MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2020 AND 2019

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MICROELECTRONICS TECHNOLOGY, INC.

Introduction

We have reviewed the accompanying consolidated balance sheets of Microelectronics Technology, Inc. and subsidiaries (the "Group") as at June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Lin, Yu-Kuan	Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

August 6, 2020

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

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	June 30, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%	June 30, 2019 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 986,763	20	$ 1,057,733	21	$ 1,097,251	20
1110	Financial assets at fair value through profit or loss - current	6(2)	2,132	-	2,671	-	2,309	-
1136	Current financial assets at amortised cost	6(4)	28,192	1	28,235	1	28,905	-
1150	Notes receivable	6(5)	-	-	9,024	-	-	-
1170	Accounts receivable, net	6(5)	1,115,111	23	1,040,925	21	1,276,917	23
1180	Accounts receivable - related parties	6(5) and 7	19,084	-	74,209	1	39,396	1
1200	Other receivables		43,237	1	126,629	3	105,873	2
1210	Other receivables - related parties	7	144	-	385	-	542	-
130X	Inventories	6(6)	944,077	19	857,244	17	1,096,289	20
1410	Prepayments		48,461	1	48,217	1	83,832	1
11XX	**Total current assets**		3,187,201	65	3,245,272	65	3,731,314	67
	Non-current assets							
1510	Financial assets at fair value through profit or loss-non-current	6(2)	-	-	5,996	-	6,212	-
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	146,400	3	224,207	4	246,151	4
1600	Property, plant and equipment	6(7)	488,255	10	495,226	10	531,554	10
1755	Right-of-use assets	6(8)	316,102	7	335,400	7	361,989	6
1780	Intangible assets	6(9)(10)	305,287	6	302,120	6	302,712	5
1840	Deferred income tax assets		416,829	9	410,469	8	418,861	8
1900	Other non-current assets		5,575	-	5,534	-	10,412	-
15XX	**Tatal non-current assets**		1,678,448	35	1,778,952	35	1,877,891	33
1XXX	**Total Assets**		$ 4,865,649	100	$ 5,024,224	100	$ 5,609,205	100

(Continued)

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

			June 30, 2020		December 31, 2019		June 30, 2019	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current Liabilities							
2100	Short-term borrowings	6(11)	$ 306,016	6	$ 396,748	8	$ 517,178	9
2120	Financial liabilities at fair value through profit or loss - current	6(12)	380	-	273	-	1,493	-
2130	Current contract liabilities	6(21)	25,663	1	55,824	1	120,967	2
2170	Accounts payable		803,407	17	919,456	18	1,134,957	20
2180	Accounts payable - related parties	7	-	-	-	-	7,039	-
2200	Other payables	6(13)	294,699	6	358,092	7	412,345	8
2250	Provisions for liabilities - current	6(16)	13,042	-	10,935	-	19,408	-
2280	Current lease liabilities		31,607	1	31,712	1	32,227	1
2300	Other current liabilities		10,715	-	5,942	-	7,264	-
21XX	**Total current liabilities**		1,485,529	31	1,778,982	35	2,252,878	40
	Non-current liabilities							
2540	Long-term loans	6(14)	307,945	6	125	-	-	-
2550	Provisions for liabilities - non-current	6(16)	907	-	1,665	-	2,790	-
2570	Deferred income tax liabilities		103,246	2	102,055	2	118,478	2
2580	Non-current lease liabilities		262,443	6	279,320	6	302,165	5
2600	Other non-current liabilities		156,138	3	206,622	4	201,019	4
25XX	**Total non-current liabilities**		830,679	17	589,787	12	624,452	11
2XXX	**Total Liabilities**		2,316,208	48	2,368,769	47	2,877,330	51
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(17)						
3110	Share capital-common stock		2,280,283	47	2,280,283	45	2,280,283	41
	Capital Reserves	6(18)						
3200	Capital surplus		402,937	8	402,937	8	402,937	7
	Retained Earnings	6(19)						
3310	Legal reserve		24,972	1	24,972	1	24,972	1
3320	Special reserve		193,426	4	193,426	4	193,426	3
3350	Unappropriated retained earnings		4,023	-	2,413	-	8,894	-
	Other Equity Interest							
3400	Other equity interest		(356,200)	(8)	(248,576)	(5)	(178,637)	(3)
31XX	**Equity attributable to owners of the parent**		2,549,441	52	2,655,455	53	2,731,875	49
3XXX	**Total equity**		2,549,441	52	2,655,455	53	2,731,875	49
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total Liabilities and Equity**		$ 4,865,649	100	$ 5,024,224	100	$ 5,609,205	100

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

			Three months ended June 30				Six months ended June 30			
			2020		2019		2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21)	$ 1,104,981	100	$ 1,488,817	100	$ 2,008,402	100	$ 3,175,065	100
5000	Operating costs	6(6)	(866,232)	(78)	(1,187,450)	(80)	(1,618,700)	(81)	(2,631,091)	(83)
5900	Gross profit		238,749	22	301,367	20	389,702	19	543,974	17
	Operating expenses	6(26)								
6100	Selling expenses		(37,514)	(3)	(111,778)	(7)	(75,955)	(4)	(191,090)	(6)
6200	General and administrative expenses		(33,752)	(3)	(30,593)	(2)	(66,228)	(3)	(59,645)	(2)
6300	Research and development expenses		(186,611)	(17)	(148,989)	(10)	(275,546)	(14)	(274,228)	(9)
6450	Gain on reversal of expected credit impairment		(392)	-	4	-	(663)	-	4	-
6000	Total operating expenses		(258,269)	(23)	(291,356)	(19)	(418,392)	(21)	(524,959)	(17)
6900	Operating profit (loss)		(19,520)	(1)	10,011	1	(28,690)	(2)	19,015	-
	Non-operating income and expenses									
7100	Interest income	6(22)	1,453	-	2,167	-	3,489	-	4,289	-
7010	Other income	6(23)	44,055	4	10,301	1	45,352	2	13,039	-
7020	Other gains and losses	6(24)	(1,010)	-	(11,660)	(1)	(6,767)	-	(15,351)	-
7050	Finance costs	6(25)	(3,433)	-	(5,930)	(1)	(7,162)	-	(12,560)	-
7000	Total non-operating income and expenses		41,065	4	(5,122)	(1)	34,912	2	(10,583)	-
7900	**Profit before income tax**		21,545	3	4,889	-	6,222	-	8,432	-
7950	Income tax expense	6(28)	(2,887)	(1)	(4,352)	-	(4,612)	-	(5,297)	-
8200	**Profit for the period**		$ 18,658	2	$ 537	-	$ 1,610	-	$ 3,135	-
	Other comprehensive income (loss)									
	Components of other comprehensive loss that will not be reclassified to profit or loss									
8316	Unrealised loss from financial assets measured at fair value through other comprehensive income	6(3)	($ 45,259)	(4)	$ 782	-	($ 82,466)	(4)	$ 1,096	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Currency translation differences of foreign operations		(29,053)	(3)	(7,675)	-	(31,447)	(1)	17,117	1
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss		5,811	1	1,538	-	6,289	-	(3,424)	-
8300	**Total other comprehensive (loss) income for the period**		($ 68,501)	(6)	($ 5,355)	-	($ 107,624)	(5)	$ 14,789	1
8500	**Total comprehensive (loss) income for the period**		($ 49,843)	(4)	($ 4,818)	-	($ 106,014)	(5)	$ 17,924	1
	(Loss) profit attributable to:									
8610	Owners of the parent		$ 18,658	2	$ 537	-	$ 1,610	-	$ 3,135	-
8620	Non-controlling interest		-	-	-	-	-	-	-	-
			$ 18,658	2	$ 537	-	$ 1,610	-	$ 3,135	-
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		($ 49,843)	(4)	($ 4,818)	-	($ 106,014)	(5)	$ 17,924	1
8720	Non-controlling interest		-	-	-	-	-	-	-	-
			($ 49,843)	(4)	($ 4,818)	-	($ 106,014)	(5)	$ 17,924	1
	Earnings per share (in dollars)	6(29)								
9750	Basic		$ 0.08		$ -		$ 0.01		$ 0.01	
9850	Diluted		$ 0.08		$ -		$ 0.01		$ 0.01	

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent							
				Retained earnings			Other equity interest		
	Notes	Share capital-common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2019									
Balance at January 1, 2019		$ 2,280,283	$ 402,937	$ 19,761	$ 83,446	$ 166,556	($ 58,934)	($ 134,492)	$ 2,759,557
Profit for the period		-	-	-	-	3,135	-	-	3,135
Other comprehensive income for the period	6(3)	-	-	-	-	-	13,693	1,096	14,789
Total comprehensive income		-	-	-	-	3,135	13,693	1,096	17,924
Appropriation of 2018 earnings									
Legal reserve	6(19)	-	-	5,211	-	(5,211)	-	-	-
Special reserve	6(19)	-	-	-	109,980	(109,980)	-	-	-
Cash dividends	6(19)	-	-	-	-	(45,606)	-	-	(45,606)
Balance at June 30, 2019		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	$ 8,894	($ 45,241)	($ 133,396)	$ 2,731,875
2020									
Balance at January 1, 2020		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	$ 2,413	($ 104,070)	($ 144,506)	$ 2,655,455
Profit for the period		-	-	-	-	1,610	-	-	1,610
Other comprehensive loss for the period	6(3)	-	-	-	-	-	(25,158)	(82,466)	(107,624)
Total comprehensive loss		-	-	-	-	1,610	(25,158)	(82,466)	(106,014)
Balance at June 30, 2020		$ 2,280,283	$ 402,937	$ 24,972	$ 193,426	$ 4,023	($ 129,228)	($ 226,972)	$ 2,549,441

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six months ended June 30 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 6,222	$ 8,432
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on reversal of expected credit impairment		663	(4)
Depreciation	6(7)(8)(26)	59,109	56,172
Amortization	6(9)(26)	14,979	14,426
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	539	(1,926)
Net loss on financial liabilities at fair value through profit or loss	6(12)(24)	107	1,399
Interest income	6(22)	(3,489)	(4,289)
Interest expense	6(25)	7,162	12,560
Gain on disposal of property, plant and equipment	6(24)	(65)	(8,534)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		9,024	68,362
Accounts receivable		(39,526)	344,389
Other receivables		82,954	27,821
Inventories		(95,245)	235,361
Prepayments		(719)	(8,611)
Changes in operating liabilities			
Accounts payable		(98,416)	(690,528)
Other payables		(55,473)	(34,905)
Provisions for liabilities		1,608	(15,885)
Contract liabilities-current		(30,161)	137,749
Other current liabilities		349	(28,434)
Accrued pension liabilities		(50,483)	(11,720)
Cash (outflow) inflow generated from operations		(190,861)	101,835
Interest received		3,548	4,305
Interest paid		(4,568)	(12,598)
Income taxes paid		(4,732)	(8,422)
Net cash flows (used in) from operating activities		(196,613)	85,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at amortized cost		(299)	20,323
Acquisition of property, plant and equipment	6(30)	(48,063)	(34,380)
Proceeds from disposal of property, plant and equipment		2,395	12,082
Acquisition of intangible assets	6(9)	(19,828)	(14,459)
(Increase) decrease in guarantee deposits paid		(93)	588
Net cash flows used in investing activities		(65,888)	(15,846)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		2,936,081	1,479,874
Decrease in short-term borrowings		(3,025,958)	(1,522,230)
Increase in long-term borrowings		307,820	-
Repayment of principal portion of lease liabilities		(19,241)	(19,484)
Net cash flows from (used in) financing activities		198,702	(61,840)
Effects due to changes in exchange rate		(7,171)	3,318
Net (decrease) increase in cash and cash equivalents		(70,970)	10,752
Cash and cash equivalents at beginning of period		1,057,733	1,086,499
Cash and cash equivalents at end of period		$ 986,763	$ 1,097,251

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

MICROELECTRONICS TECHNOLOGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

1. HISTORY AND ORGANISATION

Microelectronics Technology Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the design, manufacture and sales of terrestrial microwave, satellite communication system products, and related customised products.

On January 1, 2011, the Company merged with the subsidiary, Global PCS Inc.. Under the merger, the Company is the surviving company while Global PCS Inc. was the dissolved company

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

These consolidated financial statements were authorised for issuance by the Board of Directors on August 6, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020

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

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

None.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.

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

(2) Basis of preparation

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

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

(b) Financial assets and liabilities at fair value through other comprehensive income.

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements is consistent with those of the year ended December 31, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) June 30, 2020	December 31, 2019	June 30, 2019
Microelectronics Technology, Inc.	Sasson International Holding, Inc.	Note 1	100.00	100.00	100.00
Sasson International Holding, Inc.	Welltop Technology Co., Ltd.	Note 1	100.00	100.00	100.00
Sasson International Holding, Inc.	Jupiter Network Corp. (Jupiter)	Note 1	100.00	100.00	100.00
Welltop Technology Co., Ltd.	MTI Laboratory, Inc.	Note 2	100.00	100.00	100.00
Welltop Technology Co., Ltd.	RadioComp ApS	Note 2	100.00	100.00	100.00
Jupiter Network Corp. (Jupiter)	Jupiter Technology (Wuxi) Inc.	Note 3	100.00	100.00	100.00

Note 1: Main operating activity is investments in the manufacturing and trading business.

Note 2: Research, development, design, manufacture and sales of personal wireless communication device, components of subsystem and system and wireless microwave communication system and equipment of electronic system.

Note 3: Main operating activities are design of satellite and microwave communication system equipment and its components, sales of self-made products and providing related technical services.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

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

(5) Income tax

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand and revolving funds	$ 280	$ 299	$ 352
Checking accounts and demand deposits	523,084	518,946	555,061
Time deposits	463,399	538,488	541,838
	$ 986,763	$ 1,057,733	$ 1,097,251

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

B. Information on restricted cash reclassified as ‘Financial assets at amortised cost’ is provided in Note 8.

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

Items	June 30, 2020	December 31, 2019	June 30, 2019
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	$ 2,132	$ 2,671	$ 2,309
Unlisted stocks	109,776	111,072	115,074
Valuation adjustments	(109,776)	(111,072)	(115,074)
	$ 2,132	$ 2,671	$ 2,309
Non-current items：			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	$ -	$ 5,996	$ 6,212
Valuation adjustments	-	-	-
	$ -	$ 5,996	$ 6,212

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended June 30,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 2,132	$ 1,773

	Six months ended June 30,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	($ 539)	$ 1,926

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative instruments	June 30, 2020 Contract amount (Notional principal)		June 30, 2020 Contract period	December 31, 2019 Contract amount (Notional principal)		December 31, 2019 Contract period
Current items:						
Foreign exchange swap transactions	USD	3,000	2020.05.13~ 2020.07.15	USD	5,000	2019.12.11~ 2020.01.15
Forward foreign exchange contracts	USD	5,000	2020.05.13~ 2020.08.17	USD	2,000	2019.12.13~ 2020.01.22

Derivative instruments	June 30, 2019 Contract amount (Notional principal)		June 30, 2019 Contract period
Current items:			
Foreign exchange swap transactions	USD	11,180	2019.05.13~ 2019.08.15
Forward foreign exchange contracts	USD	3,500	2019.05.13~ 2019.07.15

The Group entered into foreign exchange swap transactions and forward foreign exchange contracts to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

C. Information on financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	June 30, 2020	December 31, 2019	June 30, 2019
Non-current items：			
Equity instruments			
Emerging stocks	$ -	$ -	$ 3,060
Unlisted stocks	359,107	357,057	367,819
Valuation adjustments	(226,971)	(144,505)	(133,395)
Net exchange differences	14,264	11,655	8,667
	$ 146,400	$ 224,207	$ 246,151

A. The Group has elected to classify equity instrument investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $146,400, $224,207 and $246,151 as at June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

B. For the three months and six months ended June 30, 2020, the Group recognised impairment loss of $45,259 and $82,466, respectively, after the assessment, as the global pandemic impacted the operation of investees, causing operational difficulty and operating capital to be insufficient, that resulted in the impairment.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended June 30,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive (loss) income	($ 45,259)	$ 782

	Six months ended June 30,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive (loss) income	($ 82,466)	$ 1,096

(4) Financial assets at amortised cost

Items	June 30, 2020	December 31, 2019	June 30, 2019
Current items:			
Time deposits	$ 28,192	$ 28,235	$ 28,905

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended June 30,	
	2020	2019
Interest income	$ 126	$ 207

	Six months ended June 30,	
	2020	2019
Interest income	$ 276	$ 389

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $28,192, $28,235 and $28,905, respectively.

C. Details of the Group’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	$ -	$ 9,024	$ -
Less: Allowance for uncollectible accounts	-	-	-
	$ -	$ 9,024	$ -
Accounts receivable	$ 1,134,898	$ 1,116,387	$ 1,317,566
Less: Allowance for uncollectible accounts	(703)	(1,253)	(1,253)
	$ 1,134,195	$ 1,115,134	$ 1,316,313

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

	June 30, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 723,881	$ -	$ 898,114	$ 9,024
Up to 90 days	404,879	-	145,858	-
91 to 180 days	5,407	-	20,937	-
Over 181 days	731	-	51,478	-
	$ 1,134,898	$ -	$ 1,116,387	$ 9,024

	June 30, 2019	
	Accounts receivable	Notes receivable
Not past due	$ 984,084	$ -
Up to 90 days	320,386	-
91 to 180 days	11,846	-
Over 181 days	1,250	-
	$ 1,317,566	$ -

The above ageing analysis was based on past due date. As of June 30, 2020, the subsequent collection of past-due accounts receivable amounted to $125,505, of which $3,716 were collected from 91-180 days past due.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $1,714,025.

C. As of June 30, 2020, December 31, 2019 and June 30, 2019, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes receivable were $0, $9,024 and $0, respectively. As of June 30, 2020, December 31, 2019 and June 30, 2019, the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable were $1,134,195, $1,115,134 and $1,316,313, respectively.

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

(6) Inventories

	June 30, 2020		
	Cost	Allowance for inventory valuation losses and loss for obsolete and slow-moving intentories	Book value
Raw materials	$ 650,281	($ 70,969)	$ 579,312
Work in progress	261,356	(45,852)	215,504
Finished goods	151,357	(2,096)	149,261
	$ 1,062,994	($ 118,917)	$ 944,077

	December 31, 2019		
	Cost	Allowance for inventory valuation losses and loss for obsolete and slow-moving intentories	Book value
Raw materials	$ 647,184	($ 89,204)	$ 557,980
Work in progress	213,054	(48,702)	164,352
Finished goods	155,752	(20,840)	134,912
	$ 1,015,990	($ 158,746)	$ 857,244

	June 30, 2019		
	Cost	Allowance for inventory valuation losses and loss for obsolete and slow-moving intentories	Book value
Raw materials	$ 709,149	($ 47,968)	$ 661,181
Work in progress	277,666	(15,643)	262,023
Finished goods	157,061	(35,574)	121,487
Inventory in transit	51,598	-	51,598
	$ 1,195,474	($ 99,185)	$ 1,096,289

The cost of inventories recognised expense for the period:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Cost of goods sold	$ 866,923	$ 1,191,374
Gain on reversal of decline in market value	(691)	(3,924)
Recognised as selling and R&D expenses	6,341	-
	$ 872,573	$ 1,187,450

	Six months ended June 30, 2020	Six months ended June 30, 2019
Cost of goods sold	$ 1,613,414	$ 2,629,786
Loss on decline in market value	5,286	1,305
Recognised as selling and R&D expenses	8,619	3,467
	$ 1,627,319	$ 2,634,558

(7) Property, plant and equipment

Details of property, plant and equipment for its own use are as follows:

	2020						
	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 418,552	$ 962,616	$ 91,449	$ 2,250	$ 15,159	$ 918	$ 1,490,944
Accumulated depreciation and impairment	(82,421)	(823,724)	(78,100)	(2,250)	(9,223)	-	(995,718)
	$ 336,131	$ 138,892	$ 13,349	$ -	$ 5,936	$ 918	$ 495,226
At January 1	$ 336,131	$ 138,892	$ 13,349	$ -	$ 5,936	$ 918	$ 495,226
Additions	-	36,927	6,022	-	-	-	42,949
Reclassifications	-	4,928	-	-	-	(918)	4,010
Disposals	-	(2,293)	(37)	-	-	-	(2,330)
Depreciation expense	(9,433)	(25,794)	(3,892)	-	(2,357)	-	(41,476)
Net exchange differences	(8,551)	(1,449)	(121)	-	(3)	-	(10,124)
At June 30	$ 318,147	$ 151,211	$ 15,321	$ -	$ 3,576	$ -	$ 488,255
At June 30							
Cost	$ 407,630	$ 982,679	$ 93,290	$ 2,226	$ 15,097	$ -	$ 1,500,922
Accumulated depreciation and impairment	(89,483)	(831,468)	(77,969)	(2,226)	(11,521)	-	(1,012,667)
	$ 318,147	$ 151,211	$ 15,321	$ -	$ 3,576	$ -	$ 488,255

	2019						
	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 433,064	$ 1,288,116	$ 92,094	$ 2,299	$ 8,382	$ 8,072	$ 1,832,027
Accumulated depreciation and impairment	(67,045)	(1,140,999)	(74,846)	(2,299)	(5,887)	-	(1,291,076)
	$ 366,019	$ 147,117	$ 17,248	$ -	$ 2,495	$ 8,072	$ 540,951
At January 1	$ 366,019	$ 147,117	$ 17,248	$ -	$ 2,495	$ 8,072	$ 540,951
Additions	-	15,920	2,996	-	2,786	3,508	25,210
Reclassifications	-	8,110	-	-	-	(8,110)	-
Disposals	-	(3,492)	(56)	-	-	-	(3,548)
Depreciation expense	(9,893)	(19,720)	(4,500)	-	(1,672)	-	(35,785)
Net exchange differences	3,595	1,016	109	-	5	1	4,726
At June 30	$ 359,721	$ 148,951	$ 15,797	$ -	$ 3,614	$ 3,471	$ 531,554
At June 30							
Cost	$ 437,196	$ 1,173,983	$ 121,525	$ 2,321	$ 11,229	$ 3,471	$ 1,749,725
Accumulated depreciation and impairment	(77,475)	(1,025,032)	(105,728)	(2,321)	(7,615)	-	(1,218,171)
	$ 359,721	$ 148,951	$ 15,797	$ -	$ 3,614	$ 3,471	$ 531,554

(8) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2020		December 31, 2019		June 30, 2019	
	Carrying amount		Carrying amount		Carrying amount	
Land	$	26,288	$	27,344	$	29,117
Buildings		289,814		308,056		332,872
Machinery and equipment		-		-		-
	$	316,102	$	335,400	$	361,989

	Three months ended June 30,			
	2020		2019	
	Depreciation charge		Depreciation charge	
Land	$	174	$	188
Buildings		8,638		8,764
Machinery and equipment		-		-
	$	8,812	$	8,952

	Six months ended June 30,			
	2020		2019	
	Depreciation charge		Depreciation charge	
Land	$	351	$	374
Buildings		17,282		17,502
Machinery and equipment		-		2,511
	$	17,633	$	20,387

C. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended June 30,			
	2020		2019	
Items affecting profit or loss				
Interest expense on lease liabilities	$	1,617	$	1,518
Expense on short-term lease contracts		1,998		6,241
Expense on leases of low-value assets		294		333

	Six months ended June 30,			
	2020		2019	
Items affecting profit or loss				
Interest expense on lease liabilities	$	3,234	$	3,500
Expense on short-term lease contracts		3,386		12,203
Expense on leases of low-value assets		996		1,081

D. For the six months ended June 30, 2020 and 2019, the Group's total cash outflow for leases was $26,857 and $36,268, respectively.

(9) Intangible assets

	2020			
	Goodwill	Acquired special technology	Computer sofware	Total
At January 1				
Cost	$ 383,503	$ 404,895	$ 489,740	$ 1,278,138
Accumulated depreciation and impairment	(109,762)	(404,895)	(461,361)	(976,018)
	$ 273,741	$ -	$ 28,379	$ 302,120
At January 1	$ 273,741	$ -	$ 28,379	$ 302,120
Additions	-	-	19,828	19,828
Amortisation charge	-	-	(14,979)	(14,979)
Net exchange differences	(1,519)	-	(163)	(1,682)
At June 30	$ 272,222	$ -	$ 33,065	$ 305,287
At June 30				
Cost	$ 383,503	$ 404,895	$ 501,837	$ 1,290,235
Accumulated amortisation and impairment	(111,281)	(404,895)	(468,772)	(984,948)
	$ 272,222	$ -	$ 33,065	$ 305,287

	2019			
	Goodwill	Acquired special technology	Computer sofware	Total
At January 1				
Cost	$ 383,503	$ 404,895	$ 461,291	$ 1,249,689
Accumulated depreciation and impairment	(106,573)	(404,895)	(437,161)	(948,629)
	$ 276,930	$ -	$ 24,130	$ 301,060
At January 1	$ 276,930	$ -	$ 24,130	$ 301,060
Additions	-	-	14,459	14,459
Amortisation charge	-	-	(14,426)	(14,426)
Net exchange differences	1,498	-	121	1,619
At June 30	$ 278,428	$ -	$ 24,284	$ 302,712
At June 30				
Cost	$ 383,503	$ 404,895	$ 477,197	$ 1,265,595
Accumulated amortisation and impairment	(105,075)	(404,895)	(452,913)	(962,883)
	$ 278,428	$ -	$ 24,284	$ 302,712

Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2020	2019
Operating costs	$ 1,602	$ 1,170
General and administrative expenses	231	161
Research and development expenses	5,903	6,012
	$ 7,736	$ 7,343

	Six months ended June 30,	
	2020	2019
Operating costs	$ 2,945	$ 2,262
General and administrative expenses	398	298
Research and development expenses	11,636	11,866
	$ 14,979	$ 14,426

(10) Impairment of non-financial assets

There have been no significant changes in the reporting period. Please refer to Note 6(10) in the consolidated financial statements for the year ended December 31, 2019.

(11) Short-term borrowings

Type of borrowings	June 30, 2020	Interest rate range	Collateral
Bank borrowings			
Export financing	$ 208,892	0.70%~1.35%	None
Borrowings for material purchase	97,124	0.85%~1.48%	None
	$ 306,016		

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Borrowings for material purchase	$ 396,748	2.39%~2.74%	None

Type of borrowings	June 30, 2019	Interest rate range	Collateral
Bank borrowings			
Export financing	$ 74,544	3.20%	None
Borrowings for material purchase	442,634	2.99%~3.28%	None
	$ 517,178		

For the three months and six months ended June 30, 2020 and 2019, the Group recognised interest expense in profit or loss amounting to $1,434, $4,412, $3,546 and $9,060, respectively, due to the short-term borrowings.

(12) Financial liabilities at fair value through profit or loss

Items	June 30, 2020	December 31, 2019	June 30, 2019
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ 380	$ 273	$ 1,493
Valuation adjustments	-	-	-
	$ 380	$ 273	$ 1,493

A. For the three months and six months ended June 30, 2020 and 2019, the Group recognised net gain (loss) on financial liabilities held for trading amounting to $1,446, ($1,368), ($107) and ($1,399), respectively.

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

Unit: In thousands

	June 30, 2020			December 31, 2019		
Non-derivative financial liabilities for hedging	Contract amount (Notional principal)		Contract period	Contract amount (Notional principal)		Contract period
Current items:						
Forward foreign exchange contracts	USD	2,100	2020.06.23~ 2020.08.17		-	-
Foreign exchange swap transactions		-	-	USD	800	2019.12.11~ 2020.01.15

Unit: In thousands

	June 30, 2019		
Non-derivative financial liabilities for hedging	Contract amount (Notional principal)		Contract period
Current items:			
Foreign exchange swap transactions	USD	5,800	2019.06.03~ 2019.08.15

C. The Group entered into forward foreign exchange contracts and foreign exchange swap transactions to sell forward contracts to hedge exchange rate risk of export proceeds. However, these forward contracts are not accounted for under hedge accounting.

(13) Other payables

	June 30, 2020	December 31, 2019	June 30, 2019
Employee bonus payable	$ 154,249	$ 151,759	$ 130,157
Payable on miscellaneous purchases	32,693	35,935	34,199
Accrued export expenses	19,325	30,750	86,169
Payables for machinery and equipment	18,912	24,037	19,484
Accrued repairs and maintenance expense	18,379	13,617	14,320
Accrued commission	9,771	8,920	11,225
Payables for consulting service fees	9,670	10,372	10,357
Others	31,700	82,702	106,434
	$ 294,699	$ 358,092	$ 412,345

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2020
Long-term bank borrowings				
Mega Bank	Borrowing period is from December 23, 2019 to December 15, 2025; interest is repayable monthly.	0.95%	None	$ 7,945
The Shanghai Commercial & Savings Bank	Borrowing period is from March 31, 2020 to March 14, 2025; interest is repayable monthly.	0.75%	None	300,000
Less: Current portion				-
				$ 307,945

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings				
Mega Bank	Borrowing period is from December 23, 2019 to December 15, 2025; interest is repayable monthly.	1.2%	None	$ 125
Less: Current portion				-
				$ 125

On June 30, 2019: None.

A. For the three months and six months ended June 30, 2020 and 2019, the Group recognised interest expense in profit or loss amounting to $382, $0, $382 and $0, respectively, due to the long-term borrowings.

B. As of August 6, 2020, the Company received a line of credit of $6.40 billion from the bank, and has drawn down $3.08 billion.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method; to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2020 and 2019 were $335, $987, $824 and $1,913, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to $3,516.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland China subsidiary, Jupiter Technology (Wuxi) Inc, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 19%. Other than the monthly contributions, the Company has no further obligations

(c) The Subsidiary, RadioComp ApS, accrued pension costs based on a certain appropriate rate of total salaries.

(d) The pension costs under defined contribution pension plans of the Group for the three months and six months ended June 30, 2020 and 2019 were $5,259, $12,067, $10,313 and $27,256, respectively.

(16) Provisions

	2020	2019
Balance at January 1	$ 12,600	$ 37,884
Additional provisions	3,018	2,901
Used during the period	(1,405)	(3,528)
Unused amounts reversed	-	(14,347)
Exchange difference	(264)	(712)
Balance at June 30	$ 13,949	$ 22,198

Analysis of total provisions:

	June 30, 2020	December 31, 2019	June 30, 2019
Current	$ 13,042	$ 10,935	$ 19,408
Non-current	$ 907	$ 1,665	$ 2,790

The Group gives warranties on sales-related products. Provision for warranty is estimated based on historical warranty data of uninterruptible power supply and solar energy products.

(17) Share capital

As of June 30, 2020, the Company's authorised capital was $7,000,000, consisting of 0.7 billion shares of ordinary stock (including 50 million shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was $2,280,283 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: In thousand shares)

	2020	2019
At January 1 (At June 30)	228,028	228,028

(18) Capital surplus

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

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance. After setting aside or reversal of a special reserve in accordance with related laws, the Company shall appropriate dividends to preferred stock. The Board of Directors should present the distribution of the remaining earnings along with accumulated unappropriated earnings for the approval of the shareholders to distribute dividends to shareholders.

B. As the Company is in the growth stage, considered entire environment and nature of industry as well as future capital needs and long-term financial plans in order to subsequent operation and stable development. Based on the Company's future budget of capital expenditure and demand of capital, the Company appropriated no less than 30% of distributable earnings to shareholders' dividends, but if the distributable earnings is lower than 5% of paid-in capital, no dividends will be distributed. Cash dividend has a first priority when distributing shareholders' dividends, and the ratio is 30~100% of current total dividends. Remaining dividend can be distributed in the form of stocks. The appropriation of retained earnings will be proposed by the Board of Directors every year, and will be approved by the shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. On June 18, 2020, the shareholders during their meeting resolved not to distribute dividends from 2019 earnings.

F. The appropriations of earnings of year 2018 as resolved by the shareholders at their meetings on June 19, 2019 are as follows:

	Year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 5,211	
Special reserve	109,980	
Cach dividends	45,606	$ 0.20
	$ 160,797	

(20) Other equity items

	2020		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	($ 144,506)	($ 104,070)	($ 248,576)
The Company's effect	(1,381)	-	(1,381)
Effects of associate accounted for under equity method	(81,085)	(31,447)	(112,532)
Tax effects of associate accounted for under equity method	-	6,289	6,289
At June 30	($ 226,972)	($ 129,228)	($ 356,200)

	2019		
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Total
At January 1	($ 134,492)	($ 58,934)	($ 193,426)
The Company's effect	1,096	-	1,096
Effects of associate accounted for under equity method	-	17,117	17,117
Tax effects of associate accounted for under equity method	-	(3,424)	(3,424)
At June 30	($ 133,396)	($ 45,241)	($ 178,637)

(21) Operating revenue

	Three months ended June 30,	
	2020	2019
Revenue from contracts with customers	$ 1,104,981	$ 1,488,817

	Six months ended June 30,	
	2020	2019
Revenue from contracts with customers	$ 2,008,402	$ 3,175,065

A. Disaggregation of revenue from contracts with customers

The Group derives revenue in the following major product lines and geographical regions:

	Three months ended June 30, 2020			
	USA	Mainland China	Other	Total
Total segment revenue	$ 591,860	$ 304,474	$ 649,811	$ 1,546,145
Inter-segment revenue	(58,165)	-	(382,999)	(441,164)
Revenue from external customer contracts	$ 533,695	$ 304,474	$ 266,812	$ 1,104,981

	Three months ended June 30, 2019			
	USA	Mainland China	Other	Total
Total segment revenue	$ 865,791	$ 336,693	$ 1,263,567	$ 2,466,051
Inter-segment revenue	(308)	(50,398)	(926,528)	(977,234)
Revenue from external customer contracts	$ 865,483	$ 286,295	$ 337,039	$ 1,488,817

	Six months ended June 30, 2020			
	USA	Mainland China	Other	Total
Total segment revenue	$ 1,022,062	$ 482,589	$ 1,296,224	$ 2,800,875
Inter-segment revenue	(58,285)	-	(734,188)	(792,473)
Revenue from external customer contracts	$ 963,777	$ 482,589	$ 562,036	$ 2,008,402

	Six months ended June 30, 2019			
	USA	Mainland China	Other	Total
Total segment revenue	$ 1,819,714	$ 669,122	$ 2,323,353	$ 4,812,189
Inter-segment revenue	(598)	(50,398)	(1,586,128)	(1,637,124)
Revenue from external customer contracts	$ 1,819,116	$ 618,724	$ 737,225	$ 3,175,065

B. Contract liabilities from customers

(a) The Group has recognised the following revenue-related contract liabilities:

	June 30, 2020	December 31, 2019	June 30, 2019
Contract liabilities:			
Contract liabilities- Products sales contracts	$ 25,663	$ 55,824	$ 120,967

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

	Three months ended June 30,	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 2,271	$ 1,511

	Six months ended June 30,	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 40,560	$ 2,952

(22) Interest income

	Three months ended June 30,	
	2020	2019
Interest income from bank deposits	$ 1,453	$ 2,167

	Six months ended June 30,	
	2020	2019
Interest income from bank deposits	$ 3,489	$ 4,289

(23) Other income

	Three months ended June 30,	
	2020	2019
Other income, others	$ 44,055	$ 10,301

	Six months ended June 30,	
	2020	2019
Other income, others	$ 45,352	$ 13,039

A. In the second quarter of 2020, the Group recognised government grant income of $26,921 for salary and working capital subsidies from the Ministry of Economic Affairs under the 'Salary and Working Capital Subsidies for Businesses Suffered by the COVID-19 Handled by the Ministry of Economic Affairs'.

B. In the second quarter of 2020, the Group recognised government grant income of $13,300 for the subsidiaries from the Ministry of Economic Affairs under the 'Low Earth Orbit (LEO) Radio Frequency Front End (RFFE) Solution Development Plan'Other gains and losses.

(24) Other gains and losses

	Three months ended June 30,	
	2020	2019
(Losses) gains on disposals of property, plant and equipment	($ 36)	$ 7,768
Currency exchange losses	(4,262)	(2,358)
Gains on financial assets (liabilities) at fair value through profit or loss	3,578	405
Miscellaneous disbursements	(290)	(17,475)
	($ 1,010)	($ 11,660)

	Six months ended June 30,	
	2020	2019
Gains on disposals of property, plant and equipment	$ 65	$ 8,534
Currency exchange losses	(5,066)	(2,763)
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(646)	527
Miscellaneous disbursements	(1,120)	(21,649)
	($ 6,767)	($ 15,351)

(25) Finance costs

	Three months ended June 30,	
	2020	2019
Interest expense	$ 1,816	$ 4,412
Interest expense of lease liability	1,617	1,518
	$ 3,433	$ 5,930

	Six months ended June 30,	
	2020	2019
Interest expense	$ 3,928	$ 9,060
Interest expense of lease liability	3,234	3,500
	$ 7,162	$ 12,560

(26) Expenses by nature

	Three months ended June 30,	
	2020	2019
Employee benefit expense	$ 232,834	$ 221,161
Depreciation charges on property, plant and equipment	29,637	27,913
Amortisation	7,736	7,343
	$ 270,207	$ 256,417

	Six months ended June 30,	
	2020	2019
Employee benefit expense	$ 455,611	$ 440,532
Depreciation charges on property, plant and equipment	59,109	56,172
Amortisation	14,979	14,426
	$ 529,699	$ 511,130

(27) Employee benefit expense

	Three months ended June 30, 2020	Three months ended June 30, 2019
Salary expenses	$ 206,107	$ 185,919
Labour and health insurance fees	14,265	13,653
Pension costs	5,594	13,054
Other personnel expenses	6,868	8,535
	$ 232,834	$ 221,161

	Six months ended June 30, 2020	Six months ended June 30, 2019
Salary expenses	$ 402,003	$ 366,678
Labour and health insurance fees	29,137	27,264
Pension costs	11,137	29,169
Other personnel expenses	13,334	17,421
	$ 455,611	$ 440,532

A. According to the Articles of Incorporation of the Company, the ratio of distributable profit of the current year shall not be lower than 7% for employees' compensation in the form of stocks/cash, and employees must be working for the Company. The current year's earnings, if any, shall not be higher than 1% for directors' remuneration. Appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated to employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the three months and six months ended June 30, 2020 and 2019, employees' remuneration was accrued at $123, $26, $123 and $26, respectively; while directors' remuneration was accrued at $18, $4, $18 and $4, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7% and 1% of distributable profit of current year as of the end of reporting period.

For 2019, the employees' compensation and directors' remuneration resolved by the Board of Directors amounted to $128 and $0, respectively, which were in agreement with those amounts recognised in the 2019 financial statements.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Current tax:		
Current tax on profits for the period	$ 1,841	$ 2,867
Tax of foreign source income withheld at source	1,217	1,485
Prior year income tax overestimation	(171)	-
Total current tax	2,887	4,352
Deferred tax:		
Origination and reversal of temporary differences	7,579	18,097
Impact of tax losses	(7,579)	(18,097)
Total deferred tax	-	-
Income tax expense	$ 2,887	$ 4,352

	Six months ended June 30, 2020	Six months ended June 30, 2019
Current tax:		
Current tax on profits for the period	$ 3,566	$ 5,483
Tax of foreign source income withheld at source	1,217	2,614
Prior year income tax overestimation	(171)	-
Total current tax	4,612	8,097
Deferred tax:		
Origination and reversal of temporary differences	16,842	21,355
Impact of tax losses	(16,842)	(24,155)
Total deferred tax	-	(2,800)
Income tax expense	$ 4,612	$ 5,297

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

	Three months ended June 30, 2020	Three months ended June 30, 2019
Currency translation differences	($ 5,811)	($ 1,538)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Currency translation differences	($ 6,289)	$ 3,424

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

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

(29) Earnings per share

	Three months ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 18,658	228,028	$ 0.08
Diluted earnings per share			
Profit attributable to the parent	18,658	228,028	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5	
	$ 18,658	228,033	$ 0.08

	Three months ended June 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 537	228,028	$ 0.002
Diluted earnings per share			
Profit attributable to the parent	537	228,028	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1	
	$ 537	228,029	$ 0.002

	Six months ended June 30, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 1,610	228,028	$ 0.01
Diluted earnings per share			
Profit attributable to the parent	1,610	228,028	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	12	
	$ 1,610	228,040	$ 0.01

	Six months ended June 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 3,135	228,028	$ 0.01
Diluted earnings per share			
Profit attributable to the parent	3,135	228,028	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	179	
	$ 3,135	228,207	$ 0.01

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30,	
	2020	2019
Purchase of property, plant and equipment	$ 42,949	$ 25,210
Add: Opening balance of payable on equipment	24,037	28,881
Ending balance of prepayment for equipment	1,112	-
Less: Ending balance of payable on equipment	(18,912)	(19,484)
Opening balance of prepayment for equipment	(1,123)	(227)
Cash paid during the period	$ 48,063	$ 34,380

B. Financing activities with no cash flow effects:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash dividends payable	$ -	$ 45,606

(31) Changes in liabilities from financing activities

	Payments of lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2020	$ 311,032	$ 396,748	$ 125	$ 707,905
Changes in cash flow from financing activities	(19,241)	(89,877)	307,820	198,702
Impact of changes in foreign exchange rate	(975)	(855)	-	(1,830)
Interest expense	3,234	-	-	3,234
June 30, 2020	$ 294,050	$ 306,016	$ 307,945	$ 908,011

	Payments of lease liabilities	Short-term borrowings	Long-term borrowings	Total
January 1, 2019	$ 378,746	$ 559,660	$ -	$ 938,406
Changes in cash flow from financing activities	(19,484)	(42,356)	-	(61,840)
Impact of changes in foreign exchange rate	1,119	(126)	-	993
Changes in other non-cash items	(29,489)	-	-	(29,489)
Interest expense	3,500	-	-	3,500
June 30, 2019	$ 334,392	$ 517,178	$ -	$ 851,570

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Cybertan Technology Inc.	Entities with significant influence to the Group

(2) Significant related party transactions

A. Operating revenue

	Three months ended June 30, 2020	Three months ended June 30, 2019
Sales of goods:		
Cybertan Technology Inc.	$ 18,644	$ 59,260

	Six months ended June 30,	
	2020	2019
Sales of goods:		
Cybertan Technology Inc.	$ 94,563	$ 178,073

The sales prices are based on mutual agreement, and no similar transactions can be compared with. The credit terms are 30 days from invoice date for the related parties. For third parties, credit terms are 30~90 days from invoice date or after monthly billings.

B. Purchases

	Three months ended June 30,	
	2020	2019
Purchases of goods:		
Entities with significant influence to the Group	$ -	$ 654

	Six months ended June 30,	
	2020	2019
Purchases of goods:		
Entities with significant influence to the Group	$ -	$ 1,365

C. Receivables from related parties

	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivable:			
Entities with significant influence to the Group	$ 19,084	$ 74,209	$ 39,396
Other receivables:			
Entities with significant influence to the Group	144	385	542
	$ 19,228	$ 74,594	$ 39,938

D. Payables to related parties

	June 30, 2020	December 31, 2019	June 30, 2019
Accounts payable:			
Entities with significant influence to the Group	$ -	$ -	$ 7,039

E. Lease transactions－lessee

(a) The Group leases buildings from Cybertan Technology Inc.. Rental contracts are typically made for periods of 10 years. Rents are paid at the end of year.

(b) Acquisition of right-of-use assets:

	June 30, 2020	December 31, 2019	June 30, 2019
Cybertan Technology Inc.	$ 207,204	$ 219,392	$ 235,831

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by $248,243.

(c) Lease liabilities

(i) Outstanding balance:

	June 30, 2020	December 31, 2019	June 30, 2019
Cybertan Technology Inc.	$ 210,153	$ 221,507	$ 236,907

(ii) Interest expense

	Three months ended June 30,	
	2020	2019
Cybertan Technology Inc.	$ 1,107	$ 1,241

	Six months ended June 30,	
	2020	2019
Cybertan Technology Inc.	$ 2,215	$ 2,482

(d) As of June 30, 2020, December 31, 2019 and June 30, 2019, guarantee deposits paid (shown as 'Other non-current assets') to entities with significant influence to the Group both amounted to $1,972.

(3) Key management compensation

	Three months ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	$ 10,222	$ 11,684
Post-employment benefits	423	497
	$ 10,645	$ 12,181

	Six months ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	$ 23,159	$ 25,159
Post-employment benefits	773	999
	$ 23,932	$ 26,158

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	June 30, 2020	December 31, 2019	June 30, 2019	Purpose
Time deposits (shown as 'Financial assets at amortised cost-current')	$ 523	$ 537	$ 565	Guarantee for business card

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to 6(14) B for the details.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 2,132	$ 8,667	$ 8,521
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	146,400	224,207	246,151
Financial assets at amortised cost			
Cash and cash equivalents	986,763	1,057,733	1,097,251
Financial assets at amortised cost	28,192	28,235	28,905
Notes receivable	-	9,024	-
Accounts receivable (including related party transactions)	1,134,195	1,115,134	1,316,313
Other receivables (including related party transactions)	43,381	127,014	106,415
Guarantee deposits paid	4,521	4,441	10,412
	$ 2,345,584	$ 2,574,455	$ 2,813,968

	June 30, 2020	December 31, 2019	June 30, 2019
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 380	$ 273	$ 1,493
Financial liabilities at amortised cost			
Short-term borrowings	306,016	396,748	517,178
Accounts payable (including related party transactions)	803,407	919,456	1,141,996
Other payables	294,699	358,092	412,345
Long-term borrowings	307,945	125	-
	$ 1,712,447	$ 1,674,694	$ 2,073,012
Lease liability	$ 294,050	$ 311,032	$ 334,392

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group uses forward foreign exchange contracts, transacted with Company treasury.

iii. The Group hedges foreign exchange rate by using forward exchange and cross currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (12).

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

	June 30, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency： functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 37,218	29.63	$ 1,102,769
RMB:NTD	5,422	4.19	22,718
EUR:NTD	487	33.27	16,202
USD:RMB	8,750	7.08	259,263
Financial liabilities			
Monetary items			
USD:NTD	$ 27,960	29.63	$ 828,455
RMB:NTD	31,048	4.19	130,091
EUR:NTD	559	33.27	18,598
USD:RMB	9,722	7.08	288,063

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency： functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 55,834	29.98	$ 1,673,903
RMB:NTD	44	4.30	189
EUR:NTD	1,070	33.59	35,941
USD:RMB	25,058	6.98	751,239
Financial liabilities			
Monetary items			
USD:NTD	$ 49,578	29.98	$ 1,486,348
RMB:NTD	5,200	4.30	22,360
EUR:NTD	1,125	33.59	37,789
USD:RMB	20,623	6.98	618,278

	June 30, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 53,626	31.06	$ 1,665,624
RMB:NTD	14,987	4.52	67,741
EUR:NTD	1,052	35.38	37,220
USD:RMB	8,995	6.87	279,385
Financial liabilities			
Monetary items			
USD:NTD	$ 34,316	31.06	$ 1,065,855
RMB:NTD	69,918	4.52	316,029
EUR:NTD	1,081	35.38	38,246
USD:RMB	29,861	6.87	927,483

v. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2020 and 2019 amounted to $4,262, $2,358, $5,066 and $2,763, respectively.

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

	Six months ended June 30, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 11,028	$ -
RMB:NTD	1%	227	-
EUR:NTD	1%	162	-
USD:RMB	1%	2,593	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 8,285)	$ -
RMB:NTD	1%	(1,301)	-
EUR:NTD	1%	(186)	-
USD:RMB	1%	(2,881)	-

	Six months ended June 30, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency：functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 16,656	$ –
RMB:NTD	1%	677	–
EUR:NTD	1%	372	–
USD:RMB	1%	2,794	–
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 10,659)	$ –
RMB:NTD	1%	(3,160)	–
EUR:NTD	1%	(382)	–
USD:RMB	1%	(9,275)	–

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the overseas and domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six months ended June 30, 2020 and 2019 would have increased/decreased by $0 and $62, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,464 and $2,462, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a optimised credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

iii. Impairment assessment of credit risk on financial assets at amortised cost is as follows:

(i) The Group adopts following assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) In line with credit risk management procedure, when the counterparty is unable to pay the past-due payables, the default has occurred.

(iii) The Group used the forecastability to adjust historical and timely information and considered credit rating of issue banks to assess the default possibility of accounts and notes receivable.

(iv) The Group's financial assets at amortised cost are including time deposits deposited in banks and restricted time deposits. Such banks all have optimised credit rating, no past due has occurred, and no significant changes in the entire economic environment, therefore no credit loss is expected and the impact to the financial statement is remote.

iv. Impairment assessment of credit risk on accounts and notes receivable is as follows:

(i) The Group classifies customers' accounts and notes receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

(ii) The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts and notes receivable. As of June 30, 2020, December 31, 2019 and June 30, 2019, the provision matrix is as follows:

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
June 30, 2020					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 723,881	$ 404,879	$ 5,407	$ 731	$ 1,134,898
Loss allowance	$ -	$ 2	$ 3	$ 698	$ 703

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
December 31, 2019					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 907,138	$ 145,858	$ 20,937	$ 51,478	$ 1,125,411
Loss allowance	$ -	$ -	$ -	$ 1,253	$ 1,253

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
June 30, 2019					
Expected loss rate	0%-1%	0%-1%	0%-1%	0%-1%	
Total book value	$ 984,084	$ 320,386	$ 11,846	$ 1,250	$ 1,317,566
Loss allowance	$ -	$ 2	$ 1	$ 1,250	$ 1,253

(iii)Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts and notes receivable are as follows:

	2020	2019
At January 1	$ 1,253	$ 1,242
Write-offs	(1,212)	-
Provision for (reversal of) impairment loss	663	(4)
Effect of exchange rate changes	(1)	15
At June 30	$ 703	$ 1,253

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

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

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

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

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

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of other receivables. As of June 30, 2020, December 31, 2019 and June 30, 2019, the provision matrix is as follows:

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
June 30, 2020					
Expected loss rate	0%	0%	0%	0%	
Total book value	$ 42,949	$ 432	$ -	$ -	$ 43,381
Loss allowance	$ -	$ -	$ -	$ -	$ -

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
December 31, 2019					
Expected loss rate	0%	0%	0%	0%	
Total book value	$ 126,650	$ 364	$ -	$ -	$ 127,014
Loss allowance	$ -	$ -	$ -	$ -	$ -

	Not past due	90 days past due	91-180 days past due	Over 181 days past due	Total
June 30, 2019					
Expected loss rate	0%	0%	0%	0%-1%	
Total book value	$ 106,322	$ 93	$ -	$ -	$ 106,415
Loss allowance	$ -	$ -	$ -	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

June 30, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 174,369	$ 132,282	$ -	$ -	$ -	$ 306,651
Accounts payable (including related parties)	754,775	48,632	-	-	-	803,407
Other payables	294,699	-	-	-	-	294,699
Long-term borrowings	586	20,472	76,904	215,183	1,291	314,436
Lease liability	9,578	28,734	38,312	114,935	150,056	341,615
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Forward foreign exchange transactions	$ 380	$ -	$ -	$ -	$ -	$ 380

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 397,282	$ -	$ -	$ -	$ -	$ 397,282
Accounts payable (including related parties)	859,017	60,439	-	-	-	919,456
Other payables	358,092	-	-	-	-	358,092
Long-term borrowings	-	2	2	127	-	131
Lease liability	9,529	28,586	38,115	114,344	168,620	359,194
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Forward exchange swap	$ 273	$ -	$ -	$ -	$ -	$ 273

June 30, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings	$ 444,375	$ 75,154	$ -	$ -	$ -	$ 519,529
Accounts payable (including related parties)	1,121,322	20,674	-	-	-	1,141,996
Other payables	412,345	-	-	-	-	412,345
Lease liability	9,752	29,256	39,008	117,024	191,800	386,840
Derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Forward exchange swap	$ 1,493	$ -	$ -	$ -	$ -	$ 1,493

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's derivative instruments and emerging stocks are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortised cost, other financial assets, short-term borrowings, accounts payable and other payables are approximate to their fair values.

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

(a) The related information of natures of the assets and liabilities is as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange swap transactions and forward foreign exchange contracts	$ -	$ 2,132	$ -	$ 2,132
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	146,400	146,400
	$ -	$ 2,132	$ 146,400	$ 148,532
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 380	$ -	$ 380

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange swap transactions and forward foreign exchange contracts	$ -	$ 2,671	$ -	$ 2,671
Convertible bonds	-	-	5,996	5,996
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	224,207	224,207
	$ -	$ 2,671	$ 230,203	$ 232,874
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange swap transactions	$ -	$ 273	$ -	$ 273

June 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange swap transactions and forward foreign exchange contracts	$ -	$ 2,309	$ -	$ 2,309
Convertible bonds	-	-	6,212	6,212
Financial assets at fair value through other comprehensive income				
Equity securities	-	5,280	240,871	246,151
	$ -	$ 7,589	$ 247,083	$ 254,672
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange swap transactions	$ -	$ 1,493	$ -	$ 1,493

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. When assessing non-standard and low-complexity financial instruments, for example, interest rate swap contracts and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the six months ended June 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. As of June 30, 2020, convertible bonds amounting to $5,996 were converted into 205,432 common shares. The following chart is the movement of Level 3 for the six months ended June 30, 2020 and 2019:

	2020		
	Equity securities	Derivative instruments	Total
At January 1	$ 224,207	$ 5,996	$ 230,203
Transfers for the period	5,926	(5,926)	-
Loss recognised in other comprehensive income	(82,466)	-	(82,466)
Net exchange differences	(1,267)	(70)	(1,337)
At June 30	$ 146,400	$ -	$ 146,400

	2019		
	Equity securities	Derivative instruments	Total
At January 1	$ 237,134	$ 6,143	$ 243,277
Gain recognised in other comprehensive income	1	-	1
Net exchange differences	3,736	69	3,805
At June 30	$ 240,871	$ 6,212	$ 247,083

F. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price.

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

	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 11,292	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	12,960	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	122,148	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 9,276	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	54,811	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	160,120	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

	Fair value at June 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 9,569	Market comparable companies	Discount for lack of marketability P/B ratio	30% 100%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	62,120	Discounted cash flow	Long-term pre-tax operating margin	Not applicable	The higher the long-term pre-tax operating margin, the higher the fair value
Venture capital shares	169,182	Net asset value	Not applicable	Not applicable	The higher the net assets value, the higher the fair value

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

			June 30, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 338	($ 338)
	P/B ratio	±10%	-	-	1,129	(1,129)
	Long-term pre-tax operating	±1%	-	-	130	(130)
			$ -	$ -	$ 1,597	($ 1,597)

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 398	($ 398)
	P/B ratio	±10%	-	-	928	(928)
	Long-term pre-tax operating	±1%	-	-	6,127	(6,127)
			$ -	$ -	$ 7,453	($ 7,453)

			June 30, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 410	($ 410)
	P/B ratio	±10%	-	-	957	(957)
	Long-term pre-tax operating	±10%	-	-	1,242	(1,242)
			$ -	$ -	$ 2,609	($ 2,609)

(4) Other

Due to the impact of the COVID-19 pandemic in 2020, there were supply problems in raw materials and shortage of workers in the production line of the suppliers in Mainland China. Although the suppliers gradually resumed their production, the operating revenue of the Company in the first half of 2020 was still affected because of the performance during the first quarter. However, the Company has rearranged the Group's resources in response to the operational adjustments to minimise the impact.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period: Please refer to table 1.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker, which is the General Manager, that are used to make strategic decisions and the Group was identified as a single reportable segment.

(2) Measurement of segment information

The Group's General Manager assesses the performance of the operating segments based on the pre-tax net income (loss).

(3) Information about segment profit or loss, assets and liabilities

	Six months ended June 30,	
	2020	2019
Revenue from external customers	$ 2,008,402	$ 3,175,065
Inter-segment revenue	$ 792,473	$ 1,637,124
Total segment revenue	$ 2,800,875	$ 4,812,189
Segment income	$ 6,222	$ 8,432
Segment assets	$ 4,865,649	$ 5,609,205
Segment liabilities	$ 2,316,208	$ 2,877,330

(4) Reconciliation for segment income (loss)

Total measurement of segment income is consistent with the operating income recorded in the Group's financial statements, therefore, no reconciliation was needed.

Microelectronics Technology, Inc. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2020				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Microelectronics Technology, Inc.	Stocks - TAIWAN AEROSPACE CORPORATION	None	Financial assets at fair value through other comprehensive income	648,576	$ 7,895	0.48	$ 7,895	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Optical Scientific, Inc.	None	Financial assets at fair value through profit or loss	16,023	-	5.02	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Firetide, Inc.	None	Financial assets at fair value through profit or loss	1,333,360	-	2.24	-	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - Taicom Capital Ltd.	None	Financial assets at fair value through other comprehensive income	20,000	122,148	Note	122,148	
SASSON INTERNATIONAL HOLDING, INC.	Stocks - New Edge Signal Solutions LCC	None	Financial assets at fair value through other comprehensive income	1,355,663	12,960	12.5	12,960	
SASSON INTERNATIONAL HOLDING, INC.	Conversion of convertible bonds - Kymeta Corporation	None	Financial assets at fair value through profit or loss	205,432	3,397	0.05	3,397	
					$ 146,400		$ 146,400	

Note: Holding of 10,000 ordinary shares and 10,000 preference shares for 11.43% and 16.67% ownership, respectively.

Microelectronics Technology, Inc. and Subsidiaries

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

June 30, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC	Indirect subsidiary of the Company	Purchases	$ 450,895	31%	90 days	Not applicable	Not applicable	($ 317,122)	(48%)	
JUPITER TECHNOLOGY (WUXI) INC	Microelectronics Technology, Inc.	Indirect subsidiary of the Company	Sales	(450,895)	(41%)	90 days	Not applicable	Not applicable	317,122	56%	

Microelectronics Technology, Inc. and Subsidiaries

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

June 30, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2020	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
JUPITER TECHNOLOGY (WUXI) INC	Microelectronics Technology, Inc.	Parent company	$ 317,122	2.97	$ -	-	$ 101,274	$ -

Microelectronics Technology, Inc. and Subsidiaries

Significant inter-company transactions during the reporting periods

June 30, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Purchases and processing overhead	$ 450,895	Same as those to the third parties	22.45%
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Accounts payable	317,122	Payment term is 60 days from receipt of goods	6.51%
0	Microelectronics Technology, Inc.	JUPITER TECHNOLOGY (WUXI) INC.	1	Other current liabilities	23,105	Based on the mutual agreement	0.47%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Research and development expenses	45,043	Same as those to the third parties	2.24%
0	Microelectronics Technology, Inc.	Radiocomp ApS	1	Accrued expense	17,231	Payment term is 30 days from receipt of goods	0.35%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Operating revenue	58,285	Same as those to the third parties	2.90%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Research and development expenses	40,729	Same as those to the third parties	2.03%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Accounts receivable	57,374	Credit term is 30 days from receipt of goods	1.18%
0	Microelectronics Technology, Inc.	MTI Laboratory, INC.	1	Accrued expense	48,835	Payment term is 30 days from receipt of goods	1.00%

Note 1: The information of transactions between the Company and the subsidiaries should be noted in “Number” column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 4: Only transaction amounts over 10 million were disclosed and if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it was not required to be disclosed separately.

Microelectronics Technology, Inc. and Subsidiaries

Information on investees

June 30, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at June 30, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at June 30, 2020: Number of shares	Shares held as at June 30, 2020: Ownership (%)	Shares held as at June 30, 2020: Book value	Net profit (loss) of the investee for the six months ended June 30, 2020	Investment income (loss) recognised by the Company for the six months ended June 30, 2020	Note
Microelectronics Technology, Inc.	SASSON INTERNATIONAL HOLDING, INC.	British Virgin IS.	Investment management	$ 908,778	$ 908,778	3,920	100	$ 1,519,475	$ 6,325	$ 5,782	Note 1
SASSON INTERNATIONAL HOLDING, INC.	Welltop Technology Co.,Ltd.	British Virgin IS.	Investment management	232,121	234,863	7,834,000	100	323,513	9,399	9,399	Note 2
SASSON INTERNATIONAL HOLDING, INC.	Jupiter Network Corp.	British Virgin IS.	Investment management	920,657	931,533	31,071,800	100	949,212	(3,864)	(3,864)	Note 2
Welltop Technology Co.,Ltd.	MTI Laboratory, Inc.	U.S.A	Communications	44,445	44,970	1,500,000	100	128,629	7,974	7,974	Note 2
Welltop Technology Co.,Ltd.	Radiocomp ApS	DENMARK	Communications	139,320	140,966	1,527,944	100	174,088	1,095	1,095	Note 2

Note 1: Subsidiary of the Company.
Note 2: Indirect subsidiary of the Company.

Microelectronics Technology, Inc. and Subsidiaries

Information on investees in Mainland China

June 30, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee for the six months ended June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020	Note
					Remitted to Mainland China	Remitted back to Taiwan							
JUPITER TECHNOLOGY (WUXI) INC (Note 1)	The manufactures and sales of satellite and microwave communication system and related technical and consultation services	$ 918,530	Through investing in an existing company in the third area, which then invested in the investee in Mainland China.	$ 918,530	$ -	$ -	$ 918,530	($ 3,865)	100	($ 3,865)	$ 949,171	$ -	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Microelectronics Technology, Inc.	$ 1,036,161	$ 1,155,807	$ 1,529,665

Note 1: It was indirectly invested through Jupiter Network Corp.
Note 2: Investment profit or loss was recognised based on the financial statements that were audited by R.O.C. parent company’s CPA.

Microelectronics Technology, Inc. and Subsidiaries

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

June 30, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance	%	Balance at June 30, 2020	Purpose	Maximum balance during the six months ended June 30, 2020	Balance at June 30, 2020	Interest rate	Interest during the six months ended June 30, 2020	Others (Note)
JUPITER TECHNOLOGY (WUXI) INC	($ 450,895)	-	$ -	-	($ 317,122)	39	$ -	-	$ -	$ -	-	$ -	($ 23,105)

Note: It consisted of current liabilities amounting to $23,105.

Microelectronics Technology, Inc. and Subsidiaries

Major shareholders information

June 30, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Shares / Name of major shareholders	No. of shares held	Ownership (%)
Cybertan Technology Inc.	60,924,995	26.71%

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

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