

**Powertech Technology Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Powertech Technology Inc. and its subsidiaries (the Corporation), as of March 31, 2020 and 2019 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three-months periods then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 stated in Note 12 to the consolidated financial statements, we did not review the financial statements of some immaterial subsidiaries, which included in the consolidated financial statements, as of and for the three months ended March 31, 2020 and 2019, which represented total assets of 13.38% \$14,506,071 thousand and 15.61% \$16,066,256 thousand of the consolidated assets; and total liabilities of 11.61% \$6,008,723 thousand and 13.20% \$6,415,578 thousand of the consolidated liabilities. These statements also reflected these subsidiaries' comprehensive income of (0.73)% \$(14,516) thousand and 7.40% \$91,173 thousand of the consolidated comprehensive income for the three months ended March 31, 2020 and 2019, respectively. These investment amounts, as well as related information disclosed in Note 32 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Qualified Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries and investees as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Corporation as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended March 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

The engagement partners on the reviews resulting in this independent auditors’ review report are Yu-Feng Huang and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 19,769,150	18	\$ 21,800,048	20	\$ 20,314,559	20	Short-term bank loans (Note 17)	\$ 1,289,724	1	\$ 1,182,283	1	\$ 534,295	-
Financial assets at fair value through profit or loss - current (Note 7)	103,479	-	71,207	-	51,592	-	Financial liabilities at fair value through profit or loss - current (Note 7)	18,336	-	3,953	-	5,388	-
Financial assets at amortized cost - current (Notes 9 and 28)	550,370	1	549,732	-	449,587	-	Contract liabilities - current (Note 21)	46,294	-	62,458	-	65,511	-
Contract assets - current (Notes 21 and 27)	2,105,657	2	2,170,456	2	1,552,384	2	Notes and accounts payable	5,981,787	6	5,785,178	5	3,977,303	4
Notes and accounts receivable (Notes 10 and 21)	9,153,494	9	9,518,972	9	7,151,906	7	Accounts payable to related parties (Note 27)	99,951	-	120,603	-	36,623	-
Receivables from related parties (Notes 21 and 27)	5,615,318	5	4,252,488	4	2,785,047	3	Bonus to employees and remuneration to directors (Note 22)	1,026,221	1	792,121	1	1,506,215	1
Other receivables	464,424	-	312,508	-	507,190	1	Payables to equipment suppliers	3,602,375	3	4,252,127	4	1,691,340	2
Other receivables from related parties (Note 27)	12,108	-	6,525	-	10,452	-	Other payables - related parties (Note 27)	917	-	17,447	-	-	-
Inventories (Note 11)	4,428,611	4	3,879,025	4	3,528,465	3	Current income tax liabilities (Notes 4 and 23)	1,272,494	1	778,495	1	1,724,200	2
Prepaid expenses	229,246	-	227,082	-	179,350	-	Lease liabilities - current (Note 14)	193,820	-	211,549	-	263,942	-
Other current assets (Note 16)	739,559	1	554,790	1	500,368	-	Accrued expenses and other current liabilities (Notes 18 and 27)	6,856,992	6	7,015,882	7	6,234,489	6
							Current portion of long-term debts (Notes 17 and 28)	384,850	1	182,305	-	785,059	1
Total current assets	43,171,416	40	43,342,833	40	37,030,900	36	Total current liabilities	20,773,761	19	20,404,401	19	16,824,365	16
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	25,259	-	26,093	-	27,129	-	Long-term debt (Notes 17 and 28)	28,614,310	27	29,456,112	28	29,193,011	28
Financial assets at amortized cost - noncurrent (Notes 9 and 28)	1,290,047	1	1,501,145	2	2,052,015	2	Deferred income tax liabilities (Notes 4 and 23)	125,814	-	114,476	-	118,847	-
Property, plant and equipment (Notes 13 and 28)	60,577,297	56	58,779,789	55	60,175,800	59	Lease liabilities - non-current (Note 14)	1,502,952	2	1,546,096	2	1,696,888	2
Right-of-use assets (Note 14)	1,869,947	2	1,925,903	2	2,043,981	2	Net defined benefit liability - noncurrent (Notes 4 and 19)	391,774	-	395,785	-	400,215	1
Intangible assets (Note 15)	1,027,698	1	1,059,626	1	1,147,326	1	Other noncurrent liabilities (Note 18)	333,484	-	331,148	-	383,682	-
Deferred income tax assets (Notes 4 and 23)	340,760	-	384,507	-	302,589	-	Total non-current liabilities	30,968,334	29	31,843,617	30	31,792,643	31
Other noncurrent assets (Note 16)	139,024	-	126,085	-	146,499	-	Total liabilities	51,742,095	48	52,248,018	49	48,617,008	47
Total non-current assets	65,270,032	60	63,803,148	60	65,895,339	64							
TOTAL	\$ 108,441,448	100	\$ 107,145,981	100	\$ 102,926,239	100	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Note 20)						
							Capital stock						
							Common stock	7,791,466	7	7,791,466	7	7,791,466	8
							Capital surplus	209,852	-	209,852	-	127,734	-
							Retained earnings						
							Legal reserve	7,045,884	6	7,045,884	7	6,422,456	6
							Special reserve	195,070	-	195,070	-	337,628	-
							Unappropriated earnings	29,839,599	28	28,206,664	26	27,654,658	27
							Total retained earnings	37,080,553	34	35,447,618	33	34,414,742	33
							Other equity	(310,338)	-	(324,741)	-	(187,753)	-
							Treasury stock	(175,979)	-	(96,467)	-	(82,315)	-
							Total equity attributable to shareholders of the Corporation	44,595,554	41	43,027,728	40	42,063,874	41
							NON-CONTROLLING INTERESTS (Notes 12 and 20)	12,103,799	11	11,870,235	11	12,245,357	12
							Total stockholders' equity	56,699,353	52	54,897,963	51	54,309,231	53
							TOTAL	\$ 108,441,448	100	\$ 107,145,981	100	\$ 102,926,239	100

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

(With Deloitte & Touche review report dated May 8, 2020)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 21 and 27)	\$ 18,811,680	100	\$ 14,432,159	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>15,086,559</u>	<u>80</u>	<u>12,089,786</u>	<u>84</u>
GROSS PROFIT	<u>3,725,121</u>	<u>20</u>	<u>2,342,373</u>	<u>16</u>
OPERATING EXPENSES (Note 22)				
Marketing	88,491	1	80,178	-
General and administrative	436,937	2	378,378	3
Research and development	590,633	3	433,566	3
Expected credit loss (Note 10)	<u>-</u>	<u>-</u>	<u>3,776</u>	<u>-</u>
Total operating expenses	<u>1,116,061</u>	<u>6</u>	<u>895,898</u>	<u>6</u>
OPERATING INCOME	<u>2,609,060</u>	<u>14</u>	<u>1,446,475</u>	<u>10</u>
NONOPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 22 and 27)	(140,063)	(1)	92,835	1
Miscellaneous income (Note 22)	46,557	-	55,023	-
Financial costs (Note 22)	(77,404)	-	(82,940)	-
Foreign exchange gains, net (Notes 22 and 30)	<u>91,185</u>	<u>1</u>	<u>51,311</u>	<u>-</u>
Total nonoperating income and expenses	<u>(79,725)</u>	<u>-</u>	<u>116,229</u>	<u>1</u>
INCOME BEFORE INCOME TAX	2,529,335	14	1,562,704	11
INCOME TAX EXPENSE (Notes 4 and 23)	<u>568,675</u>	<u>3</u>	<u>321,314</u>	<u>2</u>
NET INCOME	<u>1,960,660</u>	<u>11</u>	<u>1,241,390</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	(834)	-	8,742	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	<u>26,863</u>	<u>-</u>	<u>(18,268)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>26,029</u>	<u>-</u>	<u>\$ (9,526)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,986,689</u>	<u>11</u>	<u>\$ 1,231,864</u>	<u>9</u>

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Corporation	\$ 1,632,935	9	\$ 1,053,331	7
Non-controlling interests	<u>327,725</u>	<u>2</u>	<u>188,059</u>	<u>2</u>
	<u>\$ 1,960,660</u>	<u>11</u>	<u>\$ 1,241,390</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Corporation	\$ 1,647,338	9	\$ 1,060,648	8
Non-controlling interests	<u>339,351</u>	<u>2</u>	<u>171,216</u>	<u>1</u>
	<u>\$ 1,986,689</u>	<u>11</u>	<u>\$ 1,231,864</u>	<u>9</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 2.10</u>		<u>\$ 1.36</u>	
Diluted	<u>\$ 2.09</u>		<u>\$ 1.35</u>	

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

(With Deloitte & Touche review report dated May 8, 2020)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation						Other Equity		Treasury Stock	Total	Non-controlling Interest	Total Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated Through Other Comprehensive Income				
	Share (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2019	779,147	\$ 7,791,466	\$ 127,734	\$ 6,422,456	\$ 337,628	\$ 26,601,327	\$ (170,725)	\$ (24,345)	\$ (82,315)	\$ 41,003,226	\$ 12,074,141	\$ 53,077,367
Net income for the three months ended March 31, 2019	-	-	-	-	-	1,053,331	-	-	-	1,053,331	188,059	1,241,390
Other comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	-	6,991	326	-	7,317	(16,843)	(9,526)
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	1,053,331	6,991	326	-	1,060,648	171,216	1,231,864
BALANCE, MARCH 31, 2019	<u>779,147</u>	<u>\$ 7,791,466</u>	<u>\$ 127,734</u>	<u>\$ 6,422,456</u>	<u>\$ 337,628</u>	<u>\$ 27,654,658</u>	<u>\$ (163,734)</u>	<u>\$ (24,019)</u>	<u>\$ (82,315)</u>	<u>\$ 42,063,874</u>	<u>\$ 12,245,357</u>	<u>\$ 54,309,231</u>
BALANCE, JANUARY 1, 2020	779,147	\$ 7,791,466	\$ 209,852	\$ 7,045,884	\$ 195,070	\$ 28,206,664	\$ (299,686)	\$ (25,055)	\$ (96,467)	\$ 43,027,728	\$ 11,870,235	\$ 54,897,963
Net income for the three months ended March 31, 2020	-	-	-	-	-	1,632,935	-	-	-	1,632,935	327,725	1,960,660
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	-	15,237	(834)	-	14,403	11,626	26,029
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	1,632,935	15,237	(834)	-	1,647,338	339,351	1,986,689
The Corporation's share held by its subsidiary treated as treasury share	-	-	-	-	-	-	-	-	(79,512)	(79,512)	(105,787)	(185,299)
BALANCE, MARCH 31, 2020	<u>779,147</u>	<u>\$ 7,791,466</u>	<u>\$ 209,852</u>	<u>\$ 7,045,884</u>	<u>\$ 195,070</u>	<u>\$ 29,839,599</u>	<u>\$ (284,449)</u>	<u>\$ (25,889)</u>	<u>\$ (175,979)</u>	<u>\$ 44,595,554</u>	<u>\$ 12,103,799</u>	<u>\$ 56,699,353</u>

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

(With Deloitte & Touche audit report dated May 8, 2020)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	\$ 2,529,335	\$ 1,562,704
Adjustments for:		
Depreciation	3,192,844	3,080,382
Amortization	34,011	34,433
Net loss on fair value change of financial assets designated as at fair value through profit or loss	17,017	4,625
Financial costs	77,404	82,940
Premium amortization of financial assets at amortized cost	280	293
Interest revenue	(22,470)	(23,008)
Net gain on disposal of property, plant and equipment	(43,811)	(64,464)
Property, plant and equipment transfer to expenses	167,262	61
Gain on foreign currency exchange, net	(73,155)	(114,350)
Changes in operating assets and liabilities:		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(49,289)	-
Decrease in contract assets	64,799	118,830
Decrease in notes and accounts receivable	401,319	1,818,899
(Increase) decrease in accounts receivable from related parties	(1,320,939)	98,428
Increase in other receivables	(153,061)	(198,340)
(Increase) decrease in other receivables from related parties	(32,806)	28,311
(Increase) decrease in inventories	(549,586)	294,495
(Increase) decrease in prepayments	(2,164)	82,565
(Increase) decrease in other current assets	(184,769)	312,480
Increase in financial liability held for trading	14,383	3,165
(Decrease) increase in contract liabilities	(16,164)	26,188
Increase (decrease) in notes and accounts payable	179,819	(989,938)
(Decrease) increase in accounts payable to related parties	(20,821)	92,357
Increase in bonus to employees and remuneration of directors	234,100	546,237
Decrease in other payables to related parties	(16,530)	(569)
Decrease in accrued expenses and other current liabilities	(150,830)	(988,949)
Decrease in net defined benefit liability	(4,011)	(4,315)
Increase (decrease) in other accounts payable	2,340	(42,251)
Cash generated from operations	4,274,507	5,761,209
Interest received	22,066	23,743
Interest paid	(99,867)	(186,442)
Income tax paid	(19,591)	(142,832)
Net cash generated from operating activities	<u>4,177,115</u>	<u>5,455,678</u>

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POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (18)	\$ (27,993)
Proceeds from sale of financial assets at amortized cost	214,349	116,949
Acquisition of property, plant and equipment	(5,734,085)	(2,301,427)
Disposal of property, plant and equipment	60,783	119,108
Increase in refundable deposits	(6,791)	(1,601)
Increase in intangible assets	(1,704)	(10,114)
Increase in prepayments for equipment	(6,142)	(6,854)
Decrease in other prepayments	<u>-</u>	<u>3,278</u>
Net cash used in investing activities	<u>(5,473,608)</u>	<u>(2,108,654)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	107,441	(309,658)
Increase in long-term debts	644,296	4,759,685
Decrease in long-term debts	(1,283,326)	(6,014,292)
(Decrease) increase in guarantee deposits	(4)	44,684
Repayment of the principal portion of lease liabilities	(60,912)	(19,753)
Cost for buy-back of treasury shares	<u>(185,299)</u>	<u>-</u>
Net cash used in financing activities	<u>(777,804)</u>	<u>(1,539,334)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>43,399</u>	<u>(37,273)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,030,898)	1,770,417
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>21,800,048</u>	<u>18,544,142</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 19,769,150</u>	<u>\$ 20,314,559</u>

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

(With Deloitte & Touche review report dated May 8, 2020)

(Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Powertech Technology Inc. (the “PTI”) was incorporated in the Republic of China (“ROC”) on May 15, 1997 and commenced business on September 3, 1997. The PTI is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. The PTI also provides semiconductor testing and assembly services on a turnkey basis, in which the PTI buys fabricated wafers and sells tested and assembled semiconductors. The PTI’s registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

The PTI’s share was initially listed and started trading on the Taipei Exchange (“TPEX”) since April 3, 2003, after which the PTI’s share was transferred for listing and started trading on the Taiwan Stock Exchange (“TWSE”) since November 8, 2004. The PTI also issued Global Depository Shares (“GDS”), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

The consolidated financial statements are presented in the PTI’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the PTI’s share is listed on the Taiwan Share Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on May 8, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the PTI and the entities controlled by the PTI (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the PTI.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the PTI and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interest of the Corporation and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the

non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Notes 12 and 32k for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Checking accounts and demand deposits	\$ 19,768,520	\$ 21,798,976	\$ 20,314,329
Cash on hand	<u>630</u>	<u>1,072</u>	<u>230</u>
	<u>\$ 19,769,150</u>	<u>\$ 21,800,048</u>	<u>\$ 20,314,559</u>

The market rate intervals of cash in bank and cash equivalents at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Bank deposits	0%-2.92%	0%-2.92%	0%-2.60%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 3,479	\$ 20,555	\$ 1,145
Non-derivative financial assets			
Mutual funds	<u>100,000</u>	<u>50,652</u>	<u>50,447</u>
	<u>\$ 103,479</u>	<u>\$ 71,207</u>	<u>\$ 51,592</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 18,336</u>	<u>\$ 3,953</u>	<u>\$ 5,388</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amounts (In Thousands)
<u>March 31, 2020</u>			
Sell forward exchange contracts	USD to NTD	2020.04.01-2020.07.01	USD 88,811
	USD to JPY	2020.04.03-2020.08.07	USD 17,935
	USD to CNY	2020.04.14	USD 848
<u>December 31, 2019</u>			
Sell forward exchange contracts	USD to NTD	2020.01.02-2020.03.17	USD 64,491
	USD to JPY	2020.01.06-2020.05.11	USD 22,037
<u>March 31, 2019</u>			
Sell forward exchange contracts	USD to NTD	2019.04.08-2019.06.13	USD 51,327
	USD to JPY	2019.04.03-2019.08.02	USD 9,246
	USD to CNY	2019.04.03-2019.04.09	USD 1,003

The Corporation entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Domestic investments			
Listed shares			
Ordinary shares - Solid State System Co., Ltd.	<u>\$ 25,259</u>	<u>\$ 26,093</u>	<u>\$ 27,129</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments			
Corporate bonds - 02 Taiwan Power Company 1B Bond	\$ 150,109	\$ 150,388	\$ -
Corporate bonds - P04 FENC 4 Bond	100,000	100,000	-
Corporate bonds - P04 Hon Hai 4C Bond	-	-	100,000
Time deposits with original maturities of more than 3 months	8,470	8,429	8,631
Pledged time deposits	21,264	21,712	21,469
Restricted deposit	<u>270,527</u>	<u>269,203</u>	<u>319,487</u>
	<u>\$ 550,370</u>	<u>\$ 549,732</u>	<u>\$ 449,587</u>

Non-current

Domestic investments			
Corporate bonds - P06 Taiwan Power Company 1A Bond	\$ 300,001	\$ 300,001	\$ 300,001
Corporate bonds - P07 Taiwan Power Company 1A Bond	200,000	200,001	200,001
Corporate bonds - P08 Taiwan Power Company 3A Bond	100,001	100,001	-
Corporate bonds - P06 Taiwan Power Company 3A Bond	100,000	100,000	100,000
Corporate bonds - P06 FPC 1A Bond	100,000	100,000	100,000
Corporate bonds - 02 Taiwan Power Company 1B Bond	-	-	151,241

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Corporate bonds - P04 FENC 4 Bond	\$ -	\$ -	\$ 100,000
Time deposits with original maturities of more than 3 months	401,171	612,268	1,020,598
Pledged time deposits	<u>88,874</u>	<u>88,874</u>	<u>80,174</u>
	<u>\$ 1,290,047</u>	<u>\$ 1,501,145</u>	<u>\$ 2,052,015</u> (Concluded)

On October 23, 2015, the Corporation bought corporate bonds issued by HON HAI PRECISION IND. CO., LTD., which have an effective interest rate of 1.15%; a premium value of \$100,001 thousand (par value \$100,000 thousand); and maturity on September 29, 2019.

On November 16, 2015, the Corporation bought corporate bonds issued by Far Eastern New Century Corporation, which have an effective interest rate of 1.25%; a premium value of \$100,001 thousand (par value \$100,000 thousand); and maturity date of November 16, 2020.

On September 26, 2016, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.63%, a premium value of \$154,054 thousand (par value \$150,000 thousand) and a maturity date of May 6, 2020.

On April 21, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13%, a premium value of \$300,002 thousand (par value \$300,000 thousand) and a maturity date of April 21, 2022.

On May 19, 2017, the Corporation bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09%, a premium value of \$100,001 thousand (par value \$100,000 thousand) and maturity dates of May 19, 2021 and May 19, 2022 with par value \$50,000 thousand due on both dates.

On December 15, 2017, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88%, a premium value of \$100,001 thousand (par value \$100,000 thousand) and maturity dates of December 15, 2021 and December 15, 2022 with par value \$50,000 thousand due on both dates.

On May 14, 2018, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.70% at premium value \$200,001 thousand (par value \$200,000 thousand) and a maturity date of May 14, 2021.

On September 12, 2019, the Corporation bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.72% at premium value \$100,001 thousand (par value \$100,000 thousand) and maturity dates of September 12, 2023 and September 12, 2024 at par value of \$50,000 thousand, respectively.

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.001%-1.96%, 0.001%-2.42% and 0.01%-2.91% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

Refer to Note 26 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>			
Notes receivable - operating	\$ 77,457	\$ 63,517	\$ 60,076
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	9,135,518	9,514,936	7,133,687
Less: Allowance for impairment loss	<u>(59,481)</u>	<u>(59,481)</u>	<u>(41,857)</u>
	<u>9,076,037</u>	<u>9,455,455</u>	<u>7,091,830</u>
	<u>\$ 9,153,494</u>	<u>\$ 9,518,972</u>	<u>\$ 7,151,906</u>

At amortized cost

The average credit period of sales of goods was 30 days to 150 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Corporation's experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix.

March 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 8,944,868	\$ 64,393	\$ 24,776	\$ 80,811	\$ 20,670	\$ 9,135,518
Loss allowance (Lifetime ECLs)	<u>(2,051)</u>	<u>(7,834)</u>	<u>(3,374)</u>	<u>(26,450)</u>	<u>(19,772)</u>	<u>(59,481)</u>
Amortized cost	<u>\$ 8,942,817</u>	<u>\$ 56,559</u>	<u>\$ 21,402</u>	<u>\$ 54,361</u>	<u>\$ 898</u>	<u>\$ 9,076,037</u>

December 31, 2019

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 9,369,105	\$ 110,544	\$ 2,473	\$ 2,934	\$ 29,880	\$ 9,514,936
Loss allowance (Lifetime ECLs)	<u>(6,820)</u>	<u>(17,525)</u>	<u>(2,322)</u>	<u>(2,934)</u>	<u>(29,880)</u>	<u>(59,481)</u>
Amortized cost	<u>\$ 9,362,285</u>	<u>\$ 93,019</u>	<u>\$ 151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,455,455</u>

March 31, 2019

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	\$ 6,866,012	\$ 79,299	\$ 6,316	\$ 94,057	\$ 88,003	\$ 7,133,687
Loss allowance (Lifetime ECLs)	<u>(6,068)</u>	<u>(18,514)</u>	<u>(2,801)</u>	<u>(2,621)</u>	<u>(11,853)</u>	<u>(41,857)</u>
Amortized cost	<u>\$ 6,859,944</u>	<u>\$ 60,785</u>	<u>\$ 3,515</u>	<u>\$ 91,436</u>	<u>\$ 76,150</u>	<u>\$ 7,091,830</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 59,481	\$ 38,081
Add: Impairment loss	<u>-</u>	<u>3,776</u>
Balance at March 31	<u>\$ 59,481</u>	<u>\$ 41,857</u>

11. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Raw materials	\$ 3,940,173	\$ 3,458,332	\$ 3,155,831
Supplies	<u>488,438</u>	<u>420,693</u>	<u>372,634</u>
	<u>\$ 4,428,611</u>	<u>\$ 3,879,025</u>	<u>\$ 3,528,465</u>

The nature of the cost of goods sold were as follows:

	For the Three Months Ended March 31	
	2020	2019
Cost of inventories sold	<u>\$ 15,086,559</u>	<u>\$ 12,089,786</u>
Write-downs (reversal) of inventories	<u>\$ 101,396</u>	<u>\$ (56,931)</u>
Unallocated production overhead	<u>\$ 872,271</u>	<u>\$ 1,134,723</u>
Sales of scrap	<u>\$ 36,540</u>	<u>\$ 20,269</u>

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
Powertech Technology Inc.	POWERTECH HOLDING (BVI) INC.	Investment business	100%	100%	100%	2
	Greatek Electronics Inc. ("GEL")	Semiconductor assembly and testing service	43%	43%	43%	Notes 1 and 3
	Powertech Technology (Singapore) Pte. Ltd.	Integrated circuit testing and assembly service	100%	100%	100%	Note 2
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36%	36%	36%	Note 2
	Powertech Technology Japan Ltd.	Investment business	100%	100%	100%	Note 2
	Tera Probe, Inc.	Wafer probing test services	12%	12%	12%	Notes 2 and 3
	TeraPower Technology Inc.	Wafer probing test services	49%	49%	49%	-
POWERTECH HOLDING (BVI) INC.	PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Investment business	100%	100%	100%	Note 2
PTI TECHNOLOGY (SINGAPORE) PTE. LTD.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	100%	100%	100%	Note 2
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64%	64%	64%	Note 2
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49%	49%	47%	Notes 2, 3 and 4
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100%	100%	100%	Note 2
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51%	51%	51%	-
	Tera Probe Aizu, Inc.	Wafer probing test services	100%	100%	100%	Note 2

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., the PTI obtained the majority of the board seats and Greatek Electronics Inc., became a subsidiary of the PTI even though the PTI has only 43% ownership of Greatek Electronics Inc.

Note 2: It is a non-significant subsidiary, its financial statements have not been reviewed.

Note 3: Subsidiaries that have material non-controlling interests.

Note 4: Powertech Technology Japan Ltd.'s shareholding in Tera Probe, Inc. changed to 49% after Tera Probe, Inc.'s repurchase of treasury shares in 2019.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2020	December 31, 2019	March 31, 2019
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%	57%
Tera Probe, Inc.	Japan	39%	39%	41%

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
	2020	2019	March 31, 2020	December 31, 2019	March 31, 2019
	Greatek Electronics Inc.	\$ 305,305	\$ 188,580	\$ 9,685,387	\$ 9,485,870
Tera Probe, Inc.	\$ 22,420	\$ (521)	\$ 2,418,412	\$ 2,384,365	\$ 2,730,213

Summarized financial information in respect of each of the Corporation's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc.

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 8,146,472	\$ 8,177,381	\$ 7,499,345
Non-current assets	11,720,037	11,338,830	11,449,176
Current liabilities	(2,460,464)	(2,610,535)	(2,130,128)
Non-current liabilities	(249,053)	(251,046)	(244,922)
Equity	<u>\$ 17,156,992</u>	<u>\$ 16,654,630</u>	<u>\$ 16,573,471</u>
Equity attributable to:			
Owners of the Corporation	\$ 7,361,239	\$ 7,145,699	\$ 7,110,878
Non-controlling interests	<u>9,795,753</u>	<u>9,508,931</u>	<u>9,462,593</u>
	<u>\$ 17,156,992</u>	<u>\$ 16,654,630</u>	<u>\$ 16,573,471</u>

	For the Three Months Ended March 31	
	2020	2019
Operating revenue	<u>\$ 3,272,699</u>	<u>\$ 2,543,402</u>
Net income for the period	\$ 544,107	\$ 339,667
Other comprehensive (loss) income for the period	<u>(41,745)</u>	<u>14,740</u>
Total comprehensive income for the period	<u>\$ 502,362</u>	<u>\$ 354,407</u>
Net income attributable to:		
Owners of the Corporation	\$ 233,451	\$ 145,735
Non-controlling interests	<u>310,656</u>	<u>193,932</u>
	<u>\$ 544,107</u>	<u>\$ 339,667</u>
Total comprehensive income attributable to:		
Owners of the Corporation	\$ 215,540	\$ 152,059
Non-controlling interests	<u>286,822</u>	<u>202,348</u>
	<u>\$ 502,362</u>	<u>\$ 354,407</u>

(Continued)

	For the Three Months Ended March 31	
	2020	2019
Net cash inflow (outflow) from:		
Operating activities	\$ 1,045,160	\$ 1,030,022
Investing activities	(1,168,119)	(416,704)
financing activities	<u>(300)</u>	<u>(369)</u>
Net cash (outflow) inflow	<u>\$ (123,259)</u>	<u>\$ 612,949</u> (Concluded)

Tera Probe, Inc.

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 2,595,923	\$ 2,423,564	\$ 2,931,657
Non-current assets	4,689,330	4,954,776	5,743,148
Current liabilities	(873,811)	(973,622)	(1,855,963)
Non-current liabilities	<u>(605,395)</u>	<u>(662,624)</u>	<u>(892,237)</u>
Equity	<u>\$ 5,806,047</u>	<u>\$ 5,742,094</u>	<u>\$ 5,926,605</u>
Equity attributable to:			
Owners of the Corporation	\$ 3,521,367	\$ 3,482,580	\$ 3,522,774
Non-controlling interests	<u>2,284,680</u>	<u>2,259,514</u>	<u>2,403,831</u>
	<u>\$ 5,806,047</u>	<u>\$ 5,742,094</u>	<u>\$ 5,926,605</u>

	For the Three Months Ended March 31	
	2020	2019
Operating revenue for the period	<u>\$ 403,649</u>	<u>\$ 549,335</u>
Net income (loss)	\$ 37,707	\$ (19,979)
Other comprehensive loss for the period	<u>(5,899)</u>	<u>(11,887)</u>
Total comprehensive income (loss) for the period	<u>\$ 31,808</u>	<u>\$ (31,866)</u>
Net income (loss) attributable to:		
Owners of the Corporation	\$ 22,869	\$ (11,875)
Non-controlling interests	<u>14,838</u>	<u>(8,104)</u>
	<u>\$ 37,707</u>	<u>\$ (19,979)</u>
Total comprehensive income (loss) attributable to:		
Owners of the Corporation	\$ 19,291	\$ (18,941)
Non-controlling interests	<u>12,517</u>	<u>(12,925)</u>
	<u>\$ 31,808</u>	<u>\$ (31,866)</u> (Continued)

	For the Three Months Ended March 31	
	2020	2019
Net cash inflow (outflow) from:		
Operating activities	\$ (678,287)	\$ 12,770
Investing activities	1,644,506	47,370
financing activities	<u>(991,653)</u>	<u>(169,714)</u>
Net cash outflow	<u>\$ (25,434)</u>	<u>\$ (109,574)</u> (Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019							
Assets used by the Corporation	<u>\$ 60,577,297</u>	<u>\$ 58,779,789</u>	<u>\$ 60,175,800</u>							
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
<u>Cost</u>										
Balance at January 1, 2020	\$ 3,443,310	\$ 27,220,089	\$ 96,574,165	\$ 2,365,767	\$ 426,189	\$ 3,705,720	\$ 1,413,214	\$ 5,274,732	\$ 161,417	\$140,584,603
Additions	-	32,227	268,911	24,796	101	4,859	418,600	4,245,505	111,319	5,106,318
Disposals	-	(15,963)	(558,870)	(1,836)	-	(15,044)	(8,239)	(1,132)	(102,129)	(703,213)
Reclassified	-	74,758	3,884,530	26,952	-	27,936	(255,874)	(3,925,564)	-	(167,262)
Effects of foreign currency exchange differences	182	(16,076)	65,991	(1,698)	2,304	1,432	2,011	1,241	79	55,466
Balance at March 31, 2020	<u>3,443,492</u>	<u>27,295,055</u>	<u>100,234,727</u>	<u>2,413,981</u>	<u>428,594</u>	<u>3,724,903</u>	<u>1,569,712</u>	<u>5,594,782</u>	<u>170,686</u>	<u>144,875,912</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2020	-	11,052,939	64,195,405	1,728,157	238,577	3,246,752	-	-	15,589	80,477,419
Depreciation expenses	-	361,245	2,551,791	61,989	5,333	54,020	-	-	102,450	3,136,828
Disposals	-	(14,533)	(552,995)	(1,540)	-	(15,044)	-	-	(102,129)	(686,241)
Reclassified	-	6,841	19	-	(6,841)	(19)	-	-	-	-
Effects of foreign currency exchange differences	-	(10,407)	51,098	(2,098)	1,276	1,204	-	-	78	41,151
Balance at March 31, 2020	<u>-</u>	<u>11,396,085</u>	<u>66,245,318</u>	<u>1,786,508</u>	<u>238,345</u>	<u>3,286,913</u>	<u>-</u>	<u>-</u>	<u>15,988</u>	<u>82,969,157</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2020	1,753	434,093	666,461	101,000	78,663	-	45,425	-	-	1,327,395
Effects of foreign currency exchange differences	13	(1,268)	3,079	(476)	387	-	328	-	-	2,063
Balance at March 31, 2020	<u>1,766</u>	<u>432,825</u>	<u>669,540</u>	<u>100,524</u>	<u>79,050</u>	<u>-</u>	<u>45,753</u>	<u>-</u>	<u>-</u>	<u>1,329,458</u>
Carrying amounts at March 31, 2020	<u>\$ 3,441,726</u>	<u>\$ 15,466,125</u>	<u>\$ 33,319,869</u>	<u>\$ 526,949</u>	<u>\$ 111,199</u>	<u>\$ 437,990</u>	<u>\$ 1,523,959</u>	<u>\$ 5,594,782</u>	<u>\$ 154,698</u>	<u>\$ 60,577,297</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 3,441,557</u>	<u>\$ 15,733,057</u>	<u>\$ 31,712,299</u>	<u>\$ 536,610</u>	<u>\$ 108,949</u>	<u>\$ 458,968</u>	<u>\$ 1,367,789</u>	<u>\$ 5,274,732</u>	<u>\$ 145,828</u>	<u>\$ 58,779,789</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	1-26 years
Wafer Fab	6-16 years
Fire control equipment	2-26 years
Others	2-51 years
Machinery and equipment	1-15 years
Office equipment	1-15 years
Leasehold improvements	10-50 years
Other equipment	1-16 years
Spare parts	0.5-2 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 28.

	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
<u>Cost</u>										
Balance at January 1, 2019	\$ 3,322,250	\$ 26,944,810	\$ 91,234,066	\$ 2,343,814	\$ 362,214	\$ 3,650,775	\$ 907,019	\$ 6,016,130	\$ 147,694	\$134,928,722
Additions	-	9,905	125,401	1,608	4,143	5,285	299,155	1,130,460	79,26	1,654,983
Disposals	-	(5,116)	(365,809)	(22,063)	-	(1,405)	(1,064)	(101)	(76,786)	(472,344)
Reclassified	-	134,377	2,181,148	83,682	54,235	14,679	(369,840)	(2,834,264)	-	(735,983)
Effect of foreign currency exchange differences	33	45,791	70,746	13,484	644	899	1,174	(1,499)	49	134,319
Balance at March 31, 2019	<u>3,322,283</u>	<u>27,129,767</u>	<u>93,245,552</u>	<u>2,420,525</u>	<u>421,236</u>	<u>3,670,233</u>	<u>836,444</u>	<u>4,313,724</u>	<u>149,983</u>	<u>135,509,747</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2019	-	9,698,433	57,403,617	1,658,423	228,673	3,091,424	-	-	13,277	72,093,847
Depreciation expense	-	363,906	2,448,028	66,656	5,268	59,504	-	-	77,532	3,020,894
Disposals	-	(5,116)	(313,543)	(21,944)	-	(1,405)	-	-	(76,786)	(418,794)
Reclassified	-	6,841	(299,873)	-	(6,841)	(9,323)	-	-	-	(309,196)
Effect of foreign currency exchange differences	-	24,150	48,778	10,801	633	579	-	-	39	84,980
Balance at March 31, 2019	<u>-</u>	<u>10,088,214</u>	<u>59,287,007</u>	<u>1,713,936</u>	<u>227,733</u>	<u>3,140,779</u>	<u>-</u>	<u>-</u>	<u>14,062</u>	<u>74,471,731</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2019	1,762	260,090	353,465	112,819	80,298	-	45,638	-	-	854,072
Disposals	-	-	(1)	-	-	-	-	-	-	(1)
Effect of foreign currency exchange differences	-	5,036	1,288	1,581	240	-	-	-	-	8,145
Balance at March 31, 2019	<u>1,762</u>	<u>265,126</u>	<u>354,752</u>	<u>114,400</u>	<u>80,538</u>	<u>-</u>	<u>45,638</u>	<u>-</u>	<u>-</u>	<u>862,216</u>
Carrying amounts at March 31, 2019	<u>\$ 3,320,521</u>	<u>\$ 16,776,427</u>	<u>\$ 33,603,793</u>	<u>\$ 592,189</u>	<u>\$ 112,965</u>	<u>\$ 529,454</u>	<u>\$ 790,806</u>	<u>\$ 4,313,724</u>	<u>\$ 135,921</u>	<u>\$ 60,175,800</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings

Main plants	3-51 years
Mechanical and electrical power equipment	1-26 years
Wafer Fab	6-16 years
Fire control equipment	2-26 years
Others	1-56 years
Machinery and equipment	1-20 years
Office equipment	1-25 years
Leasehold improvements	4-8 years
Other equipment	1-16 years
Spare parts	0.5-2 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 1,438,426	\$ 1,449,085	\$ 1,418,070
Buildings	97,200	121,589	198,807
Machinery and Equipment	334,060	354,892	426,533
Transportation equipment	<u>261</u>	<u>337</u>	<u>571</u>
	<u>\$ 1,869,947</u>	<u>\$ 1,925,903</u>	<u>\$ 2,043,981</u>

	For the Three Months Ended March 31	
	2020	2019
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>69,231</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,278	\$ 9,278
Buildings	23,541	25,779
Machinery and Equipment	23,119	24,353
Transportation equipment	<u>78</u>	<u>78</u>
	<u>\$ 56,016</u>	<u>\$ 59,488</u>

Except for the aforementioned addition and recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2020 and 2019.

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	\$ <u>193,820</u>	\$ <u>211,549</u>	\$ <u>263,942</u>
Non-current	\$ <u>1,502,952</u>	\$ <u>1,546,096</u>	\$ <u>1,696,888</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	1.10%-1.69%	1.10%-1.69%	1.10%-1.69%
Buildings	0.69%-3.77%	0.69%-3.77%	0.69%-3.77%
Machinery and equipment	0.80%-2.32%	0.80%-2.32%	0.80%-2.32%
Transportation equipment	1.13%	1.13%	1.13%

c. Other lease information

	For the Three Months Ended March 31	
	2020	2019
Expenses relating to short-term leases	\$ <u>4,152</u>	\$ <u>8,286</u>
Total cash outflow for leases	\$ <u>(65,064)</u>	\$ <u>(127,152)</u>

The Corporation leases certain land, office, machines, vehicles and office equipment which qualify as short-term leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INTANGIBLE ASSETS

	Computer Software	Goodwill	Core Technique	Client Relationship	Royalty	Technique Service	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 637,338	\$ 979,819	\$ 249,359	\$ 220,775	\$ 10,088	\$ 88,894	\$ 2,186,273
Additions	1,704	-	-	-	-	-	1,704
Disposals	(12,602)	-	-	-	(498)	-	(13,100)
Reclassified	263	-	-	-	(263)	-	-
Effect of foreign currency exchange differences	1,626	-	176	-	7	-	1,809
Balance at March 31, 2020	<u>628,329</u>	<u>979,819</u>	<u>249,535</u>	<u>220,775</u>	<u>9,334</u>	<u>88,894</u>	<u>2,176,686</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2020	562,741	-	249,359	197,396	3,551	88,894	1,101,941
Amortization expense	26,979	-	-	6,308	724	-	34,011
Disposals	(12,602)	-	-	-	(498)	-	(13,100)
Effect of foreign currency exchange differences	1,106	-	176	-	7	-	1,289
Balance at March 31, 2020	<u>578,224</u>	<u>-</u>	<u>249,535</u>	<u>203,704</u>	<u>3,784</u>	<u>88,894</u>	<u>1,124,141</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2020	24,706	-	-	-	-	-	24,706
Effect of foreign currency exchange differences	141	-	-	-	-	-	141
Balance at March 31, 2020	<u>24,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,847</u>
Carrying amounts at March 31, 2020	<u>\$ 25,258</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ 17,071</u>	<u>\$ 5,550</u>	<u>\$ -</u>	<u>\$ 1,027,698</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 49,891</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ 23,379</u>	<u>\$ 6,537</u>	<u>\$ -</u>	<u>\$ 1,059,626</u>
<u>Cost</u>							
Balance at January 1, 2019	\$ 661,534	\$ 979,819	\$ 250,103	\$ 220,775	\$ 1,765	\$ 88,894	\$ 2,202,890
Additions	1,783	-	-	-	8,331	-	10,114
Disposals	(694)	-	-	-	-	-	(694)
Reclassified	9,311	-	-	-	-	-	9,311
Effect of foreign currency exchange differences	959	-	(36,448)	-	-	-	(35,489)
Balance at March 31, 2019	<u>672,893</u>	<u>979,819</u>	<u>213,655</u>	<u>220,775</u>	<u>10,096</u>	<u>88,894</u>	<u>2,186,132</u>
<u>Accumulated amortization</u>							
Balance at January 1, 2019	523,810	-	250,103	172,165	1,354	88,894	1,036,326
Amortization expense	28,095	-	-	6,308	30	-	34,433
Disposals	(694)	-	-	-	-	-	(694)
Effect of foreign currency exchange differences	829	-	(36,448)	-	-	-	(35,619)
Balance at March 31, 2019	<u>552,040</u>	<u>-</u>	<u>213,655</u>	<u>178,473</u>	<u>1,384</u>	<u>88,894</u>	<u>1,034,446</u>
<u>Accumulated impairment</u>							
Balance at January 1, 2019 and March 31, 2019	<u>4,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,360</u>
Carrying amounts at March 31, 2019	<u>\$ 116,493</u>	<u>\$ 979,819</u>	<u>\$ -</u>	<u>\$ 42,302</u>	<u>\$ 8,712</u>	<u>\$ -</u>	<u>\$ 1,147,326</u>

The above items of intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-10 years
Core technique	5 years
Client relationship	9 years
Royalty	1-10 years
Technique service	2-4 years

16. OTHER ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Tax refund receivables	\$ 528,424	\$ 400,846	\$ 287,792
Payment on behalf of others	99,128	77,934	135,701
Others	<u>112,007</u>	<u>76,010</u>	<u>76,875</u>
	<u>\$ 739,559</u>	<u>\$ 554,790</u>	<u>\$ 500,368</u>
<u>Non-current</u>			
Refundable deposits	\$ 71,886	\$ 65,095	\$ 47,236
Prepayment for equipment	65,985	59,843	33,657
Others	<u>1,153</u>	<u>1,147</u>	<u>65,606</u>
	<u>\$ 139,024</u>	<u>\$ 126,085</u>	<u>\$ 146,499</u>

17. BORROWINGS

a. Short-term bank loans

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Unsecured borrowings</u>			
Working capital loan	<u>\$ 1,289,724</u>	<u>\$ 1,182,283</u>	<u>\$ 534,295</u>

The effective interest rate ranges on the working capital loan was 0.48%-4.79%, 0.68%-5.00% and 0.68%-4.40% as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

b. Long-term debts

	March 31, 2020	December 31, 2019	March 31, 2019
1) Secured Borrowings (Note 28)	\$ 12,356,827	\$ 12,948,198	\$ 12,564,845
2) Unsecured Borrowings	<u>16,642,333</u>	<u>16,690,219</u>	<u>17,413,225</u>
	28,999,160	29,638,417	29,978,070
Current portion	<u>(384,850)</u>	<u>(182,305)</u>	<u>(785,059)</u>
	<u>\$ 28,614,310</u>	<u>\$ 29,456,112</u>	<u>\$ 29,193,011</u>

1. Repayable continually from November 2021 to December 2038; interest rates at 0.91%-1.19% on March 31, 2020, 1.11%-1.21% on December 31, 2019 and 1.14%-1.24% on March 31, 2019.

2. Repayable continually from July 2020 to September 2024; interest rates at 0.69%-3.05% on March 31, 2020, 0.69%-3.90% on December 31, 2019 and 0.69%-3.90% on March 31, 2019.

For PTI's long-term debt, the financing banks required PTI to show compliance with requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements.

18. OTHER LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Accrued expenses and other current liabilities			
Salaries and bonus	\$ 1,811,236	\$ 1,963,983	\$ 1,047,876
Payables for insurance	216,108	209,634	196,661
Payable for utilities	197,726	200,331	178,569
Agency receipts	144,798	154,335	123,649
Indemnification payable (a)	86,554	55,787	58,692
Payable for annual leave	114,128	62,966	67,979
Others	<u>4,286,442</u>	<u>4,368,846</u>	<u>4,561,063</u>
	<u>\$ 6,856,992</u>	<u>\$ 7,015,882</u>	<u>\$ 6,234,489</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 1,343	\$ 1,347	\$ 48,944
Others	<u>332,141</u>	<u>329,801</u>	<u>334,738</u>
	<u>\$ 333,484</u>	<u>\$ 331,148</u>	<u>\$ 383,682</u>

- a. Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation's defined benefit retirement plans were \$3,730 thousand and \$9,905 thousand for the three months ended March 31, 2020 and 2019, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018.

20. EQUITY

a. Capital stock

1) Common shares

	March 31, 2020	December 31, 2019	March 31, 2019
Share authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Share authorized (in thousands of dollars)	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Share issued and fully paid (in thousands of shares)	<u>779,147</u>	<u>779,147</u>	<u>779,147</u>
Share issued (in thousands of dollars)	<u>\$ 7,791,466</u>	<u>\$ 7,791,466</u>	<u>\$ 7,791,466</u>

Fully paid common share, which have a par value of \$10, carry 1 vote per share and carry a right to dividends.

15,000 thousand shares of the capital share was reserved for the issuance of employee share options.

As of March 31, 2020, 65 thousand units of GDSs of the PTI were traded on the Luxembourg Share Exchange. The number of common shares represented by the GDSs was 130 thousand shares (one GDS represents 2 common shares).

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to capital share (1)			
Share premium	\$ 1,929	\$ 1,929	\$ 1,929
<u>May be used to offset a deficit only</u>			
Arising from treasury share transactions	136,272	136,272	125,712
Changes in percentage of ownership interests in subsidiaries (2)	<u>71,651</u>	<u>71,651</u>	<u>93</u>
	<u>\$ 209,852</u>	<u>\$ 209,852</u>	<u>\$ 127,734</u>

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the PTI's Articles of Incorporation, the PTI should make appropriations from its net income in the following order:

- 1) Offset deficits.
- 2) Set aside as legal reserve 10% of the remaining profit.
- 3) Appropriate as special reserve.
- 4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by the PTI's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within the PTI.

Dividends are distributed in the form of cash, common share or a combination of cash and common share. In consideration of the PTI being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the PTI's Articles of Incorporation provide that the total cash dividends paid in any given year should be at least 20% of total dividends distributed

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 22(f).

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the PTI. Distributions can be made out of any subsequent reversal of the debit to other equity items.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the PTI's capital surplus. The legal reserve may be used to offset deficit. If the PTI has no deficit and the legal reserve has exceeded 25% of the PTI's capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2019 and 2018 were approved in the board of directors' meeting on March 10, 2020 and in the shareholders' meeting May 31, 2019, respectively. The appropriations and dividends per share were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	<u>\$ 582,611</u>	<u>\$ 623,428</u>
Special reserve	<u>\$ 129,671</u>	<u>\$ (142,558)</u>
Cash dividends	<u>\$ 3,506,160</u>	<u>\$ 3,739,904</u>
Cash dividends per share (NT\$)	\$ 4.5	\$ 4.8

The appropriations of earnings for 2019 are subject to the resolution of the shareholders in the shareholders' meeting to be held on May 28, 2020.

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ (299,686)	\$ (170,725)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>15,237</u>	<u>6,991</u>
Other comprehensive income recognized for the period	<u>15,237</u>	<u>6,991</u>
Balance at March 31	<u>\$ (284,449)</u>	<u>\$ (163,734)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ (25,055)	\$ (24,345)
Recognized for the period		
Unrealized (loss) gain - equity instruments	<u>(834)</u>	<u>326</u>
Other comprehensive income recognized for the period	<u>(834)</u>	<u>326</u>
Balance at March 31	<u>\$ (25,889)</u>	<u>\$ (24,019)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 11,870,235	\$ 12,074,141
Share in profit for the period	327,725	188,059
Other comprehensive income (loss) for the period		
Exchange differences on translating the financial statements of foreign entities	11,626	(25,259)
Unrealized gain on financial assets at FVTOCI	-	8,416
The Corporation's shares held by its subsidiaries treated as treasury shares	<u>(105,787)</u>	<u>-</u>
Balance at March 31	<u>\$ 12,103,799</u>	<u>\$ 12,245,357</u>

f. Treasury share

Purpose of Buy-Back	Share Held by Subsidiary (In Thousands of Shares)
Number of shares at January 1, 2019	2,200
Increase during the period	<u>-</u>
Number of shares at March 31, 2019	<u>2,200</u>
Number of shares at January 1, 2020	2,650
Increase during the period	<u>2,100</u>
Number of shares at March 31, 2020	<u>4,750</u>

The PTI's shares held by its subsidiary at the end of the reporting periods were as follows :

Name of Subsidiary	Number of Share Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2020</u>			
Greatek Electronics Inc.	4,750	\$ 408,025	\$ 408,025
<u>December 31, 2019</u>			
Greatek Electronics Inc.	2,650	\$ 264,470	\$ 264,470
<u>March 31, 2019</u>			
Greatek Electronics Inc.	2,200	\$ 160,160	\$ 160,160

The PTI's shares held by its subsidiary are treated as treasury share.

21. REVENUE

	For the Three Months Ended March 31	
	2020	2019
Revenue from contracts with customers		
Revenue from packaging services	\$ 12,089,977	\$ 9,254,226
Revenue from testing service	6,582,794	5,027,432
Others	<u>138,909</u>	<u>150,501</u>
	<u>\$ 18,811,680</u>	<u>\$ 14,432,159</u>

a. Contract information

As the Corporation fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Corporation. The Corporation has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Corporation fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Corporation has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties) (Note 10)	<u>\$ 14,768,812</u>	<u>\$ 13,771,460</u>	<u>\$ 9,936,953</u>	<u>\$ 11,846,133</u>
Contract assets				
Revenue from services	<u>\$ 2,105,657</u>	<u>\$ 2,170,456</u>	<u>\$ 1,552,384</u>	<u>\$ 1,671,214</u>
Contract liabilities				
Revenue from services	<u>\$ 46,294</u>	<u>\$ 62,458</u>	<u>\$ 65,511</u>	<u>\$ 39,323</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities is as follows:

	For the Three Months Ended March 31	
	<u>2020</u>	<u>2019</u>
From the beginning contract liabilities		
Revenue from services	<u>\$ 32,941</u>	<u>\$ 11,480</u>

c. Disaggregation of revenue

	For the Three Months Ended March 31	
<u>Primary geographical markets</u>		
Japan	\$ 6,547,410	\$ 4,715,476
America	3,412,871	3,083,245
Singapore	3,749,083	2,921,021
Taiwan (The principal place of business of the Corporation)	3,644,461	2,847,652
Europe	614,158	544,009
China and Hong Kong	243,348	224,361
Others	<u>600,349</u>	<u>96,395</u>
	<u>\$ 18,811,680</u>	<u>\$ 14,432,159</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended March 31	
	2020	2019
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 443	\$ (4,930)
Financial liabilities classified as held for trading	(23,690)	(5,622)
Others	<u>(116,816)</u>	<u>103,387</u>
	<u>\$ (140,063)</u>	<u>\$ 92,835</u>

b. Other income

	For the Three Months Ended March 31	
	2020	2019
Rental income		
Operating lease rental income	\$ 24,087	\$ 32,015
Interest income		
Bank deposits	20,083	20,476
Financial assets measured at amortized cost	2,387	2,520
Repurchase agreements collateralized by bonds	<u>-</u>	<u>12</u>
	<u>\$ 46,557</u>	<u>\$ 55,023</u>

c. Finance costs

	For the Three Months Ended March 31	
	2020	2019
Interest on bank loans	\$ 92,231	\$ 93,032
Interest on lease liabilities	6,858	7,712
Capitalized interest	<u>(21,685)</u>	<u>(17,804)</u>
	<u>\$ 77,404</u>	<u>\$ 82,940</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2020	2019
Capitalized interest	\$ 21,685	\$ 17,804
Capitalization rate	1.090%-1.140%	1.18%

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2020	2019
Property, plant and equipment	\$ 3,136,828	\$ 3,020,894
Right-of-use assets	56,016	59,488
Intangible assets	<u>34,011</u>	<u>34,433</u>
	<u>\$ 3,226,855</u>	<u>\$ 3,114,815</u>
An analysis of depreciation by function		
Operating costs	\$ 3,029,052	\$ 2,932,945
Operating expense	<u>163,792</u>	<u>147,437</u>
	<u>\$ 3,192,844</u>	<u>\$ 3,080,382</u>
An analysis of amortization by function		
Operating costs	\$ 30,101	\$ 31,068
Marketing	15	33
General and administrative	1,638	1,891
Research and development	<u>2,257</u>	<u>1,441</u>
	<u>\$ 34,011</u>	<u>\$ 34,433</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 134,402	\$ 137,725
Defined benefit plans (Note 19)	<u>3,730</u>	<u>9,905</u>
	138,132	147,630
Termination benefits	99	-
Other employee benefits	<u>4,483,910</u>	<u>3,509,304</u>
Total employee benefits expense	<u>\$ 4,622,141</u>	<u>\$ 3,656,934</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 3,883,508	\$ 3,146,095
Operating expenses	<u>738,633</u>	<u>510,839</u>
	<u>\$ 4,622,141</u>	<u>\$ 3,656,934</u>

f. Employees' compensation and remuneration of directors

According to the PTI's Articles, the PTI accrued employees' compensation and remuneration to directors at the rates between 5% to 7.5% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. However, if the PTI has accumulated deficits (including adjustment of unappropriated earnings), the PTI should retain the net profit in advance for deducting accumulated deficits. For the three months ended March 31, 2020 and 2019, respectively, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2020	2019
Employees' compensation	5.16%	5.35%
Remuneration of directors	1.03%	1.07%

Amount

	For the Three Months Ended March 31	
	2020	2019
	Cash	Cash
Employees' compensation	\$ 110,223	\$ 71,100
Remuneration of directors	22,045	14,220

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the board of directors on March 10, 2020 and March 14, 2019, respectively, are as shown below:

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	\$ 394,109	\$ 420,813
Remuneration of directors	78,822	84,163

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the PTI's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2020	2019
Foreign exchange gains	\$ 218,111	\$ 79,518
Foreign exchange losses	<u>(126,926)</u>	<u>(28,207)</u>
Net gains	<u>\$ 91,185</u>	<u>\$ 51,311</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current period	\$ 513,590	\$ 263,133
Deferred tax		
In respect of the current period	<u>55,085</u>	<u>58,181</u>
Income tax expense recognized in profit or loss	<u>\$ 568,675</u>	<u>\$ 321,314</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax assessments

Income tax returns through 2016 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2020	2019
Basic earnings per share	<u>\$ 2.10</u>	<u>\$ 1.36</u>
Diluted earnings per share	<u>\$ 2.09</u>	<u>\$ 1.35</u>

The earnings and weighted average number of common shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Periods

	For the Three Months Ended March 31	
	2020	2019
Profit of the period attributable to owner of the Corporation	\$ 1,632,935	\$ 1,053,331
Effect of potentially dilutive common share:		
Employees' compensation	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,632,935</u>	<u>\$ 1,053,331</u>

Weighted average number of common shares outstanding (in thousands of shares):

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of common shares used in the computation of basic earnings per share	775,834	776,947
Effect of potentially dilutive common share:		
Employees' compensation	<u> 4,358</u>	<u> 5,818</u>
Weighted average number of common shares used in the computation of dilutive earnings per share	<u> 780,192</u>	<u> 782,765</u>

If the PTI offered to settle compensation paid to employees in cash or shares, the PTI assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Corporation's overall strategy remains unchanged from the previous year.

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Corporation (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

March 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 1,050,111	\$ -	\$ 1,055,097	\$ -	\$ 1,055,097

December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 1,050,391	\$ -	\$ 1,054,730	\$ -	\$ 1,054,730

March 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Domestic corporate bonds	\$ 1,051,243	\$ -	\$ 1,056,602	\$ -	\$ 1,056,602

The above-mentioned level 2 fair value measurement was based on the quoted price from the Taipei Exchange.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 100,000	\$ -	\$ -	\$ 100,000
Derivative instruments	-	3,479	-	3,479
	<u>\$ 100,000</u>	<u>\$ 3,479</u>	<u>\$ -</u>	<u>\$ 103,479</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 1,259</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 25,259</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 18,336</u>	<u>\$ -</u>	<u>\$ 18,336</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 50,652	\$ -	\$ -	\$ 50,652
Derivative instruments	<u>-</u>	<u>20,555</u>	<u>-</u>	<u>20,555</u>
	<u>\$ 50,652</u>	<u>\$ 20,555</u>	<u>\$ -</u>	<u>\$ 71,207</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 2,093</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 26,093</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 3,953</u>	<u>\$ -</u>	<u>\$ 3,953</u>

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 50,447	\$ -	\$ -	\$ 50,447
Derivative instruments	<u>-</u>	<u>1,145</u>	<u>-</u>	<u>1,145</u>
	<u>\$ 50,447</u>	<u>\$ 1,145</u>	<u>\$ -</u>	<u>\$ 51,592</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	<u>\$ 2,629</u>	<u>\$ 24,500</u>	<u>\$ -</u>	<u>\$ 27,129</u>
Financial liabilities at FVTPL				
Derivative instruments	<u>\$ -</u>	<u>\$ 5,388</u>	<u>\$ -</u>	<u>\$ 5,388</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using the market approach and the binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 103,479	\$ 71,207	\$ 51,592
Financial assets at amortized cost (Note 1)	36,951,138	38,011,105	33,317,992
Financial assets at FVTOCI			
Equity instruments	25,259	26,093	27,129
<u>Financial liabilities</u>			
FVTPL			
Held for trading	18,336	3,953	5,388
Amortized cost (Note 2)	39,435,768	41,191,156	37,083,408

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses and other current liabilities and long-term debt (including current portion).

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function, an independent body that monitors risks and policies implemented to mitigate risk exposures reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation entered into a variety of derivative financial instruments (included forward exchange contracts) to manage its exposure to foreign currency risk.

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Corporation's management of the foreign currency risk is to hedge against the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Corporation selects the instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Corporation currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 31.

The Corporation uses forward exchange contracts to reduce foreign currency risk exposure. It is the Corporation's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Corporation.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, short-term bank loans and long-term debt. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact		JPY Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Profit or loss	\$ (470,479)	\$ (371,512)	\$ 74,289	\$ 30,368

b) Interest rate risk

As the Corporation owns assets at both fixed and floating interest rates, the Corporation is exposed to interest rate risk. The Corporation's interest rate risk also comes from borrowings at floating interest rates. Since the Corporation's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	March 31, 2020	December 31, 2019	March 31, 2019
Fair value interest rate risk			
Financial assets	\$ 7,460,339	\$ 8,338,326	\$ 9,872,799
Financial liabilities	1,056,140	1,429,181	730,104
Cash flow interest rate risk			
Financial assets	13,098,293	14,460,789	11,891,698
Financial liabilities	29,232,744	29,391,519	29,782,261

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rate risk for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the three months ended March 31, 2020 and 2019 would decrease/increase by \$4,034 thousand and \$4,473 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rate risk on its variable-rate net liabilities.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. The Corporation's equity price risk was mainly concentrated on equity instruments in the electronics industry sector quoted in the Tokyo Share Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the three months ended March 31, 2020 and 2019 would have increased/decreased by \$5,000 thousand and \$2,522 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2020 and 2019 would have increased/decreased by \$1,263 thousand and \$1,356 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Corporation has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Corporation's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings.

Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Corporation's concentration of credit risk was related to the three largest customers within the Corporation. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable at any time during the period. The three largest customers are creditworthy counterparts, therefore, the Corporation believes the concentration of credit risk is insignificant for the remaining accounts receivable.

Credit risk management for investments in debt instruments

The Corporation only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Corporation's exposure and the external credit ratings are continuously monitored. The Corporation reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Corporation considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses. The Corporation's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	-

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows.

The Corporation relies on bank borrowings as a significant source of liquidity. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Corporation had available unutilized overdraft and short-term bank loan facilities of approximately \$7,247,360 thousand, \$7,999,617 thousand and \$6,754,331 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Noninterest bearing	\$ 2,896,440	\$ 5,360,717	\$ 889,727	\$ -	\$ -
Lease liabilities	20,664	38,604	161,688	322,545	1,700,781
Fixed interest rate liabilities	427,910	236,094	120,711	271,425	-
Variable interest rate liabilities	-	-	889,859	25,771,436	2,571,449
	<u>\$ 3,345,014</u>	<u>\$ 5,635,415</u>	<u>\$ 2,061,985</u>	<u>\$ 26,365,406</u>	<u>\$ 4,272,230</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 220,956</u>	<u>\$ 322,545</u>	<u>\$ 237,093</u>	<u>\$ 234,928</u>	<u>\$ 233,688</u>	<u>\$ 995,072</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 3,603,185	\$ 5,490,588	\$ 1,266,398	\$ 5,385	\$ 4,900
Lease liabilities	23,740	45,572	169,487	360,036	1,712,721
Fixed interest rate liability	424,202	531,564	165,834	307,581	-
Variable interest rate liabilities	-	-	242,989	26,560,882	2,587,648
	<u>\$ 4,051,127</u>	<u>\$ 6,067,724</u>	<u>\$ 1,844,708</u>	<u>\$ 27,233,884</u>	<u>\$ 4,305,269</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 238,799</u>	<u>\$ 360,036</u>	<u>\$ 237,228</u>	<u>\$ 235,048</u>	<u>\$ 233,688</u>	<u>\$ 1,006,757</u>

March 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 2,146,686	\$ 3,295,592	\$ 1,117,445	\$ 5,520	\$ 5,800
Lease liabilities	24,962	50,479	217,174	495,682	1,750,123
Fixed interest rate liabilities	127,925	36,192	133,771	432,216	-
Variable interest rate liabilities	<u>400,000</u>	<u>20,000</u>	<u>601,466</u>	<u>25,444,931</u>	<u>3,315,864</u>
	<u>\$ 2,699,573</u>	<u>\$ 3,402,263</u>	<u>\$ 2,069,856</u>	<u>\$ 26,378,349</u>	<u>\$ 5,071,787</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 292,615</u>	<u>\$ 495,682</u>	<u>\$ 237,768</u>	<u>\$ 235,408</u>	<u>\$ 233,688</u>	<u>\$ 1,043,259</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,072,334	\$ 1,478,032	\$ 64,717
Outflows	<u>(1,084,256)</u>	<u>(1,480,630)</u>	<u>(65,054)</u>
	<u>\$ (11,922)</u>	<u>\$ (2,598)</u>	<u>\$ (337)</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,265,547	\$ 763,849	\$ 74,267
Outflows	<u>(1,254,065)</u>	<u>(758,166)</u>	<u>(74,830)</u>
	<u>\$ 11,482</u>	<u>\$ 5,683</u>	<u>\$ (563)</u>

March 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 1,313,803	\$ 483,591	\$ 88,364
Outflows	<u>(1,315,668)</u>	<u>(485,567)</u>	<u>(88,766)</u>
	<u>\$ (1,865)</u>	<u>\$ (1,976)</u>	<u>\$ (402)</u>
b) Financing facilities			
	March 31, 2020	December 31, 2019	March 31, 2019
Secured bank loan facilities which may be mutually extended			
Amount used	\$ 12,356,827	\$ 12,948,198	\$ 12,564,845
Amount unused	<u>2,030,000</u>	<u>2,030,000</u>	<u>312,500</u>
	<u>\$ 14,386,827</u>	<u>\$ 14,978,198</u>	<u>\$ 12,877,345</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the PTI and its subsidiaries, which were related parties of the PTI, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the PTI and other related parties are disclosed below.

a. Related Party Name and Relationship

<u>Related Party Name</u>	<u>Relationship with the Corporation</u>
Toshiba Corporation	Substantial related parties
Kioxia Corporation (known as Toshiba Memory Corporation before October 1, 2019)	Substantial related parties
Toshiba International Procurement Hong Kong, Ltd.	Substantial related parties
Toshiba Information Systems (Japan) Corporation	Substantial related parties
Kingston Technology International Ltd.	Substantial related parties
Kingston Digital International Ltd.	Substantial related parties
Kingston Solution, Inc.	Substantial related parties
Kingston Technology Far East Corp.	Substantial related parties
Realtek Singapore Private Limited	Substantial related parties
Realtek Semiconductor Corp.	Substantial related parties

b. Sales of goods

Line Items	Related Party Category/Name	For the Three Months Ended March 31	
		2020	2019
Sales of goods	Substantial related parties		
	Kioxia Corporation	\$ 5,187,194	\$ 3,299,620
	Others	<u>663,710</u>	<u>732,613</u>
		<u>\$ 5,850,904</u>	<u>\$ 4,032,233</u>

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment terms for the sales of the Corporation is from 30 days to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category/Name	For the Three Months Ended March 31	
	2020	2019
Substantial related parties		
Toshiba International Procurement Hong Kong, Ltd.	\$ 167,533	\$ 36,679
Others	<u>18</u>	<u>149</u>
	<u>\$ 167,551</u>	<u>\$ 36,828</u>

The purchase prices and payment terms were based on negotiations and thus not comparable with those in the market.

d. Other gains and losses

Related Party Category	For the Three Months Ended March 31	
	2020	2019
Substantial related parties	<u>\$ -</u>	<u>\$ 307</u>

Mainly the difference from collections and payment transfer.

e. Contract assets

Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Substantial related parties			
Kioxia Corporation	\$ 737,116	\$ 725,270	\$ 351,227
Kingston Technology International Ltd.	21,623	55,999	52,685
Others	<u>37,194</u>	<u>41,463</u>	<u>40,481</u>
	<u>\$ 795,933</u>	<u>\$ 822,732</u>	<u>\$ 444,393</u>

For the three months ended March 31, 2020 and 2019, no impairment loss was recognized for contract assets from related parties.

f. Accounts receivables from related parties (excluding loans to related parties and contract assets)

Line Items	Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivables from related parties	Substantial related parties			
	Kioxia Corporation	\$ 5,174,666	\$ 3,685,943	\$ 2,177,295
	Others	<u>440,652</u>	<u>566,545</u>	<u>607,752</u>
		<u>\$ 5,615,318</u>	<u>\$ 4,252,488</u>	<u>\$ 2,785,047</u>

The outstanding accounts receivables from related parties are unsecured. For the three months ended March 31, 2020 and 2019, no impairment loss was recognized for accounts receivables from related parties.

g. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Accounts payables from related parties	Substantial related parties			
	Toshiba International Procurement Hong Kong, Ltd.	<u>\$ 99,951</u>	<u>\$ 120,603</u>	<u>\$ 36,623</u>

The outstanding accounts payable from related parties are unsecured.

h. Other receivables from related parties

Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Substantial related parties			
Kioxia Corporation	\$ 10,492	\$ 5,363	\$ 9,463
Kingston Solution, Inc.	1,530	-	-
Realtek Singapore Private Limited	-	1,152	989
Others	<u>86</u>	<u>10</u>	<u>-</u>
	<u>\$ 12,108</u>	<u>\$ 6,525</u>	<u>\$ 10,452</u>

i. Other payables from related parties

Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Substantial related parties			
Kioxia Corporation	<u>\$ 917</u>	<u>\$ 17,447</u>	<u>\$ -</u>

j. Payable expenses and other current liabilities

Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Substantial related parties			
Realtek Singapore Private Limited	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 129</u>

k. Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
Short-term benefits	\$ 95,211	\$ 78,816
Post-employment benefits	<u> 459</u>	<u> 4,872</u>
	<u>\$ 95,670</u>	<u>\$ 83,688</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for long-term debt, guarantee deposits for exports, L/C and bonded inventories.

	March 31, 2020	December 31, 2019	March 31, 2019
Property, plant and equipment	\$ 18,133,520	\$ 16,818,916	\$ 17,899,310
Pledge deposits (classified as financial assets at amortized cost - current)	21,264	21,712	21,469
Restricted deposits (classified as financial assets at amortized cost - current)	270,527	269,203	319,487
Pledge deposits (classified as financial assets at amortized cost - non-current)	<u> 88,874</u>	<u> 88,874</u>	<u> 80,174</u>
	<u>\$ 18,514,185</u>	<u>\$ 17,198,705</u>	<u>\$ 18,320,440</u>

29. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Corporation's significant commitments and contingencies as of March 31, 2020 were as following:

- a. From September 2017 to September 2018, the PTI signed contracts worth \$1,811,372 thousand with Jian Ming Contractor Co., Ltd. for factory engineering. As of March 31, 2020, the PTI has paid a total of \$944,122 thousand.
- b. From January 2019 to December 2019, the PTI signed the purchase agreements of equipment worth \$704,996 thousand with Advantest Corporation. As of March 31, 2020, the PTI has paid a total of \$442,944 thousand.
- c. From October 2018 to October 2019 and October 2019 to November 2019, the PTI signed the purchase agreements of equipment worth \$507,766 thousand and \$588,182 thousand with Fasford Technology

Co., Ltd., respectively. As of March 31, 2020, the PTI has paid \$490,357 thousand and \$243,100, respectively.

- d. From November 2018 to October 2019 and October 2019 to March 2020, the PTI signed the purchase agreements of equipment worth \$506,086 thousand and \$536,837 thousand with DISCO Corporation. As of March 31, 2020, the PTI has paid \$452,528 thousand and \$67,762, respectively.
- e. From January 2019 to January 2020, the PTI signed the purchase agreements of equipment worth \$502,923 thousand with Nextest Systems Corporation. As of March 31, 2020, the PTI has paid a total of \$393,110 thousand.
- f. The unused letters of credit amounted were as follows:

	March, 31 2020	December, 31 2019	March, 31 2019
JPY	\$ _____ -	\$ _____ -	\$ <u>243,700</u>

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On May 4, 2020, the PTI was hit by ransomware to attack the company's website, which caused a temporary suspension of production operations in some factories. All the impacted factories have been recovered by May 5, 2020. The relevant amount of damage is not significant.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	March 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 472,804	30.254 (USD:NTD)	\$ 14,304,212
USD	10,353	7.0931 (USD:RMB)	313,220
USD	14,609	108.41 (USD:JPY)	441,981
JPY	1,469,919	0.2791 (JPY:NTD)	410,254
JPY	574	0.0654 (JPY:RMB)	160
JPY	920,713	0.0092 (JPY:USD)	256,971
SGD	3,003	0.7023 (SGD:USD)	63,806
RMB	18,249	0.1410 (RMB:USD)	77,837
RMB	15,251	4.2653 (RMB:NTD)	<u>65,050</u>
			<u>\$ 15,933,491</u>
Non-monetary items			
USD	81	30.254 (USD:NTD)	\$ 2,451
JPY	3,684	0.2791 (JPY:NTD)	<u>1,028</u>
			<u>\$ 3,479</u>

(Continued)

March 31, 2020			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 170,657	30.254 (USD:NTD)	\$ 5,163,057
USD	8,486	7.0931 (USD:RMB)	256,735
USD	7,604	108.41 (USD:JPY)	230,051
EUR	461	33.2688 (EUR:NTD)	15,337
JPY	6,745,509	0.2791 (JPY:NTD)	1,882,672
JPY	51,242	0.0654 (JPY:RMB)	14,302
JPY	917,904	0.0092 (JPY:USD)	256,187
SGD	1,483	0.7023 (SGD:USD)	31,510
RMB	42,576	0.1410 (RMB:USD)	<u>181,599</u>
			<u>\$ 8,031,450</u>
Non-monetary items			
USD	390	30.254 (USD:NTD)	\$ 11,799
JPY	23,268	0.2791 (JPY:NTD)	6,494
RMB	10	4.2653 (RMB:NTD)	<u>43</u>
			<u>\$ 18,336</u>
			(Concluded)

December 31, 2019			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 467,634	30.106 (USD:NTD)	\$ 14,078,589
USD	10,440	6.9662 (USD:RMB)	314,307
USD	14,807	108.64 (USD:JPY)	445,780
JPY	422,851	0.2771 (JPY:NTD)	117,172
JPY	28,647	0.0641 (JPY:RMB)	7,938
JPY	825,187	0.0092 (JPY:USD)	228,659
SGD	3,270	0.7429 (SGD:USD)	73,135
RMB	31,585	0.1435 (RMB:USD)	136,501
RMB	9,480	4.3217 (RMB:NTD)	40,970
EUR	18	33.7488 (EUR:NTD)	<u>607</u>
			<u>\$ 15,443,658</u>
Non-monetary items			
USD	593	30.106 (USD:NTD)	\$ 17,865
JPY	9,708	0.2771 (JPY:NTD)	<u>2,690</u>
			<u>\$ 20,555</u>
			(Continued)

December 31, 2019			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 169,180	30.106 (USD:NTD)	\$ 5,093,333
USD	8,099	6.9662 (USD:RMB)	243,828
USD	8,755	108.64 (USD:JPY)	263,578
EUR	457	33.7488 (EUR:NTD)	15,423
JPY	7,842,529	0.2771 (JPY:NTD)	2,173,165
JPY	185,421	0.0641 (JPY:RMB)	51,380
JPY	1,085,952	0.0092 (JPY:USD)	300,917
RMB	43,912	0.1435 (RMB:USD)	189,774
RMB	89	4.3217 (RMB:NTD)	385
SGD	1,734	0.7429 (SGD:USD)	<u>38,782</u>
			<u>\$ 8,370,565</u>
Non-monetary items			
USD	8	30.106 (USD:NTD)	\$ 252
JPY	13,356	0.2771 (JPY:NTD)	<u>3,701</u>
			<u>\$ 3,953</u>
			(Concluded)

March 31, 2019			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 337,941	30.825 (USD:NTD)	\$ 10,417,031
USD	10,280	6.7202 (USD:RMB)	316,881
USD	22,734	110.74 (USD:JPY)	700,776
JPY	666,290	0.2784 (JPY:NTD)	185,495
JPY	960	0.0607 (JPY:RMB)	267
JPY	842,249	0.0090 (JPY:USD)	234,482
SGD	3,043	0.7382 (SGD:USD)	69,241
RMB	19,735	0.1488 (RMB:USD)	88,871
RMB	4,507	4.5869 (RMB:NTD)	<u>20,673</u>
			<u>\$ 12,033,717</u>
Non-monetary items			
USD	126	30.825 (USD:NTD)	\$ 3,871
JPY	2,936	0.2784 (JPY:NTD)	<u>817</u>
			<u>\$ 4,688</u>
			(Continued)

	March 31, 2019		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 89,156	30.825 (USD:NTD)	\$ 2,748,234
USD	21,767	6.7202 (USD:RMB)	670,968
USD	18,986	110.74 (USD:JPY)	585,243
EUR	346	34.6226 (EUR:NTD)	11,979
JPY	2,461,796	0.2784 (JPY:NTD)	685,364
JPY	16,874	0.0607 (JPY:RMB)	4,698
JPY	1,212,446	0.0090 (JPY:USD)	337,545
SGD	1,717	0.7382 (SGD:USD)	39,069
RMB	38,332	0.1488 (RMB:USD)	<u>175,825</u>
			<u>\$ 5,258,925</u>
Non-monetary items			
USD	70	30.825 (USD:NTD)	\$ 2,143
JPY	22,731	0.2784 (JPY:NTD)	6,329
RMB	18	4.5869 (RMB:NTD)	<u>83</u>
			<u>\$ 8,555</u>
			(Concluded)

Realized and unrealized net foreign exchange gains were \$91,185 thousand and \$51,311 thousand for the three months ended March 31, 2020 and 2019, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and currencies of the entities in the Corporation.

32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in mainland China that need to be disclosed as required by the Securities and Futures Bureau.

- a. Loans provided to other parties: Table 1 (attached).
- b. Endorsement/guarantee provided: Table 2 (attached).
- c. Marketable securities held: Table 3 (attached).
- d. Purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).

- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached).
- i. Derivative transactions: Note 7.
- j. Information of intercompany relationships and significant intercompany transactions: Table 6 (attached).
- k. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 7 (attached).
- l. Information on investment in mainland China: Table 8 (attached)

The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Note 32 (j).

- m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None.

33. SEGMENT INFORMATION

The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the three months ended March 31, 2020 and 2019 are shown in the consolidated income statements for the three months ended March 31, 2020 and 2019. The segment assets as of March 31, 2020, December 31, 2019 and March 31, 2019 are shown in the consolidated balance sheets as of March 31, 2020, December 31, 2019 and March 31, 2019.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
0	POWERTECH TECHNOLOGY INC.	Powertech Technology (Singapore) Pte Ltd.	Other receivable	Note 1	\$ 907,620	\$ 907,620	\$ 907,620	1.0%-2.2%	For shortterm financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,229,778	\$ 4,459,555	-
		Powertech Technology (Suzhou) Ltd.	Other receivable	Note 2	726,096	726,096	-	1.0%-2.2%	For shortterm financing	-	Working capital	-	-	-	2,229,778	4,459,555	-
1	Tera Probe, Inc.	Tera Probe Aizu, Inc.	Other receivable	Note 1	212,116	212,116	184,206	1.0%	For shortterm financing	-	Working capital	-	-	-	290,302	580,605	-

Note 1: Direct investments, the Corporation's wholly-owned subsidiaries.

Note 2: Indirect investments, the Corporation's wholly-owned subsidiaries.

Note 3: The amount of financing provided by PTI to any individual shall not exceed five percent of PTI's net worth. The aggregate amount of financing available shall not exceed ten percent of PTI's net worth.

Note 4: The amount of financing provided by Tera Probe, Inc. to any individual shall not exceed five percent of Tera Probe, Inc.'s net worth. The aggregate amount of financing available shall not exceed ten percent of Tera Probe, Inc.'s net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES GIVEN TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2020

(In Thousands of New Taiwan Dollars)

Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party(Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China	Note
	Name	Relationship											
Powertech Technology Inc.	Powertech Technology (Singapore) Pte. Ltd.	Note 1	\$ 4,459,555	\$ 907,620	\$ 907,620	\$ 222,972	\$ -	2.0	\$ 22,297,777	Yes	-	-	-
	Powertech Technology (Suzhou) Ltd.	Note 2	4,459,555	605,080	605,080	332,893	-	1.4	22,297,777	Yes	-	Yes	-

Note 1: Direct investments, the Corporation's wholly-owned subsidiaries.

Note 2: Indirect investments, the Corporation's wholly-owned subsidiaries.

Note 3: The amount of guarantees provided by PTI to any individual entity shall not exceed ten percent of PTI's net worth. The aggregate amount of guarantees available shall not exceed fifty percent of PTI's net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note	
				Shares (Thousands)	Carrying Value	% of Ownership	Fair Value		
Powertech Technology Inc.	Share Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive profit or loss - non-current	2,617	\$ 25,259	-	\$ 25,259	Note 3	
Greatek Electronics Inc.	Fund Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at fair value through profit or loss - current	10,000	100,000	-	100,000	Note 4	
	Bond P08 Taipower 3A	-	Financial assets at amortized cost. - non-current	100	100,001	-	100,628	Note 2	
	P06 Taipower 1A	-	Financial assets at amortized cost. - non-current	300	300,001	-	302,399	Note 2	
	P07 Taipower 1A	-	Financial assets at amortized cost. - non-current	200	200,000	-	200,274	Note 2	
	02 Taipower 1B	-	Financial assets at amortized cost. - current	150	150,109	-	150,106	Note 2	
	P06 Taipower 3A	-	Financial assets at amortized cost. - non-current	100	100,000	-	100,596	Note 2	
	P04 FENC 4	-	Financial assets at amortized cost. - current	100	100,000	-	100,312	Note 2	
	P06 FPC 1A	-	Financial assets at amortized cost. - non-current	100	100,000	-	100,782	Note 2	
	Share POWERTECH TECHNOLOGY INC.	Greatek Electronics Inc.'s parent company	-	Financial assets at fair value through other comprehensive profit or loss - non-current	4,750	408,025	1	408,025	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - non-current	268	-	3	-	Note 5	
	Terawins Inc.	-	Financial assets at fair value through profit or loss - non-current	643	-	2	-	Note 5	
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - non-current	93	-	1	-	Note 5	

Note 1: The fair value was based on the closing price of the share as of March 31, 2020.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of March 31, 2020.

Note 3: The fair value of common share was based on share closing price, and the fair value of privately placed shares was determined using valuation techniques as of March 31, 2020.

Note 4: The fair value was based on the net asset value of the fund as of March 31, 2020.

Note 5: The fair value was based on the carrying value as of March 31, 2020.

Note 6: As of March 31, 2020, the above marketable securities had not been pledged or mortgaged.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Powertech Technology Inc.	Kioxia Corporation Kingston Technology International Ltd.	Corporate director's parent company The ultimate parent company of the related party is the juristic-person director of the the Corporation.	Sale	\$ 5,092,512	41	Note 1	\$ -	-	\$ 5,081,043	55	-
			Sale	334,715	3	Note 1	-	-	102,471	1	-
Greatek Electronics Inc.	Toshiba International Procurement Hong Kong Ltd. Realtek Semiconductor Corp.	Corporate director's sister company Parent company of Greatek Electronics Inc.'s corporate supervisor.	purchase	167,533	3.8	Note 1	-	-	(99,951)	(2)	-
			Sale	272,000	8	Net 60 days from monthly closing dates	Note 2	-	290,132	10	-

Note 1: Mainly paid on the 30th to 90th days after the month of the invoice date.

Note 2: The prices of goods Greatek Electronics Inc. sold to related parties were determined based on general transactions.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Powertech Technology Inc.	Kioxia Corporation	Corporate director's parent company	\$ 5,081,043	4.69	\$ -	-	\$ 1,671,614	\$ -
	Kingston Technology International Ltd.	The ultimate parent company of the related party is the juristic-person director of the the Corporation.	102,471	8.46	-	-	102,471	-
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor.	290,132	3.62	-	-	86,634	-

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Flow	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
			Financial Statements Items	Amount	Terms	
Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	1	Sales	\$ 2,668	Note 3	-
	TeraPower Technology Inc.	1	Sales	4,593	Note 3	-
	Powertech Technology Akita Inc.	1	Sales	6,545	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	1,311	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	240,961	Note 2	1%
	Greatek Electronics Inc.	1	Subcontract costs	14,396	Note 2	-
	Power Technology (Suzhou) Ltd.	1	Rent income	7,186	Note 2	-
	Tera Probe, Inc.	1	Rent	5,320	Note 2	-
	Powertech Technology Akita Inc.	1	Other gains and losses	1,995	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Interest income	4,372	Note 2	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	2,336	Note 3	-
	Powertech Technology (Xian) Ltd.	1	Other receivables from related parties	187,648	Note 2	-
	Greatek Electronics Inc.	1	Other receivables from related parties	1,675	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other receivables from related parties	24,509	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Other receivables from related parties	908,519	Note 2	1%
	Powertech Technology Akita Inc.	1	Other receivables from related parties	7,085	Note 2	-
	TeraPower Technology Inc.	1	Other receivables from related parties	222	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	5,365	Note 2	-
	Powertech Technology Akita Inc.	1	Disposal of property, plant and equipment	101	Note 2	-
	Powertech Technology Akita Inc.	1	Purchase of property, plant and equipment	9,002	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other payables to related parties	80,409	Note 2	-
	Greatek Electronics Inc.	1	Other payables to related parties	26,200	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payables to related parties	7,481	Note 2	-
	Powertech Technology Akita Inc.	1	Other payables to related parties	111,935	Note 2	-
	Tera Probe, Inc.	1	Other payables to related parties	6,585	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivables from related parties	3,014	Note 2	-
Powertech Technology (Singapore) Pte. Ltd.	Greatek Electronics Inc.	2	Sales	2,318	Note 4	-
	Greatek Electronics Inc.	2	Accounts receivable from related parties	2,421	Note 4	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary to the subsidiary.

Note 2: The transactions for related parties were based on negotiations and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

Note 4: The selling prices with sister companies were negotiated and thus not comparable with those in the market, and the collection period with sister companies was same as common customer.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2020
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2020	December 31, 2019	Shares (Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	\$ 1,153,964	\$ 1,153,964	73,386	49	\$ 2,274,379	\$ 90,771	\$ 67,806	Notes 1 and 2
	POWERTECH HOLDING(BVI) INC.	BVI	Investment business	1,679,370	1,679,370	50	100	757,558	19,911	19,911	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing service	6,169,948	6,169,948	244,064	43	8,220,903	544,107	229,229	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Integrated circuit testing and assembly service	USD 85,000	USD 85,000	85,000	100	1,468,065	(8,298)	(8,298)	Notes 2 and 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	2,924,826	(51,452)	(53,695)	Note 3
POWERTECH HOLDING(BVI)INC. Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	\$ 230,616	\$ 230,616	1,077	12	376,219	37,707	6,718	Note 3
	PTI TECHNOLOGY (SINGAPORE)PTE. LTD.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 23,901	USD 660	USD 660	Note 3
	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 93,659	USD 1,250	USD 610	Note 3
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing service	USD 48,917	USD 48,917	6	100	USD 15,869	USD (2,349)	USD (2,349)	Note 3
Tera Probe, Inc.	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY 313,381	JPY 159,824	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY 221,616	JPY 221,616	180	100	JPY 221,616	JPY 16,341	JPY 16,341	Note 3

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Including unrealized intercompany gains (losses).

Note 3: Amount was recognized on the basis of unreviewed financial statements.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

MARCH 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of March 31, 2020 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2020	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	\$ 2,178,288 (US\$ 72,000)	Note 1	\$ 1,542,954 (US\$ 51,000)	\$ -	\$ -	\$ 1,542,954 (US\$ 51,000)	\$ 19,895 (US\$ 660)	100%	\$ 19,895 (US\$ 660)	\$ 772,915 (US\$ 23,894)	\$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,117,780 (US\$ 70,000)	Note 1	2,003,269 (US\$ 66,215)	-	-	2,003,269 (US\$ 66,215)	113,926 (US\$ 3,778)	100%	113,926 (US\$ 3,778)	3,304,435 (US\$ 109,223)	116,324 (US\$ 3,785)	-

Equity-method Investee Company	Accumulated Investment in Mainland China as of March 31, 2020 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Ceiling Amount on of the Corporation's Investment in Mainland China
Powertech Technology (Suzhou) Ltd. Powertech Technology (Xian) Ltd.	US\$ 51,000 US\$ 66,215	US\$ 51,000 US\$ 70,000	\$26,757,332

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100%-owned subsidiaries.

Note 2: Amount was recognized on the basis of unreviewed financial statements.

Note 3: Based on the exchange rate as of March 31, 2020.