A. Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

B. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

C. There is no substantive change to other terms and conditions of the lease.

Any lease payment changes caused by the rent concessions will be accounted for as variable lease payments during the concession period.

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 37, ‘Onerous contracts — cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 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 at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its 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:

Basis for preparation for the current period financial statements and the 2019 consolidated financial statements is the same.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	Supertronic International Corp. (Supertronic)	Investment business	100.00	100.00	100.00	Notes 1 and 2
The Company	Yo-Teh Investment Corporation (Yo-Teh)	Investment business	100.00	100.00	100.00	Notes 1 and 2
The Company	Raytronic Corporation (Raytronic)	Sales of electronic components	100.00	100.00	100.00	Notes 1 and 2
The Company	Zenitron (HK) Limited (Zenitron (HK))	Sales of electronic components	1.47	1.47	1.47	Notes 1 and 2
Supertronic	Zenitron (HK)	Sales of electronic components	98.53	98.53	98.53	Notes 1 and 2
Supertronic	Zenicom (HK) Limited (Zenicom (HK))	Sales of electronic components	100.00	100.00	100.00	Notes 1 and 2
Zenicom (HK)	Zenicom Electronic (Shenzhen) Limited (Zenicom (Shenzhen))	Sales of electronic components	-	-	-	Notes 1, 2 and 3
Zenitron (HK)	Zenitron (Shanghai) International Trading Co., Ltd. (Zenitron (Shanghai))	Sales of electronic components	100.00	100.00	100.00	Notes 1 and 2
Zenitron (HK)	Zenitron (Shenzhen) Technology Co., Ltd. (Zenitron (Shenzhen))	Sales of electronic components	100.00	100.00	100.00	Notes 1 and 2
Zenitron (HK)	Shanghai Zenitron Electronic Trading Co., Ltd. (Shanghai Zenitron)	Sales of electronic components	100.00	100.00	100.00	Notes 1 and 2

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Zenitron (HK)	ZTHC (Shanghai) Co., Ltd. (ZTHC (Shanghai))	Sales of computer storage device, providing technical service and sales of related components	100.00	100.00	100.00	Notes 1 and 2

Note 1: The individual financial statements of the Company's consolidated subsidiaries as of September 30, 2020 were not reviewed by independent auditors, except for Supertronic and Zenitron (HK), whose financial statements were reviewed by independent auditors.

Note 2: The individual financial statements of the Company's consolidated subsidiaries as of September 30, 2019 were not reviewed by independent auditors, except for Supertronic, Zenitron (HK) and Zenitron (Shenzhen), whose financial statements were reviewed by independent auditors.

Note 3: Zenicom (Shenzhen) had been liquidated on September 30, 2019.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

Pensions

Defined benefit plan

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

(5) Income taxes

If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand and revolving funds	\$ 712	\$ 1,792	\$ 3,097
Checking accounts and demand deposits	1,262,604	906,232	1,274,899
Time deposits	147,643	290,536	86,945
	<u>\$ 1,410,959</u>	<u>\$ 1,198,560</u>	<u>\$ 1,364,941</u>

A. 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.

B. The Group has no cash and cash equivalents pledged to others.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 46,799	\$ 85,097	\$ 85,097
Unlisted stocks	-	28,598	28,598
Emerging stocks	1,162	1,130	1,130
	<u>47,961</u>	<u>114,825</u>	<u>114,825</u>
Valuation adjustments	(23,077)	(44,775)	(45,069)
	<u>\$ 24,884</u>	<u>\$ 70,050</u>	<u>\$ 69,756</u>

A. The Group recognised net profit amounting to \$4,331, \$3,669, \$51,428 and \$12,689 on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2020 and 2019, respectively.

B. The Group acquired disposal proceeds amounting to \$76,182 from disposing Fresco Logic Inc. in the second quarter of 2020. In accordance with the trading contract, part of the disposal proceeds amounting to US\$ 303 thousand will be set aside for any pending expenses, and the remaining amount will be received by the Group one year after the trade date. The Group has not yet recognised such gain on disposal based on the assessment of IAS 37.

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

D. Information relating to financial assets at fair value through profit or loss is provided in Note 12(3).

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items			
Equity instruments			
Listed stocks	\$ 347,991	\$ 357,168	\$ 348,098
Emerging stocks	<u>2,462</u>	<u>2,388</u>	<u>2,388</u>
	350,453	359,556	350,486
Valuation adjustment	<u>542,288</u>	<u>307,875</u>	<u>320,181</u>
	<u>\$ 892,741</u>	<u>\$ 667,431</u>	<u>\$ 670,667</u>
Non-current items			
Equity instruments			
Unlisted stocks	<u>\$ 96,978</u>	<u>\$ 110,509</u>	<u>\$ 112,786</u>

A. The Group has elected to classify stock investments with steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$989,719, \$777,940 and \$783,453 as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>227,393</u>)	<u>\$ 144,564</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>4,237</u>)	<u>\$ -</u>
	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>251,126</u>	<u>\$ 236,450</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>16,713</u>)	<u>\$ -</u>

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

D. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes receivable	\$ 194,310	\$ 247,446	\$ 290,039
Accounts receivable	\$ 8,806,103	\$ 7,002,403	\$ 6,931,695
Less: Allowance for uncollectible accounts	(116,770)	(97,944)	(101,160)
	<u>\$ 8,689,333</u>	<u>\$ 6,904,459</u>	<u>\$ 6,830,535</u>

A. The Group uses historical experience and takes into consideration the customers' historical default records, current financial conditions and economic conditions of the industry to estimate expected loss rate in recognising loss allowance. In addition, the Group provides for adequate allowance for uncollectible accounts from individual customers where there is an indication that they are impaired based on specific identification or a credit impairment actually occurred and the customers did not provide any collateral.

B. The ageing analysis of accounts and notes receivable is as follows:

	<u>September 30, 2020</u>		<u>December 31, 2020</u>		<u>September 30, 2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 8,353,878	\$ 194,310	\$ 6,437,642	\$ 247,446	\$ 6,571,254	\$ 290,039
Up to 30 days	292,718	-	243,239	-	196,962	-
31 to 90 days	63,180	-	241,050	-	52,133	-
Over 90 days	96,327	-	80,472	-	111,346	-
	<u>\$ 8,806,103</u>	<u>\$ 194,310</u>	<u>\$ 7,002,403</u>	<u>\$ 247,446</u>	<u>\$ 6,931,695</u>	<u>\$ 290,039</u>

The above ageing analysis was based on past due date.

C. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss.

D. The Group adjusts historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On September 30, 2020, December 31, 2019 and September 30, 2019, the provision matrix and loss rate methodology are as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
	<u>September 30, 2020</u>				
Expected loss rate	0.11%-0.44%	0.11%-2.5%	0.11%-100%	0.11%-100%	
Total accounts receivable	<u>\$ 8,353,878</u>	<u>\$ 292,718</u>	<u>\$ 63,180</u>	<u>\$ 96,327</u>	<u>\$ 8,806,103</u>

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2019</u>					
Expected loss rate	0.3%	0.3%	0.3%	53.6%-100%	
Total accounts receivable	<u>\$ 6,437,642</u>	<u>\$ 243,239</u>	<u>\$ 241,050</u>	<u>\$ 80,472</u>	<u>\$ 7,002,403</u>
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>September 30, 2019</u>					
Expected loss rate	0.3%	0.3%	0.3%	53.6%-100%	
Total accounts receivable	<u>\$ 6,571,254</u>	<u>\$ 196,962</u>	<u>\$ 52,133</u>	<u>\$ 111,346</u>	<u>\$ 6,931,695</u>

E. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2020</u>	<u>2019</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 97,944	\$ 110,287
Provision for (reversal of) impairment loss	19,816 (3,953)
Write-offs	(486)	(4,784)
Effect of foreign exchange	(504)	(390)
At September 30	<u>\$ 116,770</u>	<u>\$ 101,160</u>

F. As of September 30, 2020, December 31, 2019, September 30, 2019, and January 1, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,000,413, \$7,249,849, \$7,221,734 and \$8,238,879, respectively. Without considering any collateral held or other credit enhancements, until the end of the reporting period, the maximum credit risk in relation to the financial loss arising from unsatisfied performance obligation of the counterparties is the carrying amount of financial assets.

G. Transferred financial assets that are derecognised in their entirety

The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the accounts receivable but is liable for the losses incurred on any business dispute. The Group meets the condition of financial assets derecognition as it did not provide other collaterals except for issuing a promissory note equal to the facility as the collateral. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

September 30, 2020					
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Amount available for advance	Interest rate of amount advanced
Chang Hwa Bank	\$ 2,035,053	\$ 2,035,053	\$ 2,035,053	\$ -	0.93%~1.22%
Bank SinoPac	178,459	168,675	168,675	9,784	0.93%~1.22%

December 31, 2019					
Purchaser of accounts receivable	Accounts receivable transferred (amount derecognised)	Amount advanced	Amount available for advance	Interest rate of amount advanced	
Chang Hwa Bank	\$ 188,511	\$ 188,511	\$ -	2.94%~3.31%	

September 30, 2019					
Purchaser of accounts receivable	Accounts receivable transferred (amount derecognised)	Amount advanced	Amount available for advance	Interest rate of amount advanced	
Chang Hwa Bank	\$ 511,413	\$ 511,413	\$ -	2.94%~3.31%	

(5) Inventories

September 30, 2020			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 4,553,386	(\$ 373,547)	\$ 4,179,839
Inventories in transit	263,385	-	263,385
	<u>\$ 4,816,771</u>	<u>(\$ 373,547)</u>	<u>\$ 4,443,224</u>

December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 4,410,597	(\$ 330,834)	\$ 4,079,763
Inventories in transit	104,908	-	104,908
	<u>\$ 4,515,505</u>	<u>(\$ 330,834)</u>	<u>\$ 4,184,671</u>

September 30, 2019			
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	\$ 4,336,233	(\$ 328,709)	\$ 4,007,524
Inventories in transit	228,400	-	228,400
	<u>\$ 4,564,633</u>	<u>(\$ 328,709)</u>	<u>\$ 4,235,924</u>

The cost of inventories recognised as expense for the period:

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 10,322,462	\$ 6,749,135
Loss on decline in market value	27,030	56,473
	<u>\$ 10,349,492</u>	<u>\$ 6,805,608</u>

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 23,014,430	\$ 18,828,665
Loss on decline in market value	46,113	97,673
	<u>\$ 23,060,543</u>	<u>\$ 18,926,338</u>

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>At January 1, 2020</u>					
Cost	\$ 252,592	\$ 408,193	\$ 52,602	\$ 110,365	\$ 823,752
Accumulated depreciation	-	(256,041)	(35,212)	(83,299)	(374,552)
	<u>\$ 252,592</u>	<u>\$ 152,152</u>	<u>\$ 17,390</u>	<u>\$ 27,066</u>	<u>\$ 449,200</u>
<u>2020</u>					
Opening net book amount as at January 1	\$ 252,592	\$ 152,152	\$ 17,390	\$ 27,066	\$ 449,200
Additions	-	-	3,270	3,980	7,250
Disposals	-	-	(200)	(93)	(293)
Depreciation charge	-	(6,081)	(3,823)	(7,372)	(17,276)
Net exchange differences	-	(407)	(26)	(159)	(592)
Closing net book amount as at September 30	<u>\$ 252,592</u>	<u>\$ 145,664</u>	<u>\$ 16,611</u>	<u>\$ 23,422</u>	<u>\$ 438,289</u>
<u>At September 30, 2020</u>					
Cost	\$ 252,592	\$ 407,589	\$ 50,590	\$ 112,094	\$ 822,865
Accumulated depreciation	-	(261,925)	(33,979)	(88,672)	(384,576)
	<u>\$ 252,592</u>	<u>\$ 145,664</u>	<u>\$ 16,611</u>	<u>\$ 23,422</u>	<u>\$ 438,289</u>

	Land	Buildings and structures	Transportation equipment	Office equipment	Total
<u>At January 1, 2019</u>					
Cost	\$ 252,592	\$ 410,892	\$ 54,478	\$ 116,447	\$ 834,409
Accumulated depreciation	-	(248,422)	(37,293)	(88,387)	(374,102)
	<u>\$ 252,592</u>	<u>\$ 162,470</u>	<u>\$ 17,185</u>	<u>\$ 28,060</u>	<u>\$ 460,307</u>
<u>2019</u>					
Opening net book amount as at January 1	252,592	162,470	17,185	28,060	460,307
Additions	-	-	4,004	8,293	12,297
Disposals	-	-	(3)	(354)	(357)
Depreciation charge	-	(6,474)	(3,998)	(7,819)	(18,291)
Net exchange differences	-	(1,264)	(50)	(85)	(1,399)
Closing net book amount as at September 30	<u>\$ 252,592</u>	<u>\$ 154,732</u>	<u>\$ 17,138</u>	<u>\$ 28,095</u>	<u>\$ 452,557</u>
<u>At September 30, 2019</u>					
Cost	\$ 252,592	\$ 408,972	\$ 57,369	\$ 109,867	\$ 828,800
Accumulated depreciation	-	(254,240)	(40,231)	(81,772)	(376,243)
	<u>\$ 252,592</u>	<u>\$ 154,732</u>	<u>\$ 17,138</u>	<u>\$ 28,095</u>	<u>\$ 452,557</u>

(7) Lease arrangements – lessee

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Right-of-use assets:			
Buildings and structures	<u>\$ 83,411</u>	<u>\$ 21,563</u>	<u>\$ 33,130</u>
Lease liabilities:			
Current	\$ 33,270	\$ 20,499	\$ 31,406
Non-current	<u>50,148</u>	<u>1,216</u>	<u>2,299</u>
	<u>\$ 83,418</u>	<u>\$ 21,715</u>	<u>\$ 33,705</u>

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 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. Short-term leases with a lease term of 12 months or less comprise transportation equipment, buildings and structures. Low-value assets comprise office equipment. Right-of-use asset and lease liabilities were not recognised for these leases.
- C. The depreciation charges on right-of-use assets are as follows:

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Buildings and structures	\$ 10,847	\$ 11,256

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Buildings and structures	\$ 32,612	\$ 33,491

D. For the three months and nine months ended September 30, 2020 and 2019, the additions (deductions) to right-of-use assets were (\$1,406), \$1,160, \$94,253 and \$2,293, respectively.

E. Except for depreciation charge, the information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 723	\$ 440
Expense on short-term leases and leases of low-value assets	3,902	4,079

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,238	\$ 1,380
Expense on short-term leases and leases of low-value assets	11,110	11,575

F. For the three months and nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$14,703, \$16,322, \$44,349 and \$45,673, respectively.

G. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$1,240 by increasing other income for the nine months ended September 30, 2020.

(8) Lease arrangements – lessor

For the three months and nine months ended September 30, 2020 and 2019, the Group recognised rent income in the amounts of \$1,718, \$1,726, \$5,157 and \$5,186, respectively, based on the operating lease agreement, which does not include variable lease payments.

(9) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2020</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,418)	(24,828)
	<u>\$ 17,056</u>	<u>\$ 20,523</u>	<u>\$ 37,579</u>
<u>2020</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 20,523	\$ 37,579
Depreciation charge	-	(407)	(407)
Closing net book amount as at September 30	<u>\$ 17,056</u>	<u>\$ 20,116</u>	<u>\$ 37,172</u>
<u>September 30, 2020</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,825)	(25,235)
	<u>\$ 17,056</u>	<u>\$ 20,116</u>	<u>\$ 37,172</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2019</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(8,874)	(24,284)
	<u>\$ 17,056</u>	<u>\$ 21,067</u>	<u>\$ 38,123</u>
<u>2019</u>			
Opening net book amount as at January 1	\$ 17,056	\$ 21,067	\$ 38,123
Depreciation charge	-	(408)	(408)
Closing net book amount as at September 30	<u>\$ 17,056</u>	<u>\$ 20,659</u>	<u>\$ 37,715</u>
<u>September 30, 2019</u>			
Cost	\$ 32,466	\$ 29,941	\$ 62,407
Accumulated depreciation and impairment	(15,410)	(9,282)	(24,692)
	<u>\$ 17,056</u>	<u>\$ 20,659</u>	<u>\$ 37,715</u>

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

	<u>Three months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Rental revenue from investment property	<u>\$ 636</u>	<u>\$ 636</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 135</u>	<u>\$ 136</u>

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Rental revenue from investment property	<u>\$ 1,909</u>	<u>\$ 1,909</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 407</u>	<u>\$ 408</u>

B. The fair value of the investment property held by the Group was \$106,069, \$91,476 and \$97,359 as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively, which were based on the trading prices of nearby areas.

C. Refer to Note 8 for further information on investment property pledged to others as collateral.

(10) Short-term borrowings

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unsecured borrowings	<u>\$ 7,685,915</u>	<u>\$ 5,512,308</u>	<u>\$ 5,655,627</u>
Interest rate range	0.67%~4.79%	1%~4.79%	1%~4.79%

A. For the three months and nine months ended September 30, 2020 and 2019, the interest expense recognised in profit or loss amounted to \$20,073, \$39,360, \$84,001 and \$127,746, respectively.

B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group provided collaterals for the financing facility of short-term borrowings and issued guaranteed notes as collaterals in the amount of \$15,240,899, \$15,441,663 and \$15,211,476, respectively.

(11) Short-term notes and bills payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Short-term notes and bills payable	\$ 550,000	\$ 500,000	\$ 500,000
Discount on short-term notes and bills payable	(436)	(519)	(519)
	<u>\$ 549,564</u>	<u>\$ 499,481</u>	<u>\$ 499,481</u>
Coupon rate	1%~1.2%	1%~1.2%	1%~1.2%

The abovementioned commercial paper was secured by financial institutions.

(12) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- (b) The pension costs under the defined benefit pension plan of the Group for the three months and nine months ended September 30, 2020 and 2019 were \$114, \$150, \$342 and \$451, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2020 amount to \$180.
- B. (a) Effective July 1, 2005, the Company has 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 contributes monthly an amount not lower than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2020 and 2019 were \$3,590, \$3,642, \$10,853 and \$10,813, respectively.
- (b) The overseas subsidiaries, Zenitron (HK) Limited, Zenitron (Shanghai) International Trading Co., Ltd, Zenitron (Shenzhen) Technology Co. Ltd., ZTHC (Shanghai) Co., LTD., Zenicom Electronic (Shenzhen) Limited and Shanghai Zenitron Electronic Trading Co., Ltd, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the local pension regulations are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, aforementioned companies have no further obligations. For the three months and nine months ended September 30, 2020 and 2019, the amount of pension expenses that were recognised were \$310, \$7,413, \$3,339 and \$22,503, respectively.
- C. The overseas subsidiaries, Supertronic International Corp., Zenicom (HK) Limited and domestic subsidiaries, Yo-Teh Investment Corporation and Raytronic Corporation, have no employees, thus, they have no pension plan.

(13) Share capital

- A. As of September 30, 2020, the Company's authorised capital was \$3,500,000, consisting of 350 million shares of ordinary stock (including 20 million shares reserved for employee stock options), and the paid-in capital was \$2,138,249 with a par value of \$10 (in dollars) per share.

B. As of September 30, 2020, and 2019, the beginning and ending number of outstanding shares were both 213,825 thousand shares.

(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 capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. In accordance with 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, and setting aside or reversal of special reserve in accordance with related laws, if any. The remaining earnings are the distributable earnings for the year.

B. Dividend policy:

(a) The distribution of dividends shall be above 50% of the current year's distributable earnings and the cash dividends distributed shall not lower than 20% of the current actual earnings distributed.

(b) The Board of Directors is authorised to distribute all or part of the dividends and bonus in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.

(c) When the Company has no deficit, the Board of Directors is authorised to distribute all or part of the legal reserve (for the part that exceeds 25% of paid-in capital) and capital surplus if it meets the requirements under the Company Act in cash through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors which shall be reported to the shareholders during their meeting.

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. 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.
- E. The appropriations of 2019 and 2018 earnings as resolved by the shareholders on June 12, 2020 and June 12, 2019, respectively are as follows:
- (a) The distribution of 2019 and 2018 earnings were as follows:

	2019		2018	
	Amount	Dividend per share and cash distributed	Amount	Dividend per share and cash distributed
Legal surplus	\$ 23,046		\$ 40,664	
Cash dividend	207,600	\$ 0.9708	363,500	\$ 1.70
	<u>\$ 230,646</u>		<u>\$ 404,164</u>	

- (b) For the year ended December 31, 2019, the cash payment from capital surplus was \$0.0294 per share, totaling \$6,300.

(16) Operating revenue

	Three months ended September 30	
	2020	2019
Revenue from contracts with customers	<u>\$ 10,789,823</u>	<u>\$ 7,178,683</u>

	Nine months ended September 30	
	2020	2019
Revenue from contracts with customers	<u>\$ 24,222,201</u>	<u>\$ 20,091,711</u>

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

Three months ended September 30, 2020	China	Taiwan	Others	Total
	Revenue from external customer contracts	<u>\$ 9,744,207</u>	<u>\$ 797,465</u>	<u>\$ 248,151</u>

Three months ended September 30, 2019	China	Taiwan	Others	Total
	Revenue from external customer contracts	<u>\$ 6,024,425</u>	<u>\$ 1,027,855</u>	<u>\$ 126,403</u>

Nine months ended September 30, 2020	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 21,100,596	\$ 2,522,813	\$ 598,792	\$ 24,222,201

Nine months ended September 30, 2019	China	Taiwan	Others	Total
Revenue from external customer contracts	\$ 16,928,281	\$ 2,857,701	\$ 305,729	\$ 20,091,711

(17) Other income

	Three months ended September 30	
	2020	2019
Rent income	\$ 1,718	\$ 1,726
Dividend income	26,676	20,821
Other income	5,579	15,040
	<u>\$ 33,973</u>	<u>\$ 37,587</u>

	Nine months ended September 30	
	2020	2019
Rent income	5,157	5,186
Dividend income	26,676	23,795
Other income	22,425	35,406
	<u>\$ 54,258</u>	<u>\$ 64,387</u>

(18) Other gains and losses

	Three months ended September 30	
	2020	2019
Foreign exchange gains (losses)	\$ 34,373	(\$ 5,362)
Gains on financial assets at fair value through profit or loss	4,331	3,669
Gains (losses) on disposals of property, plant and equipment	10	(226)
Others	(14)	952
	<u>\$ 38,700</u>	<u>(\$ 967)</u>

	Nine months ended September 30	
	2020	2019
Foreign exchange gains	\$ 49,054	\$ 20,400
Gains on financial assets at fair value through profit or loss	51,428	12,689
Losses on disposals of property, plant and equipment	(10)	(226)
Others	(82)	964
	<u>\$ 100,390</u>	<u>\$ 33,827</u>

(19) Finance costs

	Three months ended September 30	
	2020	2019
Interest expense	\$ 20,073	\$ 39,360
Other interest expenses	3,419	4,533
	<u>\$ 23,492</u>	<u>\$ 43,893</u>

	Nine months ended September 30	
	2020	2019
Interest expense	\$ 84,001	\$ 127,746
Other interest expense	9,274	25,921
	<u>\$ 93,275</u>	<u>\$ 153,667</u>

(20) Expenses by nature

	Three months ended September 30	
	2020	2019
Employee benefit expense		
Salary expenses	\$ 151,217	\$ 116,610
Labour and health insurance fees	9,593	11,229
Pension costs	4,014	11,205
Other personnel expenses	8,987	8,524
Depreciation	16,665	17,429
Amortisation	1,021	1,143

	Nine months ended September 30	
	2020	2019
Employee benefit expense		
Salary expenses	\$ 451,767	\$ 386,509
Labour and health insurance fees	26,393	31,519
Pension costs	14,534	33,767
Other personnel expenses	23,937	25,041
Depreciation	50,295	52,190
Amortisation	3,203	3,437

- A. In accordance with the 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 be 3%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. The Company's directors' remuneration and employees' compensation accounted as operating expenses were as follows:

	Three months ended September 30	
	2020	2019
Directors' remuneration	\$ 5,000	\$ -
Employees' compensation	6,000	4,000
	<u>\$ 11,000</u>	<u>\$ 4,000</u>

	Nine months ended September 30	
	2020	2019
Directors' remuneration	\$ 9,000	\$ 4,000
Employees' compensation	13,000	9,000
	<u>\$ 22,000</u>	<u>\$ 13,000</u>

- C. For the nine months ended September 30, 2020, the employees' compensation and directors' remuneration were estimated and accrued based on a certain percentage of distributable profit of current year as of the end of reporting period.
- D. The employees' compensation of \$9,000 and directors' remuneration of \$6,000 for 2019 were resolved by the Board of Directors and were in agreement with those amounts recognised in the 2019 financial statements.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income taxes

- A. Income tax expense

	Three months ended September 30	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 26,943	\$ 25,361
Deferred tax:		
Origination and reversal of temporary differences	(6,348)	(2,464)
Income tax expense	<u>\$ 20,595</u>	<u>\$ 22,897</u>

	Nine months ended September 30	
	2020	2019
Current tax:		
Current tax on profits for the period	\$ 64,801	\$ 87,098
Deferred tax:		
Origination and reversal of temporary differences	(9,933)	2
Income tax expense	<u>\$ 54,868</u>	<u>\$ 87,100</u>

B. The Company's and domestic subsidiaries' income tax returns through 2017 and 2018 have been assessed and approved by the Tax Authority, respectively.

(22) Earnings per share

	Three months ended September 30, 2020		
	Profit after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 148,058	213,825	\$ 0.69
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 148,058	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	650	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 148,058</u>	<u>214,475</u>	<u>\$ 0.69</u>

Three months ended September 30, 2019

	<u>Profit after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 87,082	213,825	\$ 0.41
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 87,082	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	422	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 87,082	214,247	\$ 0.41

Nine months ended September 30, 2020

	<u>Profit after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 338,557	213,825	\$ 1.58
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 338,557	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	819	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 338,557	214,644	\$ 1.58

Nine months ended September 30, 2019

	<u>Profit after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 215,115	213,825	\$ 1.01
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 215,115	213,825	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	724	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 215,115	214,549	\$ 1.00

(23) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liability</u>	<u>Liabilities from financing activities-gross</u>
January 1, 2020	\$ 5,512,308	\$ 499,481	\$ 21,715	\$ 6,033,504
Changes in cash flow from financing activities	2,173,607	50,083	(32,001)	2,191,689
Changes in other non-cash items	-	-	93,704	93,704
September 30, 2020	<u>\$ 7,685,915</u>	<u>\$ 549,564</u>	<u>\$ 83,418</u>	<u>\$ 8,318,897</u>
				<u>Liabilities from financing activities-gross</u>
January 1, 2019	\$ 7,381,295	\$ 599,402	\$ 64,130	\$ 8,044,827
Changes in cash flow from financing activities	(1,725,668)	(99,921)	(32,718)	(1,858,307)
Changes in other non-cash items	-	-	2,293	2,293
September 30, 2019	<u>\$ 5,655,627</u>	<u>\$ 499,481</u>	<u>\$ 33,705</u>	<u>\$ 6,188,813</u>

(24) Seasonality of operations

Due to the seasonal nature of the 3C electronic channel, higher revenues and operating profits are usually expected in the second half of the year compared to the first six months.

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Three months ended September 30	
	2020	2019
Salaries and other short-term employee benefits	\$ 11,363	\$ 5,515

	Nine months ended September 30	
	2020	2019
Salaries and other short-term employee benefits	\$ 30,432	\$ 28,215

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2020	December 31, 2019	September 30, 2019	
Investment property	\$ 2,964	\$ 3,023	\$ 3,042	Short-term borrowings
Guarantee deposits paid (shown as 'other non-current assets')	10,000	10,000	10,000	Court deposits
	<u>\$ 12,964</u>	<u>\$ 13,023</u>	<u>\$ 13,042</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Company's subsidiary, Zenitron (Shenzhen) Technology Co., Ltd. is facing a civil lawsuit filed by a buyer in September 2020, for selling a defective product. The potential outcome and impact of the lawsuit cannot presently be determined.

(2) Commitments

As of September 30, 2020, other significant commitments were as follows:

As a requirement for the release of imported goods before duty and customs clearance, the Group has applied for customs guarantee with certain banks in the amount of \$20,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 24,884	\$ 70,050	\$ 69,756
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 989,719	\$ 777,940	\$ 783,453
Financial assets at amortised cost/receivables			
Cash and cash equivalents	\$ 1,410,959	\$ 1,198,560	\$ 1,364,941
Notes receivable	194,310	247,446	290,039
Accounts receivable	8,689,333	6,904,459	6,830,535
Other receivables	80,705	105,692	53,562
Guarantee deposits paid (shown as 'other non-current assets')	56,759	56,443	57,483
	<u>\$ 10,432,066</u>	<u>\$ 8,512,600</u>	<u>\$ 8,596,560</u>

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 7,685,915	\$ 5,512,308	\$ 5,655,627
Short-term notes and bills payable	549,564	499,481	499,481
Notes payable	4,197	3,664	5,447
Accounts payable	2,961,186	3,185,177	3,194,233
Other accounts payable	369,366	324,944	285,497
Guarantee deposits received (shown as ‘other non-current assets’)	3,159	7,936	7,860
	<u>\$ 11,573,387</u>	<u>\$ 9,533,510</u>	<u>\$ 9,648,145</u>
Lease liability	<u>\$ 83,418</u>	<u>\$ 21,715</u>	<u>\$ 33,705</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019, except for the items explained below:

Market risk

Foreign exchange risk

(a) The Group’s businesses involve some non-functional currency operations (the Company’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD, RMB and HKD). 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: functional currency)	Sensitivity analysis					
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
<u>Monetary items</u>						
USD:NTD	\$ 198,275	29.05	\$ 5,759,889	1%	\$ 57,599	\$ -
JPY:NTD	241,550	0.27	65,219	1%	652	-
RMB:NTD	54,994	4.24	233,175	1%	2,332	-
USD:HKD (Note)	229,778	7.76	6,675,341	1%	66,753	-
JPY:HKD (Note)	66,454	0.07	17,943	1%	179	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 233,584	29.15	\$ 6,808,974	1%	\$ 68,090	\$ -
JPY:NTD	103,742	0.28	29,048	1%	290	-
USD:HKD (Note)	127,543	7.76	3,717,878	1%	37,179	-
USD:RMB (Note)	5,697	6.81	166,068	1%	1,661	-
JPY:HKD (Note)	43,873	0.07	12,284	1%	123	-

December 31, 2019

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
<u>Monetary items</u>						
USD:NTD	\$ 142,764	29.93	\$ 4,272,927	1%	\$ 42,729	\$ -
JPY:NTD	181,021	0.27	48,876	1%	489	-
RMB:NTD	54,037	4.28	231,278	1%	2,313	-
USD:HKD (Note)	104,322	7.79	3,122,357	1%	31,224	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 148,837	30.03	\$ 4,469,575	1%	\$ 44,696	\$ -
JPY:NTD	135,897	0.28	38,051	1%	381	-
USD:HKD (Note)	90,537	7.79	2,718,826	1%	27,188	-
USD:RMB (Note)	7,613	6.98	228,618	1%	2,286	-

September 30, 2019

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 148,251	30.99	\$ 4,594,298	1%	\$ 45,943	\$ -
JPY:NTD	171,139	0.29	49,630	1%	496	-
RMB:NTD	53,929	4.33	233,513	1%	2,335	-
USD:HKD (Note)	114,124	7.84	3,536,703	1%	35,367	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 148,752	31.09	\$ 4,624,700	1%	\$ 46,247	\$ -
JPY:NTD	108,397	0.29	31,435	1%	314	-
USD:HKD (Note)	93,811	7.84	2,916,584	1%	29,166	-
USD:RMB (Note)	4,798	7.07	149,170	1%	1,492	-

Note: The functional currencies of certain consolidated entities are not NTD, thus, this information must be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD must be taken into consideration.

(b) The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2020 and 2019, amounted to \$34,373, (\$5,362), \$49,054 and \$20,400, respectively.

(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. An active market refers to a market in which transactions for an asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and OTC stocks is included in Level 1.

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. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial and non-financial instruments measured at fair value

(a) The related information on financial and non-financial instruments measured at fair value by level based on the nature, characteristics and risks of the assets and liabilities are as follows:

September 30, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 24,614	\$ -	\$ -	\$ 24,614
Emerging stocks	270	-	-	270
Financial assets at fair value through other comprehensive income				
Listed stocks	892,128	-	-	892,128
Emerging stocks	613	-	-	613
Unlisted stocks	-	-	96,978	96,978
	<u>\$ 917,625</u>	<u>\$ -</u>	<u>\$ 96,978</u>	<u>\$ 1,014,603</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 41,235	\$ -	\$ -	\$ 41,235
Emerging stocks	217	-	-	217
Unlisted stocks	-	-	28,598	28,598
Financial assets at fair value through other comprehensive income				
Listed stocks	666,941	-	-	666,941
Emerging stocks	490	-	-	490
Unlisted stocks	-	-	110,509	110,509
	<u>\$ 708,883</u>	<u>\$ -</u>	<u>\$ 139,107</u>	<u>\$ 847,990</u>
September 30, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 40,888	\$ -	\$ -	\$ 40,888
Emerging stocks	270	-	-	270
Unlisted stocks	-	-	28,598	28,598
Financial assets at fair value through other comprehensive income				
Listed stocks	670,057	-	-	670,057
Emerging stocks	610	-	-	610
Unlisted stocks	-	-	112,786	112,786
	<u>\$ 711,825</u>	<u>\$ -</u>	<u>\$ 141,384</u>	<u>\$ 853,209</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- i. For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price as market quoted price.
 - ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
 - iii. 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.
 - iv. The Group considers 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.
- C. For the nine months ended September 30 ,2020 and 2019, there was no transfer between Level 1 and Level 2.
- D. For the nine months ended September 30, 2020 and 2019, there was no transfer in and transfer out from Level 3.
- E. Investment segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- F. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 27,500	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Unlisted shares	<u>69,478</u>	Net asset value	Not applicable	Not applicable	Not applicable
	<u>\$ 96,978</u>				
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 28,598	Market comparable companies	Price to book ratio multiple and discount for lack of marketability	Not applicable	The higher the multiple and control premium, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	27,500	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Unlisted shares	<u>83,009</u>	Net asset value	Not applicable	Not applicable	Not applicable
	<u>\$ 139,107</u>				

	Fair value at September 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 28,598	Market comparable companies	Price to book ratio multiple and discount for lack of marketability	Not applicable	The higher the multiple and control premium, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	27,500	Most recent non-active market price	Not applicable	Not applicable	Not applicable
Unlisted shares	85,286	Net asset value	Not applicable	Not applicable	Not applicable
	<u>\$ 141,384</u>				

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Notes 13(1) A, B and J.

(4) Major shareholders information

The Company has no shareholders with a shareholding ratio above 5%.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The pre-tax net income is used to measure the operating segment profit (loss) and performance of the operating segments. The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Three months ended September 30	
	2020	2019
Segment revenue	\$ 10,789,823	\$ 7,178,683
Segment income	\$ 148,058	\$ 87,082
Segment income, including:		
Depreciation and amortisation	\$ 17,686	\$ 18,572

	Nine months ended September 30	
	2020	2019
Segment revenue	\$ 24,222,201	\$ 20,091,711
Segment income	\$ 338,557	\$ 215,115
Segment income, including:		
Depreciation and amortisation	\$ 53,498	\$ 55,627

(3) Reconciliation for segment income (loss)

A. The revenue from external customers reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

B. The Group's Board of Directors assesses performance of operating segments and allocates resources based on pre-tax net income; thus, reconciliation is not needed.

Zenitron Corporation and Subsidiaries
Loans to others
Nine months ended September 30, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2020 (Note 3)	Balance at September 30, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 749,450	\$ 739,410	\$ 212,200	2.50%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,891,792	\$ 1,891,792	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	86,480	85,400	-	-	2	-	Operating capital	-	-	-	608,744	608,744	
1	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	Other receivables	Yes	259,440	256,200	106,750	2.50%	2	-	Operating capital	-	-	-	608,744	608,744	
2	Shanghai Zenitron Electronic Trading Co., Ltd	Zenitron (Shanghai) International Trading Co., Ltd.	Other receivables	Yes	51,888	51,240	42,700	4.35%	2	-	Operating capital	-	-	-	174,938	174,938	
3	Yo-Teh Investment Corporation	Raytronic Corporation	Other receivables	Yes	20,000	-	-	-	2	-	Operating capital	-	-	-	22,831	22,831	

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

(1) The Company is '0'.

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

Note 2: The name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: The maximum outstanding balance of loans to others for the period.

Note 4: The nature of the loan as follows:

(1)'1' for business transaction.

(2)'2' for short-term financing.

Note 5: The amount of business transactions when nature of the loan is 1, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Purpose of loan when nature of loan is 2, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", the calculation and amount are as follows:

(1) Limit on loans granted to a single party is 40% of the creditor company's net assets based on the latest financial statements.

(2) Ceiling on total loans granted is 40% of the creditor company's net assets based on the latest financial statements.

(3) Limit on loans granted between foreign companies which the Company directly or indirectly holds 100% of their voting shares is 200% of the creditor company's net assets based on the latest financial statements.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of

Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated.

However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments

or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies",

the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though

the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Zenitron Corporation and Subsidiaries
Provision of endorsements and guarantees to others
Nine months ended September 30, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2020 (Note 5)	Actual amount drawn down (Note 6)	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 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name											
0	Zenitron Coporation	Zenitron (HK) Limited	3	\$ 7,094,220	\$ 1,661,500	\$ 1,605,000	\$ 681,784	\$ -	33.94%	\$ 7,094,220	Y	N	N	
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	3	7,094,220	534,450	529,800	69,273	-	11.20%	7,094,220	Y	N	Y	
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	3	7,094,220	624,420	618,680	295,000	-	13.08%	7,094,220	Y	N	Y	
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	3	7,094,220	462,200	452,150	-	-	9.56%	7,094,220	Y	N	Y	

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

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: The calculation for and amount of limit on endorsements/guarantees are as follows: (If any contingent loss is recognised in the financial statements, the recognised amount should be indicated)

- (1) Limit on endorsements/guarantees provided for a single party is 150% of the Company's net assets.
- (2) Ceiling on total amount of endorsements/guarantees is 150% of the Company's net assets.

Note 4: The year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Zenitron Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2020

Table 3

Expressed in NTD
(Except as otherwise indicated)

As of September 30, 2020									
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares (Share/Unit)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)	
Zenitron Corporation	Stock	Tong Yang Industry Co., Ltd.	-	Current financial assets at fair value through profit or loss	44,000	\$ 1,575,200	0.01	\$ 1,575,200	
Zenitron Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	90,000	7,983,000	0.09	7,983,000	
Zenitron Corporation	Stock	TrueLight Corporation	-	Current financial assets at fair value through profit or loss	7,000	261,800	0.01	261,800	
Zenitron Corporation	Stock	Cyber Power Systems, Inc.	-	Current financial assets at fair value through profit or loss	16,000	1,206,400	0.02	1,206,400	
Zenitron Corporation	Stock	LuxNet Corporation	-	Current financial assets at fair value through profit or loss	16,291	436,599	0.01	436,599	
Zenitron Corporation	Stock	Casetek Holdings Limited	-	Current financial assets at fair value through profit or loss	34,439	2,968,642	0.01	2,968,642	
Zenitron Corporation	Stock	ADLINK TECHNOLOGY INC.	-	Current financial assets at fair value through other comprehensive income	13,537,592	892,127,313	6.22	892,127,313	
Zenitron Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through other comprehensive income	39,462	613,239	0.02	613,239	
Zenitron Corporation	Stock	NU INC.	-	Non-current financial assets at fair value through other comprehensive income	1,136,364	8,610,838	7.89	8,610,838	
Zenitron Corporation	Stock	Quadlink Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	500,000	10,000,000	3.62	10,000,000	
Zenitron Corporation	Stock	MEAN WELL ENTERPRISES CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	100,000	27,500,000	0.07	27,500,000	
Raytronic Corporation	Stock	Yeong Guan Group	-	Current financial assets at fair value through profit or loss	49,000	4,346,300	0.05	4,346,300	
Raytronic Corporation	Stock	ICHIA TECHNOLOGIES, INC.	-	Current financial assets at fair value through profit or loss	200,000	3,280,000	0.07	3,280,000	
Raytronic Corporation	Stock	Orient Pharma Co., Ltd.	-	Current financial assets at fair value through profit or loss	17,454	271,235	0.01	271,235	
Yo-Teh Investment Corporation	Stock	Tong Yang Industry Co., Ltd.	-	Current financial assets at fair value through profit or loss	20,000	716,000	0.00	716,000	
Yo-Teh Investment Corporation	Stock	WISECHIP SEMICONDUCTOR INC.	-	Current financial assets at fair value through profit or loss	58,103	1,838,960	0.13	1,838,960	
Supertronic International Corp	Stock	Capital Investment Development Corp.	-	Non-current financial assets at fair value through other comprehensive income	2,000,000	50,867,266	3.57	50,867,266	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial Instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Zenitron Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching NTS100 million or 20% of paid-in capital or more
Nine months ended September 30, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty (Note 2)	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote (Note 3)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Zenitron Coporation	Zenitron (HK) Limited	1	Sales	(\$ 5,059,238)	(35)	Approximately 60-90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30-120 days after monthly billings for third parties	\$ 1,380,362	24	
Zenitron (HK) Limited	Zenitron Coporation	2	Purchases	5,059,238	40	Approximately 60-90 days after monthly billings	Approximately the same as the normal price	Approximately 10-75 days after monthly billings for third parties	(1,380,362)	(54)	
Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	(287,615)	(2)	Approximately 60-90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30-120 days after monthly billings for third parties	33,992	1	
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron Coporation	2	Purchases	287,615	34	Approximately 60-90 days after monthly billings	Approximately the same as the normal price	Approximately 10-75 days after monthly billings for third parties	(33,992)	(27)	
Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Sales	(137,521)	(1)	Approximately 60-90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30-120 days after monthly billings for third parties	17,505	0	
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron Coporation	2	Purchases	137,521	23	Approximately 60-90 days after monthly billings	Approximately the same as the normal price	Approximately 10-75 days after monthly billings for third parties	(17,505)	(21)	
Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	(362,495)	(3)	Approximately 60-90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30-120 days after monthly billings for third parties	53,896	1	
Zenitron (Shenzhen) Technology Co., Ltd.	Zenitron (HK) Limited	3	Purchases	362,495	61	Approximately 60-90 days after monthly billings	Approximately the same as the normal price	Approximately 10-75 days after monthly billings for third parties	(53,896)	(64)	
Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	(392,860)	(3)	Approximately 60-90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30-120 days after monthly billings for third parties	48,373	1	
Zenitron (Shanghai) International Trading Co., Ltd.	Zenitron (HK) Limited	3	Purchases	392,860	46	Approximately 60-90 days after monthly billings	Approximately the same as the normal price	Approximately 10-75 days after monthly billings for third parties	(48,373)	(38)	
Zenitron (HK) Limited	Zenitron Coporation	2	Sales	(204,784)	(2)	Approximately 60-90 days after monthly billings	Selling price is based on initial cost plus necessary profit	Approximately 30-120 days after monthly billings for third parties	40,140	1	
Zenitron Coporation	Zenitron (HK) Limited	1	Purchases	204,784	1	Approximately 60-90 days after monthly billings	Approximately the same as the normal price	Approximately 10-75 days after monthly billings for third parties	(40,140)	(2)	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NTS10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Zenitron Corporation and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Nine months ended September 30, 2020

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty (Note 2)	Balance as at September 30, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
<u>Accounts receivable</u>								
Zenitron Coporation	Zenitron (HK) Limited	1	\$ 1,380,362	7.35	\$ -	-	\$ 435,750	\$ -
<u>Other receivables</u>								
Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	1	216,833	-	-	-	-	-
ZTHC (Shanghai) Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	3	107,126	-	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Relationship between transaction company and counterparty is classified into the following three 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: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Zenitron Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Zenitron Coporation	Zenitron (HK) Limited	1	Sales	\$ 5,059,238	Selling price has no obvious difference from the third parties	21
0	Zenitron Coporation	Zenitron (HK) Limited	1	Accounts receivable	1,380,362	60-90 days after monthly billings	8
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Sales	287,615	Selling price has no obvious difference from the third parties	1
0	Zenitron Coporation	Zenitron (Shanghai) International Trading Co., Ltd.	1	Accounts receivable	33,992	60-90 days after monthly billings	0
0	Zenitron Coporation	ZTHC (Shanghai) Co., Ltd.	1	Other receivables	216,833	In accordance with mutual agreements	1
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Sales	137,521	Selling price has no obvious difference from the third parties	1
0	Zenitron Coporation	Zenitron (Shenzhen) Technology Co., Ltd.	1	Accounts receivable	17,505	60-90 days after monthly billings	0
1	Zenitron (HK) Limited	Zenitron Coporation	2	Sales	204,784	Selling price has no obvious difference from the third parties	1
1	Zenitron (HK) Limited	Zenitron Coporation	2	Accounts receivable	40,140	60-90 days after monthly billings	0
1	Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Sales	362,495	Selling price has no obvious difference from the third parties	1
1	Zenitron (HK) Limited	Zenitron (Shenzhen) Technology Co., Ltd.	3	Accounts receivable	53,896	60-90 days after monthly billings	0
1	Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Sales	392,860	Selling price has no obvious difference from the third parties	2
1	Zenitron (HK) Limited	Zenitron (Shanghai) International Trading Co., Ltd.	3	Accounts receivable	48,373	60-90 days after monthly billings	0
2	ZTHC (Shanghai) Co., Ltd.	Zenitron (Shenzhen) Technology Co., Ltd.	3	Other receivables	107,126	In accordance with mutual agreements	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 three 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: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Zenitron Corporation and Subsidiaries
Information on investees
Nine months ended September 30, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine months ended September 30, 2020	Investment income recognised by the Company for the nine months ended	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares (in thousand)	Ownership (%)	Book value			
Zenitron Coporation	Raytronic Corporation	Taiwan	Trading of electronic components and assembly	\$ 55,854	\$ 55,854	1,520	100.00	\$ 30,382	\$ 2,228	\$ 2,228	
Zenitron Coporation	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	2,008	2,008	510	1.47	31,955	190,913	2,806	
Zenitron Coporation	Supertronic International Corp.	B. V. I.	Reinvested holding company	618,023	618,023	18,704	100.00	2,327,611	191,304	191,304	
Zenitron Coporation	Yo-Teh Investment Corporation	Taiwan	Reinvested holding company	84,167	185,000	7,700	100.00	57,078	47,235	47,235	
Supertronic International Corp.	Zenitron (HK) Limited	Hong Kong	Trading of electronic components and assembly	471,639	471,639	34,272	98.53	2,141,868	190,913	188,107	
Supertronic International Corp.	Zenicom (HK) Limited	Hong Kong	Trading of electronic components and assembly	92,780	92,780	23,800	100.00	89,508	467	467	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at September 30, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the nine months ended September 30, 2020' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Zenitron Corporation and Subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 months ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income (loss) of investee for the nine months ended September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 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
					Remitted to Mainland China	Remitted back to Taiwan							
Zenitron (Shanghai) International Trading Co., Ltd.	Trading of electronic components and assembly	\$ 157,730	(2)	\$ 97,270	\$ -	\$ -	\$ 97,270	(\$ 9,178)	100.00	(\$ 9,178)	\$ 151,390	\$ -	
ZTHC (Shanghai) Co., Ltd.	Selling computer memory equipment and related components and providing technical support	116,601	(2)	116,601	-	-	116,601	33,041	100.00	33,041	304,372	-	
Zenitron (Shenzhen) Technology Co., Ltd.	Trading of electronic components and assembly	93,080	(2)	32,620	-	-	32,620	(40,487)	100.00	(40,487)	12,304	-	
Shanghai Zenitron Electronic Trading Co., Ltd.	Trading of electronic components and assembly	94,760	(2)	-	-	-	-	290	100.00	290	87,469	-	
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							
Zenitron Corporation		\$ 246,491		\$ 443,484		\$ 2,837,688							

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Zenitron (HK) Limited, an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Basis for investment income (loss) recognition is the unreviewed financial statements of the investees.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.