Shihlin Electric & Engineering Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHIHLIN ELECTRIC & ENGINEERING CORP.

By

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EMMET HSU
Chairman

March 13, 2020

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shihlin Electric & Engineering Corp.

Opinion

We have audited the accompanying consolidated financial statements of Shihlin Electric & Engineering Corp. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description for key audit matter in the audit of the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

<u>Inventory Evaluation</u>

The Group is engaged in the manufacture of heavy electrical equipment and machinery as well as automotive electrical equipment, devices, and related parts. Management estimates the carrying value and possible write-downs of inventory based on current market conditions and relevant products' past sales experience. Refer to Notes 4, 5 and 11 to the consolidated financial statements for related accounting policies, estimation uncertainty and detailed disclosures on inventory evaluation, respectively. As the critical accounting estimates and judgments employed in the assessment of inventory write-downs are subject to management's estimations and judgments, we therefore identified the inventory evaluation as a key audit matter.

The corresponding audit procedures performed for the above key audit matter were stated as follows:

1. We obtained a thorough understanding of the Group's inventory policy and evaluation, as well as the design and implementation of internal controls to address inventory evaluation.

2. We sampled the most recent sales and purchase documents, and confirmed whether inventories were valued at the lower of cost and net realizable value.

3. We tested the information used to calculate the allowance for inventory write-downs and recalculated the amount of allowance based on such information. In addition, we checked for the presence of obsolete inventory after the reporting period to ensure consistency with the Group's inventory policy.

4. During the physical inventory count, we observed for any write-downs of inventories or write-offs of obsolete inventories.

Other Matter

We did not audit the financial statements of certain subsidiaries of the Group as of and for the years ended December 31, 2019 and 2018, which were included in the accompanying consolidated financial statements, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT$279,049 thousand and NT$240,372 thousand as of December 31, 2019 and 2018, respectively, which represented 0.68% and 0.60%, respectively, of the Group's consolidated total assets. The operating revenue of such subsidiaries amounted to NT$8,767 thousand and NT$7,711 thousand for the years ended December 31, 2019 and 2018, respectively, which represented 0.03%, respectively, of the Group's consolidated total operating revenue. We did not audit the financial statements of certain associates of the Group as of and for the years ended December 31, 2019 and 2018, which were reflected in the accompanying consolidated financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for such associates, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT$6,059,712 thousand and NT$5,465,076 thousand as of December 31, 2019 and 2018, respectively, which represented 14.87% and 13.66%, respectively, of the Group's consolidated total assets. The Group's share of profit or loss of such associates amounted to NT$150,485 thousand and NT$115,643 thousand for the years ended December 31, 2019 and 2018, respectively, which represented 6.77% and 5.39%, respectively, of the Group's consolidated profit before income tax, respectively. The Group's share of comprehensive income or loss of such associates amounted to NT$547,455 thousand and NT$109,830 thousand for the years ended December 31, 2019 and 2018, respectively, which represented 29.13% and 7.92%, respectively, of the Group's consolidated total comprehensive income.

We have also audited the parent company only financial statements of Shihlin Electric & Engineering Corp. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih-Yuan Chen and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Chen Chih Yuan   Ching Cheng Yang

March 13, 2020

<u>*Notice to Readers*</u>

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

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

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,472,153	6	$ 2,969,922	7
Financial assets at fair value through profit or loss - current (Note 7)	-	-	22,351	-
Financial assets at amortized cost - current (Note 9)	42,975	-	58,179	-
Contract assets (Note 24)	2,590,272	6	2,136,562	5
Notes receivable (Notes 10 and 24)	969,457	2	1,355,117	3
Notes receivable from related parties (Notes 24 and 33)	-	-	978	-
Trade receivables (Notes 5, 10 and 24)	4,861,299	12	4,601,487	12
Trade receivables from related parties (Notes 5, 24 and 33)	172,483	1	184,290	1
Other receivables (Note 10)	55,198	-	19,788	-
Other receivables from related parties (Note 33)	5,156	-	5,549	-
Inventories (Notes 5 and 11)	4,628,960	11	4,651,371	12
Other current assets (Notes 17, 33 and 34)	653,459	2	459,482	1
Total current assets	16,451,412	40	16,465,076	41
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	738,591	2	721,528	2
Financial assets at fair value through other comprehensive income - non-current (Note 8)	891,507	2	854,089	2
Investments accounted for using the equity method (Notes 13 and 34)	7,607,772	19	7,060,892	18
Property, plant and equipment (Notes 14 and 34)	6,739,312	17	6,376,135	16
Right-of-use assets (Note 15)	203,687	-	-	-
Investment properties (Notes 16 and 34)	7,489,446	18	7,598,604	19
Deferred tax assets (Note 26)	364,917	1	313,873	1
Other non-current assets (Notes 17 and 34)	272,359	1	623,154	1
Total non-current assets	24,307,591	60	23,548,275	59
TOTAL	$ 40,759,003	100	$ 40,013,351	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	$ 2,245,800	6	$ 2,475,658	6
Financial liabilities at fair value through profit or loss - current (Note 7)	7,906	-	304	-
Contract liabilities - current (Notes 24 and 33)	1,722,894	4	1,806,854	5
Notes payable (Note 19)	222,331	1	263,915	1
Trade payables (Note 19)	5,581,602	14	5,577,313	14
Trade payables to related parties (Note 33)	70,985	-	119,828	-
Other payables (Note 20)	1,424,885	3	1,401,419	3
Other payables to related parties (Note 33)	21,274	-	22,178	-
Current tax liabilities (Note 26)	113,595	-	260,002	1
Provisions - current (Note 21)	841,437	2	766,163	2
Lease liabilities - current (Note 15)	4,913	-	-	-
Other current liabilities (Notes 20 and 33)	160,213	-	151,732	-
Total current liabilities	12,417,835	30	12,845,366	32
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	850,000	2	850,000	2
Provisions - non-current (Note 21)	17,511	-	16,387	-
Deferred tax liabilities (Note 26)	2,216,049	6	2,152,747	6
Lease liabilities - non-current (Note 15)	957	-	-	-
Deferred revenue - non-current	49,988	-	52,352	-
Net defined benefit liability - non-current (Note 22)	430,107	1	414,830	1
Other non-current liabilities (Note 20)	102,151	-	100,830	-
Total non-current liabilities	3,666,763	9	3,587,146	9
Total liabilities	16,084,598	39	16,432,512	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 23 and 29)				
Ordinary shares	5,209,722	13	5,209,722	13
Capital surplus	2,622,204	7	2,616,806	7
Retained earnings				
Legal reserve	2,563,623	6	2,422,109	6
Special reserve	5,136,954	13	5,136,954	13
Unappropriated earnings	8,242,331	20	7,606,855	19
Total retained earnings	15,942,908	39	15,165,918	38
Other equity	393,810	1	142,398	-
Total equity attributable to owners of the Corporation	24,168,644	60	23,134,844	58
NON-CONTROLLING INTERESTS (Note 23)	505,761	1	445,995	1
Total equity	24,674,405	61	23,580,839	59
TOTAL	$ 40,759,003	100	$ 40,013,351	100

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

(With Deloitte & Touche auditors' report dated March 13, 2020)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 24 and 33)				
Sales	$ 21,486,313	83	$ 21,705,445	87
Rental revenue	511,456	2	509,211	2
Construction revenue	4,032,504	15	2,761,668	11
Other operating revenue	8,500	-	7,500	-
Total operating revenue	26,038,773	100	24,983,824	100
OPERATING COSTS (Notes 11, 25 and 33)				
Cost of goods sold	17,314,390	66	17,756,449	71
Rental cost	204,345	1	222,746	1
Construction cost	3,632,005	14	2,391,466	9
Other operating cost	8,220	-	8,270	-
Total operating costs	21,158,960	81	20,378,931	81
GROSS PROFIT	4,879,813	19	4,604,893	19
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	1,170,522	5	1,144,299	5
General and administrative expenses	1,270,130	5	1,233,855	5
Research and development expenses	582,143	2	619,430	2
Expected credit loss reversed on trade receivables	(5,739)	-	(28,635)	-
Total operating expenses	3,017,056	12	2,968,949	12
PROFIT FROM OPERATIONS	1,862,757	7	1,635,944	7
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 25 and 33)	43,501	-	43,480	-
Other gains and losses (Notes 25 and 33)	84,591	1	177,804	1
Finance costs (Note 25)	(50,134)	-	(50,665)	-
Share of profit or loss of associates accounted for using the equity method	282,118	1	338,799	1
Total non-operating income	360,076	2	509,418	2
PROFIT BEFORE INCOME TAX	2,222,833	9	2,145,362	9
INCOME TAX EXPENSE (Note 26)	483,898	2	674,822	3
NET PROFIT FOR THE YEAR	1,738,935	7	1,470,540	6

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SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	$ (136,653)	(1)	$ (30,038)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	43,861	-	(22,812)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	389,656	2	(5,804)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	27,330	-	29,886	-
	324,194	1	(28,768)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(227,001)	(1)	(74,696)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	43,195	-	20,314	-
	(183,806)	(1)	(54,382)	-
Other comprehensive income (loss) for the year, net of income tax	140,388	-	(83,150)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,879,323	7	$ 1,387,390	6
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,673,627	7	$ 1,415,140	6
Non-controlling interests	65,308	-	55,400	-
	$ 1,738,935	7	$ 1,470,540	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,816,348	7	$ 1,335,991	6
Non-controlling interests	62,975	-	51,399	-
	$ 1,879,323	7	$ 1,387,390	6

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SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 27)				
Basic	$ 3.21		$ 2.72	
Diluted	$ 3.20		$ 2.70	

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

(With Deloitte & Touche auditors' report dated March 13, 2020) (Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation												
			Retained Earnings				Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	$ 5,209,722	$ 2,601,877	$ 2,289,163	$ 5,136,954	$ 6,863,740	$ 14,289,857	$ (142,021)	$ (37,841)	$ -	$ (179,862)	$ 21,921,594	$ 471,764	$ 22,393,358
Effect of retrospective application	-	-	-	-	162,440	162,440	-	37,841	365,851	403,692	566,132	86	566,218
BALANCE AT JANUARY 1, 2018 AS RESTATED	5,209,722	2,601,877	2,289,163	5,136,954	7,026,180	14,452,297	(142,021)	-	365,851	223,830	22,487,726	471,850	22,959,576
Appropriation of the 2017 earnings													
Legal reserve	-	-	132,946	-	(132,946)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(677,264)	(677,264)	-	-	-	-	(677,264)	-	(677,264)
Changes in equity from investments in associates accounted for using the equity method	-	3,870	-	-	(12,956)	(12,956)	-	-	-	-	(9,086)	(411)	(9,497)
Actual acquisition of interests in subsidiaries	-	11,059	-	-	-	-	(13,492)	-	230	(13,262)	(2,203)	(53,103)	(55,306)
Adjustments to share of changes in equity of subsidiaries	-	-	-	-	(320)	(320)	-	-	-	-	(320)	320	-
Net profit for year ended December 31, 2018	-	-	-	-	1,415,140	1,415,140	-	-	-	-	1,415,140	55,400	1,470,540
Other comprehensive loss for year ended December 31, 2018, net of income tax	-	-	-	-	(495)	(495)	(50,730)	-	(27,924)	(78,654)	(79,149)	(4,001)	(83,150)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,414,645	1,414,645	(50,730)	-	(27,924)	(78,654)	1,335,991	51,399	1,387,390
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(24,060)	(24,060)
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(10,484)	(10,484)	-	-	10,484	10,484	-	-	-
BALANCE, DECEMBER 31, 2018	5,209,722	2,616,806	2,422,109	5,136,954	7,606,855	15,165,918	(206,243)	-	348,641	142,398	23,134,844	445,995	23,580,839
Effect of retrospective application	-	-	-	-	(78)	(78)	-	-	-	-	(78)	-	(78)
BALANCE, JANUARY 1, 2019 AS RESTATED	5,209,722	2,616,806	2,422,109	5,136,954	7,606,777	15,165,840	(206,243)	-	348,641	142,398	23,134,766	445,995	23,580,761
Appropriation of the 2018 earnings													
Legal reserve	-	-	141,514	-	(141,514)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(781,458)	(781,458)	-	-	-	-	(781,458)	-	(781,458)
Changes in equity from investments in associates accounted for using the equity method	-	3,915	-	-	(4,949)	(4,949)	-	-	-	-	(1,034)	(407)	(1,441)
Actual acquisition of interests in subsidiaries	-	1,483	-	-	-	-	(1,158)	-	17	(1,141)	342	29,373	29,715
Adjustments to share of changes in equity of subsidiaries	-	-	-	-	(320)	(320)	-	-	-	-	(320)	320	-
Net profit for the year ended December 31, 2019	-	-	-	-	1,673,627	1,673,627	-	-	-	-	1,673,627	65,308	1,738,935
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(109,832)	(109,832)	(171,536)	-	424,089	252,553	142,721	(2,333)	140,388
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,563,795	1,563,795	(171,536)	-	424,089	252,553	1,816,348	62,975	1,879,323
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(32,495)	(32,495)
BALANCE, DECEMBER 31, 2019	$ 5,209,722	$ 2,622,204	$ 2,563,623	$ 5,136,954	$ 8,242,331	$ 15,942,908	$ (378,937)	$ -	$ 772,747	$ 393,810	$ 24,168,644	$ 505,761	$ 24,674,405

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

(With Deloitte & Touche auditors' report dated March 13, 2020)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,222,833	$ 2,145,362
Adjustments for:		
Depreciation expenses	685,638	614,126
Amortization expenses	24,758	27,732
Expected credit loss reversed on trade receivables	(5,739)	(28,635)
Gain on fair value change of financial assets and liabilities at fair value through profit or loss	(5,060)	(42,631)
Finance costs	50,134	50,665
Interest income	(24,562)	(23,756)
Dividend income	(13,448)	(16,984)
Share of profit of associates accounted for using the equity method	(282,118)	(338,799)
Gain on disposal of property, plant and equipment	(691)	(32,860)
Reversal of impairment recognized on property, plant and equipment	(1,612)	-
Gain on disposal of investments	-	(631)
Gain on bargain purchase	(4,492)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	22,351	65,868
Contract assets	(433,151)	(635,985)
Notes receivable	398,025	(76,556)
Notes receivable from related parties	978	3,931
Trade receivables	(244,551)	36,143
Trade receivables from related parties	11,807	(96,722)
Other receivables	(35,410)	(8,216)
Other receivables from related parties	393	5,820
Inventories	26,684	(71,016)
Other current assets	(215,143)	70,485
Financial liabilities held for trading	(8,555)	(8,142)
Contract liabilities	(83,960)	770,753
Notes payable	(53,455)	71,821
Notes payable to related parties	-	(1,366)
Trade payables	(4,818)	1,267,394
Trade payables to related parties	(48,843)	(13,358)
Other payables	12,043	116,514
Other payables to related parties	(904)	959
Provisions	76,792	135,982
Other current liabilities	1,379	12,135
Net defined benefit liabilities	(121,753)	(139,350)
Deferred revenue	(1,221)	(1,242)
Cash generated from operations	1,944,329	3,859,441
Interest received	24,563	23,339
Interest paid	(50,026)	(51,407)
Income tax paid	(508,814)	(411,212)
Net cash generated from operating activities	1,410,052	3,420,161

(Continued)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (859)	$ (8,610)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	165
Purchase of financial assets at amortized cost	(17,929)	(151,398)
Proceeds from recovery of financial assets at amortized cost on maturity	31,355	151,411
Purchase of financial assets at fair value through profit or loss	(450,000)	-
Proceeds from sale of financial assets at fair value through profit or loss	450,044	-
Acquisition of investments accounted for using the equity method	(80,000)	(80,000)
Acquisition of associates	(23,186)	-
Payments for property, plant and equipment	(794,269)	(618,292)
Proceeds from disposal of property, plant and equipment	30,157	82,940
Payments for right-of-use assets	(13,883)	-
Payments for investment properties	(3,275)	(262)
Decrease in other financial assets	33,235	27,767
Increase in other non-current assets	(40,473)	(149,547)
Dividends received from associates	145,698	129,951
Other dividends received	13,448	16,984
Net cash used in investing activities	(719,937)	(598,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(212,222)	(697,662)
Decrease in other financial liabilities	(436)	(1,522)
Repayment of the principal portion of lease liabilities	(8,531)	-
Acquisition of subsidiaries	(5,280)	(55,306)
Dividends paid	(781,458)	(677,264)
Changes in non-controlling interests	(32,495)	(24,060)
Net cash used in financing activities	(1,040,422)	(1,455,814)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(147,462)	(41,219)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(497,769)	1,324,237
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,969,922	1,645,685
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,472,153	$ 2,969,922

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

(With Deloitte & Touche auditors' report dated March 13, 2020) (Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shihlin Electric & Engineering Corp. (the "Corporation") was established in November 1955, and engaged in the manufacture of heavy electrical equipment, electrical machinery, electrical automotive equipment and related parts, and the sale and lease of commercial buildings.

The Corporation's shares have been listed and traded on the Taiwan Stock Exchange since December 1969.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Group's board of directors and authorized for issue on March 13, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRIC (IFRIC), and Interpretations of SIC (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Corporation and entities controlled by the Group (collectively referred to as the "Group"):

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     Definition of a lease

     The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group adjusts the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 0.69% to 4.79%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 13,878
Undiscounted amounts on January 1, 2019	$ 13,878
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 12,721
Lease liabilities recognized on January 1, 2019	$ 12,721

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ -	$ 211,084	$ 211,084
Other assets - non-current	198,363	(198,363)	-
Total effect on assets	$ 198,363	$ 12,721	$ 211,084
Lease liabilities - current	$ -	$ 8,306	$ 8,306
Lease liabilities - non-current	-	4,415	4,415
Total effect on equity	$ -	$ 12,721	$ 12,721

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of presentation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

The Group engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

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

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

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interest of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment.

See Note 12, Tables 8 and 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purposes of presenting the consolidated financial statements, the functional currencies of the entities (including operations of subsidiaries and associates in other countries or currencies used are different from the functional currency of the Corporation) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Corporation and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing of control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials and supplies, work-in-process and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of investment in associates accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method or the fixed-percentage-of-declining-balance method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method or the fixed-percentage-of-declining-balance method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

An impairment loss is subsequently reversed when the revised estimate of the recoverable amount of the asset or cash-generating unit exceeds the carrying amount, but impairment loss is reversed only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables, investments in debt instruments and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method except for financial liabilities at fair value through profit or loss.

Financial liabilities at FVTPL

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

l. Provision

Provision is measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Also, provision is measured using the cash flows estimated to settle the obligation which is evaluated based on present value.

m. Revenue recognition

The Group identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good to a customer and the date on which the customer pays for that good is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electric distribution, automobile parts, automation equipment and parts. Sales of goods are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Construction contract revenue

Customers control construction contract while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

n. Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

<u>2018</u>

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets; in which case, they are capitalized.

3) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Lessee. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, effect of changes to asset ceiling and return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

Current tax and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 5,168	$ 4,558
Checking accounts and demand deposits	2,247,190	2,896,258
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	219,795	69,106
	$ 2,472,153	$ 2,969,922

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

	December 31	
	2019	**2018**
Bank balance	0.01%-2.00%	0.01%-2.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	**2018**
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	$ -	$ 20,711
Cross-currency swap contracts (b)	-	1,640
	$ -	$ 22,351

(Continued)

	December 31	
	2019	2018
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Unlisted shares	$ 9,567	$ 9,072
Mutual funds	729,024	712,456
	$ 738,591	$ 721,528
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	$ -	$ 167
Cross-currency swap contracts (b)	7,906	137
	$ 7,906	$ 304

(Concluded)

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2019			
None			
December 31, 2018			
Buy	EUR/NT$	January 2019 to April 2019	EUR10,200/NT$340,032
Buy	CHF/NT$	December 2019	CHF350/NT$11,134
Buy	JPY/US$	January 2019 to March 2019	JPY281,183/US$2,500

The Group entered into foreign exchange forward contracts mainly to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2019			
US$24,500/NT$746,213	February 2020 to March 2020	-	1.60%-1.86%
December 31, 2018			
US$16,000/NT$493,040	March 2019 to September 2019	-	2.64%-3.05%

The Group entered into cross-currency swap contracts mainly to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2019	**2018**
Non-current		
Listed shares	$ 97,122	$ 96,562
Unlisted shares	794,385	757,527
	$ 891,507	$ 854,089

These investment are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments were classified as available-for-sale under IAS 39.

Dividends of $13,448 thousand and $16,894 thousand were recognized during 2019 and 2018, respectively. Those related to investments held at December 31, 2019 and 2018 were $13,448 thousand and $16,894 thousand, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	**2018**
Current		
Time deposits with original maturity of more than 3 months	$ 42,975	$ 58,179

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.55% and 1.16%-1.76% per annum as of December 31, 2019 and 2018, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	**2018**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 969,457	$ 1,355,117

(Continued)

	December 31	
	2019	2018
Trade receivables		
At amortized cost		
Gross carrying amount	$ 5,008,866	$ 4,749,256
Less: Allowance for impairment loss	(147,567)	(147,769)
	$ 4,861,299	$ 4,601,487
Other receivables		
Dividends	$ 40,204	$ -
Management fee receivables	199	490
Mold receivables	3,129	5,797
Test income receivable	257	4,823
Others	11,409	8,678
	$ 55,198	$ 19,788

(Concluded)

The average credit period of sales of goods was 90 days. In order to minimize credit risk, the Group authorized a department to be responsible for determining credit limits, credit approvals, credit management and to manage other unusual risk to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current direction of economic conditions at the reporting date.

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

The following table details the loss allowance of trade receivables based on the Group’s provision matrix.

December 31, 2019

	Not Past Due	Past Due Less than 3 Months	Past Due 3 to 6 Months	Past Due 6 Months to 1 Year	Past Due 1+ Year	Total
Expected credit loss rate	0.16%	5.99%	8.16%	30.33%	90.30%	
Gross carrying amount	$ 5.232.673	$ 341,624	$ 145,386	$ 211,387	$ 47,253	$ 5,978,323
Loss allowance (Lifetime ECLs)	(8,442)	(20,480)	(11,869)	(64,108)	(42,668)	(147,567)
Amortized cost	$ 5,224,231	$ 321,144	$ 133,517	$ 147,279	$ 4,585	$ 5,830,756

December 31, 2018

	Not Past Due	Past Due Less than 3 Months	Past Due 3 to 6 Months	Past Due 6 Months to 1 Year	Past Due 1+ Year	Total
Expected credit loss rate	0.52%	1.64%	11.93%	40.98%	83.17%	
Gross carrying amount	$ 5,461,309	$ 423,112	$ 63,331	$ 59,652	$ 96,969	$ 6,104,373
Loss allowance (Lifetime ECLs)	(28,182)	(6,939)	(7,554)	(24,447)	(80,647)	(147,769)
Amortized cost	$ 5,433,127	$ 416,173	$ 55,777	$ 35,205	$ 16,322	$ 5,956,604

The movements of the loss allowance of trade receivables were as follows:

	2019	2018
Balance at January 1	$ 147,769	$ 126,793
Add: Net remeasurement of loss allowance	14,841	28,703
Less: Amounts written off	(12,553)	(7,326)
Foreign exchange gains and losses	(2,490)	(401)
Balance at December 31	$ 147,567	$ 147,769

11. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 2,058,882	$ 2,059,770
Work in progress	1,363,330	1,169,349
Raw materials	1,206,748	1,422,252
	$ 4,628,960	$ 4,651,371

The cost of goods sold included reversals of inventory write-downs of $60,427 thousand and inventory write-downs of $140,575 thousand for the years ended December 31, 2019 and 2018, respectively. The reversals of previous write-downs for the year ended December 31, 2019 resulted from increased selling prices in certain markets.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership December 31		
Investor	Investee	Nature of Activities	2019	2018	Remark
The Corporation	SEEC International Holdings Ltd. of the British Virgin Islands (“SEEC International Holdings”)	Investment and trade business	100.0	100.0	
The Corporation	SEEC International Trading Ltd. of the British Virgin Islands (“SEEC International Trading”)	Investment	100.0	100.0	
The Corporation	Shihlin Electrical Engineering Ltd. of Vietnam (“Shihlin Electric Vietnam”)	Electrical goods production	100.0	100.0	
The Corporation	Shihlin Electric USA Company Limited (“Shihlin Electric USA”)	Heavy electrical equipment product marketing promotion services	100.0	100.0	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2019	2018	Remark
The Corporation	Shihlin Electric (Australia) Pty. Ltd. ("Shihlin Electric Australia")	Heavy power equipment production and distribution and marketing services	100.0	100.0	
The Corporation	Hsin Lin Electric Machinery Co., Ltd. ("Hsin Lin")	Power transmission, distribution and machinery equipment manufacturing and sales	60.0	60.0	
The Corporation	Ting Lin Enterprise Co., Ltd. ("Ting Lin")	Mechanical and electrical appliances various components manufacturing and processing and installation business	96.7	96.7	
The Corporation and Hsin Lin	Hwo Lin Investment Co., Ltd. ("Hwo Lin")	Investment	99.9	99.9	
The Corporation	Cheng Lin Investments Co., Ltd. ("Cheng Lin")	Investment	99.3	99.3	
The Corporation	Shang Lin Investment Co., Ltd. ("Shang Lin")	Investment	99.6	99.6	a
The Corporation	Ji Lin Investment, Co., Ltd. ("Ji Lin")	Investment	99.9	99.9	
The Corporation and Hsin Lin	Yuh Lin Investment Co., Ltd. ("Yuh Lin")	Investment	99.9	99.9	
The Corporation and Hsin Lin	Jeng Lin Investment Co., Ltd. ("Jeng Lin")	Investment	99.9	99.9	
The Corporation and Cheng Lin	Chuan Lin Technology Group ("Chuan Lin")	Operating and sale and maintenance service of vending machines, heavy electrical machinery and mechanical appliances and automation equipment	73.0	73.0	
The Corporation, Cheng Lin and Chuan Lin	Rueylin Electric & Engineering Corp. ("Rueylin")	Manufacturing and trading of mechanical appliances and vehicle components	90.0	89.6	b
The Corporation	Jeen-Lin Industrial Co., Ltd. ("Jeen-Lin")	Manufacturing and sale of aluminum alloy die-casting, lathe, cutting and molding	78.4	78.4	
Hsin Lin and Rueylin	Wuling Electric Co., Ltd. ("Wuling")	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	60.0	-	c.
The Corporation	Union Power Industrial Group ("Union Power")	Import and export trade and agency business	-	-	d.
SEEC International Trading	Kingdom Trading Shanghai Co., Ltd. ("Shanghai Kingdom")	All kinds of switches, relays, circuit breakers and other product sales operations	100.0	100.0	
Hsin Lin	Hsinlin International Investment Corp. of Samoa ("Hsinlin International Investment")	Investment	100.0	100.0	
SEEC International Holdings	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd. ("Changzhou Shihlin Mitsuba")	Manufacturing and sale of motorcycle starter motors, magneto, starter switch	55.0	55.0	
SEEC International Holdings	Xiamen Shihlin Electric & Engineering Co., Ltd. ("Xiamen SEEC")	Manufacturing and sale of capacitors, relays, circuit breakers and other components	100.0	100.0	
SEEC International Holdings	Suzhou Shihlin Electric & Engineering Co., Ltd. ("Suzhou SEEC")	Manufacturing and sale of capacitors, transformers, DC electric motors and other electronic components	100.0	100.0	
SEEC International Holdings	Wuxi Shihlin Electric & Electric & Engineering Co., Ltd. ("Wuxi SEEC")	Manufacturing and sale of magneto and starter motor in locomotive transmission facilities, power generators	100.0	100.0	
SEEC International Holdings	Fuzhou Shihlin Electric & Engineering Co., Ltd. ("Fuzhou SEEC")	Manufacturing and sale of DC motor, rotary pumps for liquids and motor vehicle fuel pumps and other electrical or power equipment	100.0	100.0	
SEEC International Holdings	Shihlin Technology (Shenzhen) Co., Ltd. ("Shenzhen Shihlin")	Manufacturing and sale of industrial automation equipment and related products	100.0	100.0	
SEEC International Holdings and Hsinlin International Investment	Shihlin Electric (Suzhou) Power Equipment Co., Ltd. ("Suzhou Power Equipment")	Manufacturing and sale of high and low pressure switch and related products	70.5	70.5	
SEEC International Holdings	Xiamen Chen-Ieu Transportation Implements Co., Ltd. ("Xiamen Chen-Ieu")	Manufacturing motorcycle metal materials, electronic parts, all kinds of punch products parts, machine tools, etc.	100.0	100.0	
SEEC International Holdings	Changzhou Shihlin Auto Parts Co., Ltd. ("Changzhou Shihlin Parts")	Manufacturing and sale of motorcycle starter motors, magneto, starter switch	100.0	100.0	
Rueylin	Shihlin Electric Engineering Equipment Vietnam Company Limited ("Vietnam Electric Engineering)	Manufacturing and sale of mechanical equipment, power transmission, distribution and machinery equipment, automotive and motorcycle components	100.0	100.0	
Rueylin	Rueylin International Holdings Ltd. of Samoa ("Rueylin International Holdings")	Investment	100.0	100.0	
Hwo Lin and Ji Lin	Yeangder Entertainment Co., Ltd. ("Yeangder Entertainment")	Engaged in competitive and recreational sports industry	99.9	99.9	

(Concluded)

Remarks:

a. In March 2018, the Group subscribed for additional new shares of Shang Lin at a percentage different from its existing ownership percentage; the amount was $80,000 thousand, which maintained its ownership percentage at 99.6%. In March 2019, the Group subscribed for additional new shares of Shang Lin at a percentage different from its existing ownership percentage; the amount was $80,000 thousand, which maintained its ownership percentage at 99.6%

b. In January, February, April, May and September 2018, the Group purchased 2,048 thousand shares of Rueylin from non-controlling interests amounted to $55,306 thousand, which increased its ownership percentage from 71.7% to 89.6%. In November 2019, the Group purchased 196 thousand shares of Rueylin from non-controlling interests amounted to $5,280 thousand, which increased its ownership percentage from 89.6% to 90.0%.

c. In August 2019, the Group purchased 3,000 thousand shares of Wuling amounted to $48,000 thousand, the ownership percentage was 60.0% and Wuling became a subsidiary of the Group.

d. Union Power Industrial Group had been liquidated in March 2018.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2019	**2018**
Material associate		
The Ambassador Hotel, Ltd. (“Ambassador Hotel”)	$ 3,904,192	$ 3,744,148
Associates that are not individually material	3,703,580	3,316,744
	$ 7,607,772	$ 7,060,892

a. Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2019**	**2018**
Ambassador Hotel	21.34%	21.34%

Refer to Tables 8 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associate.

Fair value (Level 1) of investment in associate with available published price quotation is as follows:

	December 31	
Name of Associate	**2019**	**2018**
Ambassador Hotel	$ 2,322,117	$ 1,801,305

The investment in associate is accounted for using the equity method.

Summarized financial information of the Group's material associate set out below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Ambassador Hotel

	December 31	
	2019	**2018**
Current assets	$ 3,924,832	$ 3,682,373
Non-current assets	16,567,410	16,089,973
Current liabilities	(1,182,932)	(1,287,928)
Non-current liabilities	(1,013,287)	(900,236)
Equity	18,296,023	17,584,182
Non-controlling interests	(4,580)	(42,562)
	$ 18,291,443	$ 17,541,620
Proportion of the Group's ownership	21.34%	21.34%
Equity attributable to the Group	$ 3,904,192	$ 3,744,148
Other adjustments	-	-
Carrying amount	$ 3,904,192	$ 3,744,148

	For the Year Ended December 31	
	2019	**2018**
Operating revenue	$ 2,915,703	$ 2,977,046
Net profit for the year	$ 414,002	$ 434,864
Other comprehensive income	481,435	19,278
Total comprehensive income for the year	$ 895,437	$ 454,142
Dividends received from Ambassador Hotel	$ 31,327	$ 31,327

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2019	**2018**
The Group's share of:		
Net profit for the year	$ 193,477	$ 246,045
Other comprehensive loss	228,274	(40,495)
Total comprehensive income for the year	$ 421,751	$ 205,550

The amounts of investments in associates pledged as collateral for bank borrowings were disclosed in Note 34.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Group	$ 6,739,312

a. Assets used by the Group - 2019

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Cost						
Balance at January 1, 2019	$ 2,526,237	$ 3,889,818	$ 4,897,926	$ 2,652,078	$ 63,885	$ 14,029,944
Additions	-	172,698	259,878	214,054	147,639	794,269
Obtained after business combination	-	-	19,710	9,232	-	28,942
Disposals	(10,040)	(9,496)	(102,078)	(73,064)	-	(194,678)
Transferred from inventories	-	1,000	41,312	-	-	42,312
Transferred from prepayments for equipment	-	104,456	31,561	32,072	-	168,089
Reclassification	-	-	78,808	25,943	(104,751)	-
Effect of foreign currency exchange differences	(446)	(34,367)	(46,611)	(29,023)	(4,371)	(114,818)
Balance at December 31, 2019	$ 2,515,751	$ 4,124,109	$ 5,180,506	$ 2,831,292	$ 102,402	$ 14,754,060
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ -	$ 2,217,886	$ 3,424,188	$ 2,011,735	$ -	$ 7,653,809
Disposals	-	(5,242)	(98,917)	(62,665)	-	(166,824)
Depreciation expense	-	111,051	252,927	193,430	-	557,408
Obtained after business combination	-	-	18,145	6,714	-	24,859
Effect of foreign currency exchange differences	-	(12,378)	(22,298)	(19,828)	-	(54,504)
Balance at December 31, 2019	$ -	$ 2,311,317	$ 3,574,045	$ 2,129,386	$ -	$ 8,014,748
Carrying amounts at December 31, 2019	$ 2,515,751	$ 1,812,792	$ 1,606,461	$ 701,906	$ 102,402	$ 6,739,312

b. 2018

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Cost						
Balance at January 1, 2018	$ 2,525,265	$ 3,776,560	$ 4,632,208	$ 2,529,114	$ 55,095	$ 13,518,242
Additions	-	126,370	268,128	160,092	63,702	618,292
Disposals	-	(16,508)	(77,860)	(85,959)	-	(180,327)
Transferred from inventories	-	2,253	11,739	29,227	-	43,219
Transferred from prepayments for equipment	-	12,714	30,357	21,731	-	64,802
Reclassification	-	-	47,758	9,183	(56,941)	-
Effect of foreign currency exchange differences	972	(11,571)	(14,404)	(11,310)	2,029	(34,284)
Balance at December 31, 2018	$ 2,526,237	$ 3,889,818	$ 4,897,926	$ 2,652,078	$ 63,885	$ 14,029,944

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ -	$ 2,143,485	$ 3,261,285	$ 1,918,370	$ -	$ 7,323,140
Disposals	-	(7,809)	(57,957)	(64,481)	-	(130,247)
Depreciation expense	-	87,251	227,468	165,548	-	480,267
Effect of foreign currency exchange differences	-	(5,041)	(6,608)	(7,702)	-	(19,351)
Balance at December 31, 2018	$ -	$ 2,217,886	$ 3,424,188	$ 2,011,735	$ -	$ 7,653,809
Carrying amounts at December 31, 2018	$ 2,526,237	$ 1,671,932	$ 1,473,738	$ 640,343	$ 63,885	$ 6,376,135

(Concluded)

The Corporation and Jeen-Lin adopted depreciation methods that were decided at the dates the assets were acquired. The Corporation's depreciation cost is calculated by the using straight-line method for properties bought before January 1, 1988 and on or after January 1, 1999; Jeen-Lin used the same method for properties bought on or after January 1, 2000. The Corporation's depreciation cost is calculated by using the fixed-percentage-of-declining-balance method for properties bought in the period from January 1, 1988 to December 31, 1998; Jeen-Lin used the same method for properties bought before January 1, 2000. The remaining subsidiaries calculate depreciation cost by using the straight-line method.

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

Building	
Main buildings	40-60 years
Building improvements	20-35 years
Electrical power equipment and engineering system	8-35 years
Others	2-15 years
Machinery and equipment	2-15 years
Other equipment	2-15 years

Refer to Note 34 for the carrying amount of property, plant and equipment pledged to secure general banking facilities granted to the Group.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 195,312
Buildings	8,375
	$ 203,687

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 15,001
Depreciation charge for right-of-use assets	
Land	$ 5,277
Buildings	10,520
Buildings	$ 15,797

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 4,913
Non-current	$ 957

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	0.69%-4.79%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 33,044
Total cash outflow for leases	$ (41,981)

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

16. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2018	$ 10,464,926
Additions	262
Balance at December 31, 2018	$ 10,465,188
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ 2,732,725
Depreciation expense	133,859
Balance at December 31, 2018	$ 2,866,584
Carrying amount at December 31, 2018	$ 7,598,604
Cost	
Balance at January 1, 2019	$ 10,465,188
Additions	3,275
Balance at December 31, 2019	$ 10,468,463
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ 2,866,584
Depreciation expense	112,433
Balance at December 31, 2019	$ 2,979,017
Carrying amount at December 31, 2019	$ 7,489,446

The abovementioned investment properties were leased out for 1 to 20 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.
The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2019 was as follows:

	December 31, 2019
Not later than 1 year	$ 432,525
Later than 1 year and not later than 5 years	1,557,854
Later than 5 years	1,623,989
	$ 3,614,368

The future minimum lease payments of non-cancellable operating lease commitments at December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 463,157
Later than 1 year and not later than 5 years	1,522,147
Later than 5 years	1,886,393
	$ 3,871,697

In addition to the minimum lease payments receivable, the contract for the Corporation's lease of mall building and parking spaces to Pacific Sogo Department Store Company Limited included contingent rentals clause, which provides that the Corporation shall receive shopping mall's monthly minimum guaranteed rent (minimum guaranteed rent at 6% of revenue) and car parking spaces rent, and at each year end, an extra operating lease payment will be charged if the actual revenue exceeds the minimum revenue base of the guaranteed 6% of revenue.

Investment properties were depreciated by applying straight-line method (before January 1, 1988 and on or after January 1, 1999) or fixed-percentage-of-declining-balance method (in the period from January 1, 1988 to December 31, 1998) over their estimated useful lives of the assets:

Main buildings	50-60 years
Engineering system	5-15 years
Air-conditioning system	8-10 years
Others	5-15 years

The fair value of the Group's investment properties as of December 31, 2019 and 2018 was $21,376,216 thousand and $22,062,682 thousand, respectively. The fair value was based on the valuations carried out on January 10, 2020 and January 10, 2019 by independent qualified professional valuers. The valuation was carried out by reference to sales comparison approach and income approach.

Refer to Note 34 for the carrying amount of investment properties pledged to secure general banking facilities granted to the Group.

17. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepaid expenses	$ 56,975	$ 60,709
Prepayments for purchases	512,338	285,294
Refundable deposits	14,678	26,945
Other financial assets	41,002	55,800
Others	28,466	30,734
	$ 653,459	$ 459,482

(Continued)

	December 31	
	2019	2018
Non-current		
Refundable deposits	$ 12,145	$ 22,872
Long-term prepayments for leases	-	156,195
Prepayments for equipment	123,430	269,813
Other financial assets	28,742	24,015
Others	108,042	150,259
	$ 272,359	$ 623,154

(Concluded)

Long-term prepayments for leases are land use rights located in mainland China.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 34)		
Bank loans (NTD)	$ 85,100	$ 86,500
Unsecured borrowings		
Bank loans (NTD)	1,700,000	1,950,000
Bank loans (RMB)	156,858	183,488
Bank loans (USD)	209,925	199,750
Bank loans (VND)	93,917	55,920
	2,160,700	2,389,158
	$ 2,245,800	$ 2,475,658

The range of weighted average effective interest rate on bank loans was 0.65%-6.00% and 0.65%-5.50% per annum as of December 31, 2019 and 2018, respectively.

b. Long-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans (NTD)*	$ 850,000	$ 850,000

* December 31, 2019: Revolving before January 2021, interest at 0.68%; December 31, 2018: Revolving before January 2020, interest at 0.68%.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
Notes payable		
Operating	$ 222,331	$ 263,915
Trade payables		
Trade payables	$ 5,581,602	$ 5,577,313

The average credit period of purchases of certain goods was 90-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payable for salaries and bonus	$ 569,992	$ 516,597
Payable for annual leave	100,039	98,014
Payable for dividends	103,090	89,299
Payable for employees' compensation	117,613	117,935
Payable for remuneration of directors	49,800	49,800
Others	484,351	529,774
	$ 1,424,885	$ 1,401,419
Other liabilities		
Temporary receipts	$ 91,792	$ 75,116
Agency receipts	10,658	9,573
Deposits received	7,668	9,429
Refund liability	35,773	50,928
Others	14,322	6,686
	$ 160,213	$ 151,732
Non-current		
Other liabilities		
Deposits received	$ 102,151	$ 100,830

21. PROVISIONS

	December 31	
	2019	2018
Current		
Warranties	$ 841,437	$ 766,163
Non-current		
Warranties	$ 17,511	$ 16,387

	Warranties
Balance at January 31, 2019	$ 782,550
Additional provisions recognized	76,792
Effect of foreign currency exchange differences	(394)
Balance at December 31, 2019	$ 858,948

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. According to local regulations, foreign subsidiaries also make contributions to employees' individual accounts under a defined contribution plan.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation and domestic subsidiaries of the Group in accordance with the Labor Standards Law is operated by the government of the Republic of China ("ROC"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group and domestic subsidiaries of the Group contribute at specific rate of salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2019	2018
Present value of defined benefit obligation	$ 1,635,355	$ 1,579,737
Fair value of plan assets	(1,205,248)	(1,164,907)
Net defined benefit liability	$ 430,107	$ 414,830

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2018	$ 1,600,278	$ (1,076,136)	$ 524,142
Service cost			
Current service cost	18,785	-	18,785
Past service cost	4,398	-	4,398
Net interest expense (income)	19,635	(13,732)	5,903
Recognized in profit or loss	42,818	(13,732)	29,086
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(28,777)	(28,777)
Actuarial loss - changes in demographic assumptions	10,467	-	10,467
Actuarial loss - changes in financial assumptions	22,467	-	22,467
Actuarial loss - experience adjustments	25,881	-	25,881
Recognized in other comprehensive income	58,815	(28,777)	30,038
Contributions from the employer	-	(50,019)	(50,019)
Benefits paid	(122,174)	3,757	(118,417)
Balance at December 31, 2018	1,579,737	(1,164,907)	414,830
Service cost			
Current service cost	16,146	-	16,146
Past service cost	1,580	-	1,580
Net interest expense (income)	17,166	(13,210)	3,956
Recognized in profit or loss	34,892	(13,210)	21,682
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(38,847)	(38,847)
Actuarial loss - changes in demographic assumptions	3,388	-	3,388
Actuarial loss - changes in financial assumptions	67,796	-	67,796
Actuarial loss - experience adjustments	104,316	-	104,316
Recognized in other comprehensive income	175,500	(38,847)	136,653
Contributions from the employer	-	(34,732)	(34,732)
Benefits paid	(148,321)	35,141	(113,180)
Liabilities extinguished on settlement	(6,453)	7,187	734
Others	-	4,120	4,120
Balance at December 31, 2019	$ 1,635,355	$ (1,205,248)	$ 430,107

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	**2018**
Discount rate	0.625%-1.000%	0.875%-1.125%
Expected rate of salary increase	2.000%-2.500%	2.000%-2.500%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2019	**2018**
Discount rate		
0.250% increase	$ (45,831)	$ (44,642)
0.250% decrease	$ 47,641	$ 46,444
Expected rate of salary increase		
0.250% increase	$ 46,206	$ 45,203
0.250% decrease	$ (44,689)	$ (43,677)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	**2018**
The expected contributions to the plan for the next year	$ 34,829	$ 34,710
The average duration of the defined benefit obligation	2.1-11.6 years	1.4-11.8 years

23. EQUITY

a. Share capital - ordinary shares

	December 31	
	2019	**2018**
Number of shares authorized (in thousands)	580,000	580,000
Shares authorized	$ 5,800,000	$ 5,800,000
Number of shares issued and fully paid (in thousands)	520,972	520,972
Shares issued	$ 5,209,722	$ 5,209,722

b. Capital surplus

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed, as cash dividends, or transferred to share capital (1)		
Arising from issuance of common share	$ 1,441,424	$ 1,441,424
Arising from conversion of bonds	970,457	970,457
Arising from treasury share transactions	68,529	68,529
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	73,613	73,613
Arising from changes in percentage of ownership interest in subsidiaries (2)	11,966	11,966
Arising from changes in equity from investments in associates accounted for using the equity method	53,202	49,287
Arising from treasury share transactions	1,530	1,530
	$ 2,622,204	$ 2,616,806

1) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of Group's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as a legal reserve, setting aside a special reserve in accordance with the laws and regulations, and then allowing for other special reserves and a distribution of dividends to be recommended by the board of directors. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "employees' compensation and remuneration of directors" in Note 25, n.

The Corporation's Articles also prescribe that 1) not less than 5% of the sum of the remaining annual net income and the previous year's accumulated undistributed earnings shall be appropriated as dividends and 2) of the dividends, not less than 20% shall be paid in cash. The actual distribution ratio or method of dividend distribution is subjected to the operating situation as determined by the Group's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders.

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

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" shall be appropriated to or reversed from a special reserve by the Group.

The appropriations of earnings for 2018 and 2017 had been approved in the shareholders' meetings on June 20, 2019 and June 14, 2018, respectively, as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2018	**2017**	**2018**	**2017**
Legal reserve	$ 141,514	$ 132,946		
Cash dividends	781,458	677,264	$1.5	$1.3

The appropriation of earnings for 2019 had been proposed by the Corporation's board of directors on March 13, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 167,363	
Cash dividends	833,556	$1.6

The appropriations of earnings for 2019 are subject to the resolution of the shareholders' meeting to be held on June 19 2020.

d. Special reserves

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1 and balance at December 31	$ 5,136,954	$ 5,136,954

The special reserve appropriated on the first-time adoption of IFRSs relating to land may be reversed on the disposal or reclassification of the related assets. An additional special reserve should be appropriated for the amount equal to the difference between the reversed net debit balance and the appropriated special reserve on the first-time adoption of IFRSs. Any appropriated special reserve may be reversed to the extent that the net debit balance reverses and, thereafter, is distributed.

e. Other equity items

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

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (206,243)	$ (142,021)
Effect of change in tax rate	-	5,834
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(171,536)	(56,564)
Other comprehensive income recognized for the year	(171,536)	(50,730)
Partial acquisition of interests in subsidiaries	(1,158)	(13,492)
Balance at December 31	$ (378,937)	$ (206,243)

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

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 348,641	$ 365,851
Recognized for the year		
Unrealized loss - equity instruments	41,978	(22,684)
Share from associates accounted for using the equity method	382,111	(5,240)
Other comprehensive income recognized for the year	424,089	(27,924)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	10,484
Partial acquisition of interests in subsidiaries	17	230
Balance at December 31	$ 772,747	$ 348,641

f. Non-controlling interests

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 445,995	$ 471,850
Share of profit for the year	65,308	55,400
Effect of change in tax rate	-	493
Exchange difference on translating the financial statements of foreign entities	(12,270)	(4,068)
Unrealized loss on financial assets at FVTOCI	1,883	(128)
Remeasurement of defined benefit plans	509	32
Share from remeasurement of defined benefit plans of associates accounted for using the equity method	-	9
Adjustment to changes in equity of associates accounted for using the equity method	(407)	(411)
Share from other comprehensive income of associates accounted for using the equity method	7,545	(339)
Non-controlling interests arising from acquisition of subsidiaries (Note 29)	34,995	-

(Continued)

	For the Year Ended December 31	
	2019	2018
Acquisition of non-controlling interests in subsidiaries (Note 29)	$ (5,622)	$ (53,103)
Adjustment to changes in equity of subsidiaries	320	320
Liquidation and return of shares of subsidiaries distributed to non-controlling interests	-	(220)
Cash dividends of subsidiaries distributed to non-controlling interests	(32,495)	(23,840)
Balance at December 31	$ 505,761	$ 445,995

(Concluded)

24. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 21,486,313	$ 21,705,445
Construction contracts	4,032,504	2,761,668
Others	8,500	7,500
	25,527,317	24,474,613
Rental income		
Rental income from equipment	511,456	509,211
	$ 26,038,773	$ 24,983,824

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable (Note 10)	$ 969,457	$ 1,355,117	$ 1,278,561
Notes receivable to related parties (Note 33)	$ -	$ 978	$ 4,909
Trade receivables (Note 10)	$ 4,861,299	$ 4,601,487	$ 4,665,932
Trade receivables to related parties (Note 33)	$ 172,483	$ 184,290	$ 87,568
Contract assets			
Sale of goods	$ 226,172	$ 184,773	$ 445,591
Construction contracts	2,364,100	1,972,348	1,075,545
Less: Allowance for impairment loss	-	(20,559)	(78,056)
Contract assets - current	$ 2,590,272	$ 2,136,562	$ 1,443,080
Contract liabilities			
Sale of goods	$ 1,122,914	$ 940,164	$ 1,024,046
Construction contracts	599,980	866,690	12,055
Contract liabilities - current	$ 1,722,894	$ 1,806,854	$ 1,036,101

The credit risk management of contract assets and trade receivables are the same, refer to Note 10.

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1 per IFRS 9	$ 20,559	$ 78,056
Less: Net remeasurement of loss allowance	(20,580)	(57,338)
Foreign exchange gains and losses	21	(159)
Balance at December 31	$ -	$ 20,559

b. Disaggregation of revenue

2019

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Total
Type of goods or services					
Sale of goods	$ 12,458,260	$ 5,808,338	$ 2,747,027	$ 472,688	$ 21,486,313
Construction contracts	1,589,644	-	2,442,860	-	4,032,504
Others	-	-	-	8,500	8,500
	$ 14,047,904	$ 5,808,338	$ 5,189,887	$ 481,188	$ 25,527,317

2018

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Total
Type of goods or services					
Sale of goods	$ 10,800,544	$ 5,873,305	$ 4,571,313	$ 460,283	$ 21,705,445
Construction contracts	1,249,920	-	1,511,748	-	2,761,668
Others	-	-	-	7,500	7,500
	$ 12,050,464	$ 5,873,305	$ 6,083,061	$ 467,783	$ 24,474,613

25. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

Net Profit

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income		
Bank deposits	$ 23,851	$ 20,630
Financial assets at amortized cost	698	3,126
Others	13	-
	24,562	23,756

(Continued)

	For the Year Ended December 31	
	2019	2018
Dividends		
Investments in equity instruments at FVTOCI	$ 13,448	$ 16,984
Others	5,491	2,740
	$ 43,501	$ 43,480

(Concluded)

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	$ 14,769	$ 56,534
Financial liabilities held for trading	(9,709)	(13,903)
Gain on disposal of property, plant and equipment	691	32,860
Net foreign exchange gains (losses)	(18,835)	40,373
Gain on disposal of associates	-	631
Others	97,675	61,309
	$ 84,591	$177,804

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 49,652	$ 50,104
Interest on short-term bills payable	76	561
Interest on finance leases	406	-
	$ 50,134	$ 50,665

d. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2019	2018
Contract assets	$ (14,841)	$ (28,703)
Trade receivables	$ 20,580	$ 57,338
Inventories (included in operating costs)	$ 60,427	$ (140,575)
Property, plant and equipment (included in other operating income and expenses)	$ (1,612)	$ -

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 556,772	$ 506,743
Operating expenses	128,866	107,383
	$ 685,638	$ 614,126
An analysis of amortization by function		
Operating costs	$ 11,557	$ 8,372
Operating expenses	13,201	19,360
	$ 24,758	$ 27,732

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Generated rental income	$ 34,930	$ 31,366

g. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits		
Defined contribution plans	$ 123,758	$ 119,863
Defined benefit plans (Note 22)	21,682	29,086
	145,440	148,949
Other employee benefits	3,438,945	3,355,284
Total employee benefits expense	$ 3,584,385	$ 3,504,233
An analysis of employee benefits expense by function	$ 1,921,568	$ 1,892,494
Operating costs	1,662,817	1,611,739
Operating expenses	$ 3,584,385	$ 3,504,233

h. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1%-8% and no higher than 4%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Corporation's board of directors on March 13, 2020 and March 14, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	4.52%	4.74%
Remuneration of directors	2.26%	2.37%

Amount

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	$ 99,600	$ 99,600
Remuneration of directors	49,800	49,800

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	$ 192,705	$ 170,685
Foreign exchange losses	(211,540)	(130,312)
	$ (18,835)	$ 40,373

26. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 365,115	$ 413,600
Income tax on unappropriated earnings	14,704	53,790
Adjustments for prior years	21,296	1,913
	401,115	469,303
Deferred tax		
In respect of the current year	84,547	80,860
Adjustments for prior years	(1,764)	-
Adjustments to deferred tax attributable to changes in tax rates and laws	-	124,659
	82,783	205,519
Income tax expense recognized in profit or loss	$ 483,898	$ 674,822

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 2,222,833	$ 2,145,362
Income tax expense calculated at the statutory rate	$ 546,330	$ 547,943
Nondeductible expenses in determining taxable income	12,882	34,426
Tax-exempt income	(73,872)	(72,906)
Unrecognized loss carryforwards and deductible temporary differences	5,086	22,625
Investment tax credits used in the current year	(40,764)	(37,628)
Income tax on unappropriated earnings	14,704	53,790
Effect of tax rate changes	-	124,659
Adjustments for prior years' tax	19,532	1,913
Income tax expense recognized in profit or loss	$ 483,898	$ 674,822

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Group has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 31, 2019.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	$ -	$ (30,127)
In respect of the current year		
Translation of the financial statements of foreign operations	(43,195)	(14,065)
Remeasurement on defined benefit plans	(27,330)	(6,008)
	(70,525)	(20,073)
Total income tax recognized in other comprehensive income	$ (70,525)	$ (50,200)

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax liabilities		
Income tax payable	$ 113,595	$ 260,002

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory write-downs	$ 58,603	$ (4,865)	$ -	$ 53,738
Provisions	68,872	2,575	-	71,447
Defined benefit plans	83,887	(24,771)	27,330	86,446
Payable for annual leave	19,602	407	-	20,009
Exchange differences on translating the financial statements of foreign operations	56,990	-	42,102	99,092
Allowance for impairment loss on receivables	7,340	(834)	-	6,506
Deferred revenue	13,115	(125)	-	12,990
Others	5,464	9,225	-	14,689
	$ 313,873	$ (18,388)	$ 69,432	$ 364,917

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Depreciation differences on property, plant and equipment	$ 236,844	$ 19,051	$ -	$ 255,895
Investments accounted for using the equity method	694,857	40,187	-	735,044
Reserve for land value increment tax	1,175,718	-	-	1,175,718
Rental revenue receivables	19,329	(1,860)	-	17,469
Exchange differences on translating the financial statements of foreign operations	1,256	-	(1,093)	163
Financial assets at FVTPL	19,350	5,234	-	24,584
Others	5,393	1,783	-	7,176
	$ 2,152,747	$ 64,395	$ (1,093)	$ 2,216,049

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory write-downs	$ 44,071	$ 14,532	$ -	$ 58,603
Provisions	50,091	18,781	-	68,872
Defined benefit plans	89,105	(35,104)	29,886	83,887
Payable for annual leave	16,269	3,333	-	19,602
Financial assets at FVTPL	11,168	(11,168)	-	-
Investments accounted for using the equity method	4,423	(4,423)	-	-
Exchange differences on translating the financial statements of foreign operations	39,919	-	17,071	56,990
Allowance for impairment loss on receivables	6,531	809	-	7,340
Deferred revenue	13,940	(825)	-	13,115
Others	13,222	(7,758)	-	5,464
	$ 288,739	$ (21,823)	$ 46,957	$ 313,873

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Depreciation differences on property, plant and equipment	$ 190,118	$ 46,726	$ -	$ 236,844
Investments accounted for using the equity method	550,257	144,600	-	694,857
Reserve for land value increment tax	1,175,718	-	-	1,175,718
Rental revenue receivables	18,010	1,319	-	19,329
Exchange differences on translating the financial statements of foreign operations	4,499	-	(3,243)	1,256
Financial assets at FVTPL	28,137	(8,787)	-	19,350
Others	5,555	(162)	-	5,393
	$ 1,972,294	$ 183,696	$ (3,243)	$ 2,152,747

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2019	2018
Loss carryforwards		
Expiry in 2023	$ 5,341	$ 5,341
Expiry in 2024	7,476	-
Expiry in 2026	155	155
	$ 12,972	$ 5,496
Deductible temporary differences	$ 933,104	$ 915,956

f. Income tax assessments

The income tax returns of the Corporation, Hsin Lin, Rueylin, Jeen-Lin, Chuan Lin and Yeangder Entertainment through 2017 have been assessed by the tax authority.

The income tax returns of Hsin Lin, Rueylin, Jeen-Lin, Chuan Lin, Yeangder Entertainment, Ting Lin, Hwo Lin, Cheng Lin, Shang Lin, Ji Lin, Yuh Lin and Jeng Lin through 2018 have been assessed by the tax authority.

27. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of basic and diluted earnings per share	$ 1,673,627	$ 1,415,140

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	520,972	520,972
Effect to potentially dilutive ordinary shares		
Employees' compensation	2,825	2,841
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	523,797	523,813

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

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Wuling	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	August 8, 2019	60.0	$48,000

The Group acquired Wuling in order to continue the expansion of the Group's business activities and scale of operations.

b. Consideration transferred

	Wuling
Cash	$ 48,000

c. Assets acquired and liabilities assumed at the date of acquisition

	Wuling
Current assets	
Cash and cash equivalents	$ 24,814
Trade and other receivables	40,055
Inventories	51,466
Other current assets	2,750
Non-current assets	
Property, plant and equipment	4,083
Other non-current assets	7,472
Current liabilities	
Trade and other payables	(21,062)
Other payables	(10,719)
Current tax payables	(1,239)
Other current liabilities	(10,133)
	$ 87,487

The fair value and the book value of the receivables were obtained from Wuling in the merger transaction, and no amounts were expected to be recovered on the acquisition date.

d. Non-controlling interests

The non-controlling interest (a 40% ownership interest in Wuling) was estimated by the proportion of identifiable net assets at the acquisition date.

These non-controlling interests from Wuling (a 40% of the total ownership) were calculated based on the identifiable net assets.

e. Bargain purchase gain recognized on acquisitions

	Wuling
Consideration transferred	$ 48,000
Plus: Non-controlling interests (40% in Wuling)	34,995
Less: Fair value of identifiable net assets acquired	(87,487)
Bargain purchase gain recognized on acquisitions	$ (4,492)

f. Net cash outflow on the acquisition of subsidiaries

	Wuling
Cash and cash equivalent balances acquired	$ 24,814
Less: Consideration paid in cash	(48,000)
	$ (23,186)

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, are as follows:

	Wuling
Revenue	$ 57,326
Profit	$ 3,927

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been $26,083,760 thousand, and the profit would have been $1,741,324 thousand for the year ended December 31, 2019. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On November 28, 2019, the Group purchased partial interests in Rueylin from non-controlling interests, and increased its ownership percentage from 89.6% to 90.0%.

On March 25, 2019, the Group subscribed for additional new shares of Shang Lin at a percentage different from its existing ownership percentage, the Group's interest in Shang Lin remained at 99.6%.

On January 22, February 5, April 9, May 2, and September 11, 2018, the Group purchased partial interests in Rueylin from non-controlling interests, and increased its ownership percentage from 71.7% to 89.6%.

On March 28, 2018, the Group subscribed for additional new shares of Shang Lin at a percentage different from its existing ownership percentage, the Group's interest in Shang Lin remained at 99.6%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

2019

	Rueylin	Shang Lin
Cash consideration paid	$ (5,280)	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	5,622	(320)
Reattribution of other equity to (from) non-controlling interests		
Exchange differences on translating the financial statements of foreign operations	1,158	-
Unrealized gain (loss) on financial assets at FVTOCI	(17)	-
Differences recognized from equity transactions	$ 1,483	$ (320)

	Rueylin	Shang Lin	Total
Line items adjusted for equity transactions			
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 1,483	$ -	$ 1,483
Retained earnings	-	(320)	(320)
	$ 1,483	$ (320)	$ 1,163

2018

	Rueylin	Shang Lin
Cash consideration paid	$ (55,306)	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	53,103	(320)
Reattribution of other equity to (from) non-controlling interests		
Exchange differences on translating the financial statements of foreign operations	13,492	-
Unrealized gain (loss) on financial assets at FVTOCI	(230)	-
Differences recognized from equity transactions	$ 11,059	$ (320)

	Rueylin	Shang Lin	Total
Line items adjusted for equity transactions			
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 11,059	$ -	$ 11,059
Retained earnings	-	(320)	(320)
	$ 11,059	$ (320)	$ 10,739

30. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes Effect of Foreign Currency Exchange Difference	Closing Balance
Short-term borrowings	$ 2,475,658	$ (212,222)	$ (17,636)	$ 2,245,800
Long-term borrowings	850,000	-	-	850,000
Deposits received (included in other current liabilities and other non-current liabilities)	110,259	(436)	(4)	109,819
	$ 3,435,917	$ (212,658)	$ (17,640)	$ 3,205,619

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes Effect of Foreign Currency Exchange Difference	Closing Balance
Short-term borrowings	$ 3,179,662	$ (697,662)	$ (6,342)	$ 2,475,658
Long-term borrowings	850,000	-	-	850,000
Deposits received (included in other current liabilities and other non-current liabilities)	111,794	(1,522)	(13)	110,259
	$ 4,141,456	$ (699,184)	$ (6,355)	$ 3,435,917

31. CAPITAL MANAGEMENT

In order to maintain the Group's competitiveness in the market and to continually generate profits and grow as well as to reward shareholders, it makes decision based on industry features and current operations and future development plans, and after considering factors such as changes in the external environment, plan for future working capital requirements, research and development expenses, dividend payments and other needs.

Management regularly reviews the capital structure and considers various structures that may involve different considerations of cost and risk. According to scale in the industry, industry growth and future product roadmaps, the Group plans for an appropriate market share. In addition, the Group plans the required funding that corresponds to capital expenditure needs, as well as calculates the working capital based on the characteristics of the industry and provides an overall plan for the Group's long term development. Lastly, the Group estimates the needed contribution margin and ratio, ratio of profit from operations and cash flows to support the competitiveness of its products; as well as it considers the industry business cycle fluctuations and risk factors such as product life cycle to determine an appropriate capital structure for the Group.

32. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ -	$ -	$ -
Unlisted shares	-	-	9,567	9,567
Mutual funds	729,024	-	-	729,024
	$ 729,024	$ -	$ 9,567	$ 738,591
Financial assets at FVTPL				
Listed shares	$ 97,122	$ -	$ -	$ 97,122
Unlisted shares	-	-	794,385	794,385
	$ 97,122	$ -	$ 794,385	$ 891,507
Financial liabilities at FVTPL				
Derivatives	$ -	$ 7,906	$ -	$ 7,906

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 22,351	$ -	$ 22,351
Unlisted shares	-	-	9,072	9,072
Mutual funds	712,456	-	-	712,456
	$ 712,456	$ 22,351	$ 9,072	$ 743,879
Financial assets at FVTPL				
Listed shares	$ 96,562	$ -	$ -	$ 96,562
Unlisted shares	-	-	757,527	757,527
	$ 96,562	$ -	$ 757,527	$ 854,089
Financial liabilities at FVTPL				
Derivatives	$ -	$ 304	$ -	$ 304

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2019

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2019	$ 9,072	$ 757,527	$ 766,599
Recognized in profit or loss (included in other gains and losses)	539	-	539
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	35,999	35,999
Purchases	450,000	859	450,859
Sales	(450,044)	-	(450,044)
Balance at December 31, 2019	$ 9,567	$ 794,385	$ 803,952
Recognized in other gains and losses - unrealized	$ 495		$ 495

For the year ended December 31, 2018

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2018	$ 8,169	$ 761,961	$ 770,130
Recognized in profit or loss (included in other gains and losses)	903	-	903
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(15,687)	(15,687)
Purchases	-	8,610	8,610
Transfers into Level 3	-	2,808	2,808
Sales	-	(165)	(165)
Balance at December 31, 2018	$ 9,072	$ 757,527	$ 766,599
Recognized in other gains and losses - unrealized	$ 903		$ 903

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts and cross-currency swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied in Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach, income approach, and asset approach.

The market approach refers to the comparable market transaction price and related information to estimate the fair value of the investment target; the income approach based on discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees; the asset approach evaluates the fair value by assessing the total value of individual assets and individual liabilities of the investment target.

b. Categories of financial instruments

	December 31	
	2019	**2018**
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 738,591	$ 743,879
Financial assets at amortized cost (1)	8,675,408	9,325,232
Financial assets at FVTOCI	891,507	854,089
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	7,906	304
Financial liabilities at amortized cost (2)	9,083,066	9,488,747

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and other financial assets.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, long-term borrowings and other financial liabilities.

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, equity and debt investments, mutual funds, notes receivable, trade receivables, trade payables and borrowings. The Group's Finance division provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through the analysis of exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the USD and JYP.

The following table details the Group's sensitivity to a 1% increase and a 1% decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period under the assumption of a 1% change in foreign currency rates. On the table below, if the amount is positive (negative), it indicates a decrease (increase) in pre-tax profit when functional currencies of the Group entities weakened (strengthened) by 1% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2019	**2018**
Profit or loss	$ (6,377) (i)	$ (7,860) (i)

	JYP Impact	
	For the Year Ended December 31	
	2019	**2018**
Profit or loss	$ (2,617) (ii)	$ (2,710) (ii)

i. This was mainly attributable to the exposure on outstanding USD bank deposits, receivables, borrowings and payables which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding JYP bank deposits, receivables and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD and JYP during the year has not changed significantly from the previous period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The Group pays attention to changes in market interest rates in order to make plans to manage interest rate risk.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 306,796	$ 178,473
Financial liabilities	1,251,778	2,409,158
Cash flow interest rate risk		
Financial liabilities	1,844,022	916,500

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would decrease/increase by $18,440 thousand and $9,165 thousand, respectively.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable rate borrowings.

c) Other price risk

The Group was exposed to price risk through its investments in listed equity securities and mutual funds. The Group has appointed a special team to monitor the price risk and make plans to manage the price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to the price risks of the aforementioned investments at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by $7,386 thousand and $7,215 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $8,915 thousand and $8,541 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to prices has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

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

The table below analyzes the collaterals held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Group's consolidated balance sheets:

December 31, 2019

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	$ 8,593,511	$ 234,262	$ 247,744	$ 482,006

December 31, 2018

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	$ 8,278,434	$ 231,891	$ 392,991	$ 624,882

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized short-term bank loan facilities of $9,414,253 thousand and $9,660,714 thousand, respectively.

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

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

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-2 Years	2+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 1,450,867	$ 2,807,772	$ 1,629,057	$ 109,183	$ 94,280
Lease liabilities	680	1,360	2,873	957	-
Variable interest rate liabilities	31,795	891,066	80,813	850,489	-
Fixed interest rate liabilities	950,262	54,703	253,549	-	-
Refund liability	5,962	11,924	17,887	-	-
	$ 2,439,566	$ 3,766,825	$ 1,984,179	$ 960,629	$ 94,280

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 4,913	$ 957	$ -	$ -	$ -	$ -

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-2 Years	2+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 1,522,798	$ 2,828,635	$ 1,616,631	$ 102,792	$ 89,758
Variable interest rate liabilities	596	67,692	5,043	850,489	-
Fixed interest rate liabilities	894,237	921,588	607,465	-	-
Refund liability	8,488	16,976	25,464	-	-
	$ 2,426,119	$ 3,834,891	$ 2,254,603	$ 953,281	$ 89,758

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

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

The following table detailed the Group’s liquidity analysis for its derivative financial instruments. The table was based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3-6 Months	7 Months to 1 Year	1+ Years
Cross-currency swap contracts					
Inflows	$ -	$ 738,307	$ -	$ -	$ -
Outflows	-	(746,213)	-	-	-
	$ -	$ (7,906)	$ -	$ -	$ -

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3-6 Months	7 Months to 1 Year	1+ Years
Gross settled					
Foreign exchange forward contracts					
Inflows	$ 188,923	$ 3,565	$ 170,755	$ 10,966	$ -
Outflows	(178,762)	(2,000)	(161,769)	(11,134)	-
	$ 10,161	$ 1,565	$ 8,986	$ (168)	$ -
Cross-currency swap contracts					
Inflows	$ -	$ 216,300	$ 185,325	$ 92,828	$ -
Outflows	-	(215,700)	(184,780)	(92,550)	-
	$ -	$ 600	$ 545	$ 278	$ -

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and relationships:

Name of Related Party	Relationship with the Group
Mitsubishi Electric Group of Japan (Mitsubishi Electric)	Investor that has significant influence over the Group
Changzhou Mitsubishi Shihlin	Associate
Mitsuba Shihlin Electric (Wuhan) Co., Ltd. (Wuhan Mitsuba Shihlin)	Associate
Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd. (Xiamen Mitsubishi)	Associate
Ambassador Hotel	Associate
Seh International Holdings Ltd. (Seh International Holdings)	Investor that has significant influence over a subsidiary of the Group
Mitsubishi Electric Taiwan Co., Ltd. (Mitsubishi Taiwan)	Subsidiary of investor that has significant influence over the Group
Mitsubishi Electric Automative (China) Ltd. (Mitsubishi China Automative)	Subsidiary of investor that has significant influence over the Group
Mitsubishi Electric Automation (China) Co., Ltd. (Mitsubishi Automation)	Subsidiary of investor that has significant influence over the Group
HCT Logistics Co., Ltd. (HCT Logistics)	Related party in substance
Charter Leisure Co., Ltd. (Charter)	Related party in substance
Shihlin Development Company Limited (Shihlin Development)	Related party in substance

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	2018
Sales	Associates	$ 609,415	$ 649,405
	Subsidiaries of investors that have significant influence over the Group	255,955	188,319
	Related parties in substance	819	267
		$ 866,189	$ 837,991
Rental revenue	Subsidiaries of investors that have significant influence over the Group	$ 24,635	$ 24,581
	Related parties in substance	31,048	57,176
		$ 55,683	$ 81,757
Other operating revenue	Associates		
	Ambassador Hotel	$ 3,000	$ 3,000
	Related parties in substance		
	HCT Logistics	5,500	4,500
		$ 8,500	$ 7,500

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Investors that have significant influence over the Group	$ 176,645	$ 204,964
Associates	50,875	38,940
Subsidiaries of investors that have significant influence over the Group	275,556	535,844
	$ 503,076	$ 779,748

d. Contract liabilities

Related Party Category/Name	December 31 2019	2018
Associates	$ 17,742	$ 17,401
Subsidiaries of investors that have significant influence over the Group	4,148	3,458
	$ 21,890	$ 20,859

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Notes receivable from related parties	Related parties in substance		
	Shihlin Development	$ -	$ 978
Trade receivables from related parties	Associates		
	Changzhou Mitsubishi Shihlin	78,540	67,929
	Wuhan Mitsuba Shihlin	5,516	40,446
	Others	8,436	11,694
	Subsidiaries of investors that have significant influence over the Group		
	Mitsubishi Automative China	73,214	58,863
	Others	4,309	2,253
	Related parties in substance	2,468	3,105
Other receivables from related parties	Associates		
	Wuhan Mitsuba Shihlin	4,699	4,685
	Others	319	324
	Investors that has significant influence over subsidiaries of the Group		
	Subsidiaries of investors that have significant influence over the Group		
	Mitsubishi Taiwan	102	288
	Related parties in substance	36	252
		$ 177,639	$ 190,817

f. Payables to related parties

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Notes payable to related parties	Investors that have significant influence over the Group	$ -	$ 10,371
	Associates		
	Changzhou Mitsubishi Shihlin	28,710	10,800
	Others	-	8
	Subsidiaries of investors that have significant influence over the Group		
	Mitsubishi China	34,509	92,126
	Mitsubishi Taiwan	7,766	6,523
Other payables to related parties	Investors that have significant influence over the Group		
	Mitsubishi Electric	17,674	18,054
	Associates		
	Ambassador Hotel	3,007	2,642
	Related parties in substance	593	1,482
		$ 92,259	$ 142,006

g. Prepayments (included in other current assets)

Related Party Category/Name	December 31 2019	December 31 2018
Investors that have significant influence over the Group	$ 128,879	$ 2,012

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Royalty expenses	Investors that have significant influence over the Group Mitsubishi Electric	$ 20,246	$ 19,229
Freight expenses	Related parties in substance	$ 4,598	$ 5,785
Technical guidance fees	Investors that have significant influence over the Group Mitsubishi Electric	$ 167	$ 301
Rental expenses	Related parties in substance	$ 1,008	$ 1,009
Rental revenue (included in other income)	Associates Xiamen Mitsubishi	$ 2,694	$ 2,740
Management service revenue (included in other gains and losses)	Associates Wuhan Mitsuba Shihlin	$ 5,271	$ 4,928
Miscellaneous revenue (included in other gain and loss)	Associates	$ -	$ 690
	Subsidiaries of investors that have significant influence over the Group	52	221
	Related parties in substance	7,942	11,220
		$ 7,994	$ 12,131

The transactions with related parties were made at prices and terms comparable to those that would be obtained in similar transactions with non-related parties.

The aforementioned rentals collected or paid monthly were based on those prevailing in the market.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 140,631	$ 143,726
Post-employment benefits	1,367	1,637
	$ 141,998	$ 145,363

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for bank credit lines, performance guaranty, and a deposit for management and maintenance of public open space:

	December 31	
	2019	2018
Demand deposits (included in other current assets)	$ 25,718	$ 25,718
Time deposits (included in other current assets and other non-current assets)	44,026	54,097
Investments accounted for using the equity methods	252,295	241,953
Land (included in property, plant and equipment and investment properties)	6,680,105	6,680,105
Buildings, net (included in property, plant and equipment)	216,132	194,466
	$ 7,218,276	$ 7,196,339

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2019 were as follows:

a. Under technical cooperation agreements with several foreign companies expiring on various dates between January 2019 and December 2019, the Group, aside from paying upfront royalties, shall pay running royalties at specified percentages of sales (as defined). For the years ended December 31, 2019 and 2018, royalties were $23,311 thousand and $23,955 thousand, respectively.

b. Unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately $111,918 thousand.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 25,134	29.98 (USD:NTD)	$ 753,511
USD	6,313	6.98-7.08 (USD:RMB)	189,719
USD	1,720	23,153.76 (USD:VND)	46,525
RMB	23,707	0.1449 (RMB:NTD)	103,005
RMB	26,644	4.31 (RMB:USD)	114,701
JPY	969,267	0.276 (JPY:NTD)	267,518
EUR	1,217	33.59 (AUD:NTD)	40,872
EUR	53	7.82 (AUD:RMB)	1,779
CAD	1,723	22.99 (EUR:NTD)	39,615
CHF	2,113	30.925 (CAD:NTD)	65,347
AUD	317	21.01 (PHP:NTD)	6,668
Non-monetary items			
Investments accounted for using the equity method			
RMB	360,225	0.1449 (RMB:USD)	1,548,060
Others			
USD	18,275	29.98 (USD:NTD)	547,890
Financial liabilities			
Monetary items			
USD	1,035	29.98 (USD:NTD)	31,030
USD	8,193	6.98-7.08 (USD:RMB)	245,812
USD	2,762	23,153.76 (USD:VND)	75,233
RMB	20,000	4.31 (RMB:NTD)	86,100
PHP	4,904	0.5847 (PHP:NTD)	2,867
JPY	21,232	0.276 (JPY:NTD)	5,860
EUR	76	33.59 (EUR:NTD)	2,544
Non-monetary items			
Derivative instruments			
USD	264	29.98 (USD:NTD)	7,906

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 29,015	30.72 (USD:NTD)	$ 891,209
USD	5,633	6.71-6.88 (USD:RMB)	173,309
USD	854	11,122.38 (USD:VND)	23,704
RMB	57,549	0.1457 (RMB:NTD)	257,551
RMB	47,560	4.47 (RMB:USD)	212,689
JPY	1,016,929	0.2782 (JPY:NTD)	282,910
EUR	1,204	35.20 (AUD:NTD)	42,396
CAD	1,627	22.58 (EUR:NTD)	36,744
CHF	539	31.183 (CAD:NTD)	16,805
AUD	683	21.67 (PHP:NTD)	14,800
Non-monetary items			
Investments accounted for using the equity method			
RMB	365,581	0.1457 (RMB:USD)	1,595,816
Derivative instruments			
USD	53	30.72 (USD:NTD)	1,639
JPY	6,190	0.2782 (JPY:NTD)	1,722
EUR	539	35.20 (EUR:NTD)	18,990
Others			
USD	16,986	30.72 (USD:NTD)	521,717
Financial liabilities			
Monetary items			
USD	1,490	30.72 (USD:NTD)	45,773
USD	7,494	6.71-6.88 (USD:RMB)	230,301
USD	939	11,122.38 (USD:VND)	26,185
RMB	25,253	4.47 (RMB:NTD)	112,930
RMB	33,707	0.1457 (RMB:USD)	150,851
JPY	42,901	0.2782 (JPY:NTD)	11,935
Non-monetary items			
Derivative instruments			
USD	4	30.72 (USD:NTD)	137
CHF	5	31.19 (CHF:NTD)	167

The Group is mainly exposed to USD and RMB. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2019		2018	
Foreign Currencies	**Exchange Rate**	**Net Foreign Exchange Gains (Losses)**	**Exchange Rate**	**Net Foreign Exchange Gains (Losses)**
USD	30.91 (USD:NTD)	$ (1,326)	30.15 (USD:NTD)	$ (5,432)
NTD	1 (NTD:NTD)	(18,370)	1 (NTD:NTD)	51,075
RMB	4.48 (RMB:NTD)	(38)	4.56 (RMB:NTD)	(5,722)
VND	0.0012 (VND:NTD)	899	0.0012 (VND:NTD)	452
		$ (18,835)		$ 40,373

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: Table 2.

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6.

9) Trading in derivative instruments: Refer to Note 7.

10) Intercompany relationships and significant intercompany transactions: Table 7.

11) Information on investees (excluding investees in mainland China): Table 8.

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 9.

2) Any of significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment terms, and unrealized gains or losses: Table 10.

38. OPERATING SEGMENT INFORMATION

a. Operating segment:

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reportable segments are as follows:

- Electric distribution segment - manufacture and sale of heavy electric equipment.
- Automobile parts segment - manufacture and sale of automotive equipment and related parts.
- Automation equipment and parts segment - manufacture and sale of industrial automation control products.
- Other segment - leasing of commercial building and sale of digital products.

b. Segment revenues and results:

The information of the Group's revenues and results by segment was as follows:

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Adjustments and Eliminations	Consolidated
For the year ended December 31, 2019						
Revenue from external customers	$ 14,047,904	$ 5,808,338	$ 5,189,887	$ 992,644	$ -	$ 26,038,773
Inter-segment revenue	1,133	-	7,674	-	(8,807)	-
Total revenue	$ 14,049,037	$ 5,808,338	$ 5,197,561	$ 992,644	$ (8,807)	$ 26,038,773
Finance costs	$ 13,039	$ 12,194	$ 23,092	$ 1,809	$ -	$ 50,134
Depreciation expense	$ 287,533	$ 216,633	$ 35,926	$ 145,546	$ -	$ 685,638
Amortization expense	$ 11,814	$ 12,133	$ 811	$ -	$ -	$ 24,758
Share of profit or loss of associates accounted for using the equity method	$ 10,995	$ 130,510	$ -	$ 140,613	$ -	$ 282,118
Segment income	$ 1,067,564	$ 783,898	$ 306,369	$ 449,731	$ -	$ 2,607,562
Unallocated amount						(384,729)
Profit before income tax						$ 2,222,833

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Adjustments and Eliminations	Consolidated
For the year ended December 31, 2018						
Revenue from external customers	$ 12,050,464	$ 5,873,305	$ 6,083,061	$ 976,994	$ -	$ 24,983,824
Inter-segment revenue	4,150	-	7,271	-	(11,421)	-
Total revenue	$ 12,054,614	$ 5,873,305	$ 6,090,332	$ 976,994	$ (11,421)	$ 24,983,824
Finance costs	$ 16,854	$ 15,922	$ 16,260	$ 2,071	$ (442)	$ 50,665
Depreciation expense	$ 237,317	$ 180,061	$ 29,529	$ 167,219	$ -	$ 614,126
Amortization expense	$ 13,913	$ 12,095	$ 1,724	$ -	$ -	$ 27,732
Share of profit or loss of associates accounted for using the equity method	$ 4,687	$ 218,480	$ -	$ 115,632	$ -	$ 338,799
Segment income	$ 786,070	$ 862,442	$ 373,593	$ 319,728	$ -	$ 2,341,833
Unallocated amount						(196,471)
Profit before income tax						$ 2,145,362

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	For the Year Ended December 31	
	2019	2018
Electric distribution	$ 11,406,819	$ 10,800,564
Automobile parts	5,808,338	5,873,305
Automotive equipment and parts	3,798,468	4,571,313
Others	472,688	460,263
	21,486,313	21,705,445
Rental revenue	511,456	509,211
Construction revenue	4,032,504	2,761,668
Other operating revenue	8,500	7,500
	$ 26,038,773	$ 24,983,824

d. Geographical information

The Group's revenue from external customers by location of customers and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2019	2018	2019	2018
Taiwan	$ 17,864,570	$ 16,579,183	$ 12,799,125	$ 12,742,969
Mainland China	5,071,317	5,467,072	1,331,280	1,492,854
Vietnam	1,104,357	968,410	292,463	268,174
Others	1,998,529	1,969,159	37,243	46,719
	$ 26,038,773	$ 24,983,824	$ 14,460,111	$ 14,550,716

Non-current assets exclude financial instruments and deferred tax assets.

e. Information about major customers

No single customer contributed 10% or more to the Group's revenue in both 2019 and 2018.

TABLE 1

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrow (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
1	Suzhou Shihlin Electric & Engineering Corp.	Kingdom Trading Shanghai Co., Ltd.	Other receivables - related parties	Y	$ 76,775	$ 55,867	$ 55,867	5.0%	b	-	Operating capital	-	-	-	$ 245,883	$ 245,883	Note 5

Note 1: The Corporation filled 0, investee companies by company sequentially numbered starting from 1.

Note 2: Funding nature:

a. Business associated clients marked a.
b. Clients needing short-term loans marked b.

Note 3: The following information was in accordance with the recent financial statements as of December 31, 2019 received from the following companies. Suzhou Shihlin Electric & Engineering Corp. had a net value limit of 40% that amounted to $245,883 thousand in equity.

Note 4: The following information was in accordance with the recent financial statements as of December 31, 2019 received from the following companies. Suzhou Shihlin Electric & Engineering Corp. had a net value limit of 40% that amounted to $245,883 thousand in equity.

Note 5: The amount was eliminated upon consolidation.

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 6)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 6)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 6)	Note
		Name	Relationship (Note 2)											
0	Shihlin Electric & Engineering Corp.	Vietnam Shihlin Electric & Engineering Co., Ltd.	a and b	$ 4,833,729 (Note 3)	$ 158,000	$ 149,900	$ 21,855	$ -	0.62	$ 12,084,322 (Note 5)	Y	-	-	
		Vietnam Shihlin Electric Power Equipment Co., Ltd.	a and b	4,833,729 (Note 3)	252,800	239,840	74,166	-	0.99	12,084,322 (Note 5)	Y	-	-	
		Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	f	1,175,363 (Note 4)	366,492	344,766	-	-	1.43	12,084,322 (Note 5)	-	-	Y	
		Fuzhou Shihlin Electric & Engineering Corp.	a and b	4,833,729 (Note 3)	31,600	29,980	-	-	0.12	12,084,322 (Note 5)	Y	-	Y	
		Kingdom Trading Shanghai Co., Ltd.	b	4,833,729 (Note 3)	188,340	179,880	34,509	-	0.74	12,084,322 (Note 5)	Y	-	Y	
		Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	b	4,833,729 (Note 3)	345,290	329,780	214,515	-	1.36	12,084,322 (Note 5)	Y	-	Y	
		Wuxi Shihlin Electric & Engineering Co., Ltd.	a and b	4,833,729 (Note 3)	205,400	194,870	21,487	-	0.81	12,084,322 (Note 5)	Y	-	Y	
		Suzhou Shihlin Electric & Engineering Corp.	a and b	4,833,729 (Note 3)	221,200	209,860	104,930	-	0.87	12,084,322 (Note 5)	Y	-	Y	
		Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	a and b	4,833,729 (Note 3)	268,600	254,830	35,476	-	1.05	12,084,322 (Note 5)	Y	-	Y	
		Xiamen Shihlin Electric & Engineering Corp.	a and b	4,833,729 (Note 3)	235,402	222,855	-	-	0.92	12,084,322 (Note 5)	Y	-	Y	
		Shihlin Technology (Shenzhen) Co., Ltd.	a and b	4,833,729 (Note 3)	46,024	42,975	25,785	-	0.18	12,084,322 (Note 5)	Y	-	Y	

Note 1: The Corporation is numbered “0”, while invested in companies are numbered “1” onward.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Corporation has business relationship with.
b. The Corporation owns directly or indirectly over 50% ownership of the investee company.
c. The company that owns directly or indirectly hold over 50% ownership of the Corporation.
d. In between companies that were held over 90% of voting shares directly or indirectly by an entity.
e. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
g. According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note 3: Parent company that held more than 50% of subsidiary’s shares; in accordance with the recent financial statements as of December 31, 2019, the parent company had a limited net value of 20% - this became the quota of the guaranteed party. The parent company had an equity amount of $4,833,729 thousand.

Note 4: Parent company holding more than 50% of shares of subsidiary company; parent financial statements as of December 31, 2019 had a net value limit of 20% (to calculate the equity amount of the following guaranteed company: Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd. $1,175,363 thousand became the lowest quota).

Note 5: The Corporation’s financial statements as of December 31, 2019 had a limited net value of 50% with an equity amount of $12,084,322 thousand.

Note 6: Parent company as subsidiary’s guarantor, subsidiary as parent company’s guarantor and guarantee companies from China are marked Y.

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Shihlin Electric & Engineering Corp.	Shares						
	AmTrust Capital I Corp.	The Corporation is a director	Financial assets at FVTOCI	10,000,000	$ 86,800	7.8	$ 86,800
	Arch Meter Corp.	The Corporation is a director	Financial assets at FVTOCI	5,211,050	37,520	15.7	37,520
	Jine De Sheng Co., Ltd.	The Corporation is a supervisor	Financial assets at FVTOCI	3,333,333	151,400	7.7	151,400
	Charter Leisure Co., Ltd.	The Corporation is a supervisor	Financial assets at FVTOCI	950,000	12,284	19.0	12,284
	Global Securities Finance Corporation		Financial assets at FVTOCI	700,837	6,574	0.2	6,574
	Power World Capital Management Inc.		Financial assets at FVTPL	697,819	9,567	6.0	9,567
	HCT Logistics Co., Ltd.	Same chairman	Financial assets at FVTOCI	4,757,721	300,640	1.9	300,640
	Innocom Telecom Corp.		Financial assets at FVTPL	250,000	-	0.6	-
	Formosa Capital Holdings Corporation		Financial assets at FVTPL	363,636	-	9.1	-
	TSC Finance.Com	The Corporation is a director	Financial assets at FVTOCI	600,000	1,560	16.9	1,560
	Chinese Products Promotion Center		Financial assets at FVTOCI	500	46	0.1	46
	Normpacific Automation Corp.	The Corporation is a director	Financial assets at FVTOCI	672,188	18,101	2.4	18,101
	Windance Co., Ltd.		Financial assets at FVTPL	6,500,000	-	0.9	-
	Asia Technology 3 Limited		Financial assets at FVTPL	636,500	-	1.2	-
	Hsin Chu Golf Country Club Co., Ltd.	The Corporation is a director	Financial assets at FVTOCI	24	81,330	-	81,330
	The Orient Linko Golf & Country Club		Financial assets at FVTOCI	10	83,700	1.0	83,700
	Taichung International Country Club		Financial assets at FVTOCI	1	2,500	-	2,500
	O-Bank Co., Ltd. (Industrial Bank of Taiwan Co., Ltd.)		Financial assets at FVTOCI	8,655,769	67,602	0.4	67,602
	The Great Taipei Corporation		Financial assets at FVTOCI	691,901	21,657	0.1	21,657
	Taiwan Cogeneration Corporation		Financial assets at FVTOCI	151,844	4,540	-	4,540
	Mutual funds						
	Sycamore Venture Capital, L.P.		Financial assets at FVTPL	1,000,000	-	-	-
	KGI EM Trend ETF Fund of Funds		Financial assets at FVTPL	1,500,000	11,730	-	11,730
	Pacific Royal Fund - Core Asia Region Fund		Financial assets at FVTPL	287,825	65,272	-	65,272
	Pacific Royal Fund - High Yield Capital Fund		Financial assets at FVTPL	295,000	67,736	-	67,736
	Global Alliance - Asia Keystone Fund		Financial assets at FVTPL	213,083	130,073	-	130,073
	Global Alliance - Ocean Elite Fund		Financial assets at FVTPL	213,145	130,114	-	130,114
	Global Alliance - Hidden Power Fund		Financial assets at FVTPL	213,128	130,104	-	130,104
	Global Alliance - Titan Investment Fund		Financial assets at FVTPL	45,320	24,591	-	24,591

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Shihlin Electric & Engineering Corp. International Holdings Ltd.	<u>Mutual funds</u>						
	Pacific Royal Fund - Strategic Growth Income Fund		Financial assets at FVTPL	260,000	$ 59,624	-	$ 59,624
	Pacific Royal Fund - Aslan Eagle Opportunity Fund		Financial assets at FVTPL	260,000	64,755	-	64,755
Chuan Lin Technology Corporation	<u>Shares</u>						
	Mirle Automation Corporation		Financial assets at FVTOCI	82,096	3,323	-	3,323
Hsinlin International Investment Corp. of Samoa	<u>Mutual funds</u>						
	Global Alliance - Pioneer Growth Fund		Financial assets at FVTPL	118,800	22,518	-	22,518
Rueylin International Investment Corp. of Samoa	<u>Mutual funds</u>						
	Global Alliance - Select Equity Dynamic Fund		Financial assets at FVTPL	118,800	22,507	-	22,507
Ji Lin Investment, Co., Ltd.	<u>Shares</u>						
	Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	5,535	2.5	5,535
Cheng Lin Investments Co., Ltd.	<u>Shares</u>						
	Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	5,535	2.5	5,535
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	<u>Shares</u>						
	Shidian Technology (Jiangsu) Co., Ltd		Financial assets at FVTOCI	-	859	-	859

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Shihlin Electric & Engineering Corp.	Beneficiary certificates Taishin 1699 Money Market Fund	Financial assets at FVTOCI	Taishin Securities Investment Trust Company Limited	-	-	$ -	33,295	$ 450,000	33,295	$ 450,044	$ 450,000	$ 44	-	$ -

Note 1: The securities mentioned in this table refer to the securities derived from stocks, bonds, beneficiary certificates and the above items.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leaves the columns blank.

Note 3: Marketable securities acquired and disposed of should be calculated differently at market price whether prices of at least NT$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital is the parent company’s paid-in capital. Issuers whose shares have no denomination or the denomination per share is not NT$10 should apply for the transaction amount requirement of 20% of the paid-in capital that is calculated based on the balance sheet’s equity attributable to the parent company owner’s equity of 10%.

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)	
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Shihlin Electric & Engineering Corp.	Hsin Lin Electric Machinery Co., Ltd.	Subsidiary	Purchase	$ 1,680,743	11.9	Payment in 60 days after acceptance	$ -	-	$ (537,159)	(11.6)
	Mitsubishi Electric Corporation	Director of the Corporation	Purchase	176,645	1.2	Documents against payment	-	-	-	-
	Xiamen Shihlin Electric & Engineering Corp.	Indirect subsidiary	Sale	(132,691)	(0.9)	Collect receivables in 90 days after confirming	-	-	21,480	0.5
	Chuan Lin Technology Corporation	Subsidiary	Purchase	168,730	1.2	Payment in 60 days after acceptance	-	-	(9,695)	(0.2)
	Rueylin Electric & Engineering Corp.	Subsidiary	Purchase	209,596	1.5	Payment in 30 days after acceptance	-	-	(34,421)	
	SEEC International Holdings Ltd. of the British Virgin Islands	Subsidiary	Purchase	134,900	1.0	Payment in 75 days after confirming	-	-	(637)	(0.7)
	Xiamen Shihlin Electric & Engineering Corp.	Indirect subsidiary	Purchase	194,053	1.4	Payment in 75 days after confirming	-	-	(88,057)	(1.9)
	Vietnam Shihlin Electric Power Equipment Co., Ltd.	Subsidiary	Purchase	107,864	0.8	Payment in 75 days after confirming	-	-	(10,686)	(0.2)
Kingdom Trading Shanghai Co., Ltd.	Mitsubishi Electric (China) Corporation	Subsidiary of the director of ultimate parent company	Purchase	205,148	71.1	Payment in 90 days after acceptance	-	-	(34,509)	(91.9)
Fuzhou Shihlin Electric & Engineering Corp.	Mitsuba Shihlin Electric (Wuhan) Co., Ltd.	Associate of ultimate parent company	Sale	(100,795)	(63.7)	Collect receivables in 90 days after confirming	-	-	5,516	38.4
Changzhou Shihlin Auto Parts Co., Ltd.	Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Associate of ultimate parent company	Sale	(310,337)	(53.1)	Collect receivables in 60 days after confirming	-	-	41,305	25.3
Changzhou Shihlin Auto Parts Co., Ltd.	Mitsubishi Electric (China) Corporation	Subsidiary of the director of ultimate parent company	Sale	(254,536)	(43.5)	Collect receivables in 60 days after confirming	-	-	73,214	44.9
Wuxi Shihlin Electric & Engineering Co., Ltd.	Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Associate of ultimate parent company	Sale	(105,765)	(38.9)	Collect receivables in 90 days after confirming	-	-	36,712	43.6
SEEC International Holdings Ltd. of the British Virgin Islands	Shihlin Electric & Engineering Co.	Parent company	Sale	(134,900)	(84.9)	Collect receivables in 75 days after confirming	-	-	637	-
Hsin Lin Electric Machinery Co., Ltd.	Shihlin Electric & Engineering Co.	Parent company	Sale	(1,680,743)	(100.0)	Collect receivables in 60 days after confirming	-	-	537,159	100.0
Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Co	Ultimate parent company	Sale	(194,053)	14.4	Collect receivables in 90 days after confirming	-	-	88,057	32.5
Chuan Lin Technology Corporation	Shihlin Electric & Engineering Co.	Parent company	Sale	(168,730)	(90.7)	Collect receivables in 90 days confirming	-	-	9,695	97.3
Rueylin Electric & Engineering Corp.	Shihlin Electric & Engineering Co.	Parent company	Sale	(209,596)	(83.9)	Collect receivables in 30 days confirming	-	-	34,421	77.4
Vietnam Shihlin Electric Power Equipment Co., Ltd.	Shihlin Electric & Engineering Co.	Ultimate parent company	Sale	(107,864)	(18.1)	Collect receivables in 90 days confirming	-	-	10,686	8.2
Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Co.	Ultimate parent company	Purchase	132,691	17.5	Payment in 75 days after acceptance	-	-	(21,480)	(13.6)

Note: The amount was eliminated upon consolidation.

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss	Note
						Amount	Actions Taken			
Hsin Lin Electric Machinery Co., Ltd.	Shihlin Electric & Engineering Corp.	Parent company	Accounts receivable	$ 537,159	3.4 times for a year	$ -	-	$ 346,628 (Note 1)	$ -	Note 2

Note 1: Amounts received before March 13, 2020.

Note 2: The amount was eliminated upon consolidation.

TABLE 7

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Sales or Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Payment Terms	
0	Shihlin Electric & Engineering Corp.	Rueylin Electric & Engineering Corp.	a	Purchases	$ 209,596	According to the general conditions	0.8
		Rueylin Electric & Engineering Corp.	a	Trade payables to related parties	34,421	According to the general conditions	0.1
		Hsin Lin Electric Machinery Co., Ltd.	a	Purchases	1,680,743	According to the general conditions	6.5
		Hsin Lin Electric Machinery Co., Ltd.	a	Trade payables to related parties	537,159	According to the general conditions	1.3
		Hsin Lin Electric Machinery Co., Ltd	a	Other revenue	12,038	According to the general conditions	-
		Chuan Lin Technology Corporation	a	Purchases	168,730	According to the general conditions	0.6
		Wuling Electric Co., Ltd.	a	Purchases	10,935	According to the general conditions	-
		Shihlin Electrical Engineering Ltd. of Vietnam	a	Sales	24,710	According to the general conditions	0.1
		Shihlin Electrical Engineering Ltd. of Vietnam	a	Purchases	10,886	According to the general conditions	-
		Jeen-Lin Industrial Co., Ltd.	a	Purchases	73,333	According to the general conditions	0.3
		Jeen-Lin Industrial Co., Ltd.	a	Trade payables to related parties	18,155	According to the general conditions	-
		Fuzhou Shihlin Electric & Engineering Corp.	a	Purchases	28,235	According to the general conditions	0.1
		Suzhou Shihlin Electric & Engineering Corp.	a	Sales	15,920	According to the general conditions	0.1
		Suzhou Shihlin Electric & Engineering Corp.	a	Purchases	90,551	According to the general conditions	0.3
		Suzhou Shihlin Electric & Engineering Corp.	a	Trade payables to related parties	13,348	According to the general conditions	-
		Suzhou Shihlin Electric & Engineering Corp.	a	Management service revenue	11,818	According to the general conditions	-
		Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	a	Sales	33,699	According to the general conditions	0.1
		SEEC International Holdings Ltd. of the British Virgin Islands	a	Sales	15,660	According to the general conditions	0.1
		SEEC International Holdings Ltd. of the British Virgin Islands	a	Purchases	134,900	According to the general conditions	0.5
		Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	a	Sales	21,076	According to the general conditions	0.1
		Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	a	Purchases	12,100	According to the general conditions	-
		Shihlin Electric USA	a	Prepaid expenses	24,340	According to the general conditions	0.1
		Shihlin Electric USA	a	Other expenses	26,641	According to the general conditions	0.1
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Sales	32,081	According to the general conditions	0.1
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Purchases	107,864	According to the general conditions	0.4
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Trade receivables from related parties	30,996	According to the general conditions	0.1
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Trade payables to related parties	10,686	According to the general conditions	-
		Xiamen Shihlin Electric & Engineering Corp.	a	Sales	132,691	According to the general conditions	0.5
		Xiamen Shihlin Electric & Engineering Corp.	a	Purchases	194,053	According to the general conditions	0.7
		Xiamen Shihlin Electric & Engineering Corp.	a	Trade receivables from related parties	21,480	According to the general conditions	0.1
		Xiamen Shihlin Electric & Engineering Corp		Trade payables to related parties	88,057	According to the general conditions	0.2

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Sales or Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Payment Terms	
1	SEEC International Holdings Ltd. of the British Virgin Islands	Xiamen Shihlin Electric & Engineering Corp.	c	Purchases	$ 95,825	According to the general conditions	0.4
		Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	c	Sales	17,012	According to the general conditions	0.1
2	Rueylin Electric & Engineering Corp.	Shihlin Electrical Engineering Ltd. of Vietnam	c	Sales	10,913	According to the general conditions	-
3	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	Shihlin Electrical Engineering Ltd. of Vietnam	c	Sales	16,525	According to the general conditions	0.1
4	Suzhou Shihlin Electric & Engineering Corp.	Kingdom Trading Shanghai Co., Ltd.	c	Other receivables from related parties	55,867	According to the general conditions	0.1
5	Kingdom Trading Shanghai Co., Ltd.	Shihlin Technology (Shenzhen) Co., Ltd.	c	Sales	54,223	According to the general conditions	0.2
		Shihlin Technology (Shenzhen) Co., Ltd.	c	Trade receivables from related parties	39,780	According to the general conditions	0.1
6	Hsin Lin Electric Machinery Co., Ltd.	Ting Lin Enterprise Co., Ltd	c	Purchases	18,941	According to the general conditions	0.1
7	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	Shihlin Electric Engineering Equipment Vietnam Company Limited	c	Sales	39,409	According to the general conditions	0.2
		Shihlin Electric Engineering Equipment Vietnam Company Limited	c	Trade receivables from related parties	19,440	According to the general conditions	-

Note 1: The parent company and its subsidiaries do business with each other. Information shall be stated separately and numbered are as follows:

a. The parent company is 0.
b. Subsidiaries, sequentially numbered by Arabic numerals from 1.

Note 2: The related parties have the following three relationships:

a. Parent company to its subsidiaries.
b. Subsidiaries to its parent company.
c. Subsidiaries to subsidiaries.

Note 3: Amounts of balance sheet accounts are calculated as percentage of consolidated total assets; amounts of income statement accounts are calculated as percentage of consolidated total revenues.

Note 4: The amount was eliminated upon consolidation.

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
Shihlin Electric & Engineering Corp.	SEEC International Holdings Ltd. of the British Virgin Islands	British Virgin Islands	Investment and trade business	$ 1,666,638	$ 1,666,638	51,828,287	100.0	$ 4,562,485	$ 402,485	$ 400,984 (Note 1)	Subsidiary (Note 6)
	SEEC International Trading Ltd. of the British Virgin Islands	British Virgin Islands	Investment	124,447	124,447	4,000,000	100.0	134,450	(1,423)	(183) (Note 3)	Subsidiary (Note 6)
	Shihlin Electrical Engineering Ltd. of Vietnam	Vietnam DongNai	Electrical goods production	57,521	57,521	(Note 4)	100.0	442,632	40,826	41,198 (Note 1)	Subsidiary (Note 6)
	Shihlin Electric USA Company Limited	California	The heavy electrical equipment product marketing promotion services	79,879	79,879	2,500,000	100.0	30,568	(5,555)	(5,555)	Subsidiary (Note 6)
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	389,896	389,896	38,990,000	93.7	522,369	13,184	12,353	Subsidiary (Note 6)
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	499,885	499,885	49,990,000	94.8	495,828	13,346	12,652	Subsidiary (Note 6)
	Ji Lin Investment, Co., Ltd.	Taipei	Investment	299,882	299,882	29,990,000	99.9	281,588	9,724	9,714	Subsidiary (Note 6)
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	189,896	189,896	18,990,000	87.5	258,527	6,197	5,423	Subsidiary (Note 6)
	Cheng Lin Investments Co., Ltd.	Taipei	Investment	298,038	298,038	29,807,000	99.3	210,392	8,648	8,587	Subsidiary (Note 6)
	Shang Lin Investment Co., Ltd.	Taipei	Investment	598,032	518,032	59,807,000	99.6	518,791	13,513	13,459	Subsidiary (Note 6)
	Hsin Lin Electric Machinery Co., Ltd.	Taipei	A variety of power transmission and distribution, data storage and processing equipment, machinery and communications equipment, electronic components and telecommunications equipment manufacturing, electronic materials and retail business	24,000	24,000	2,880,000	60.0	203,718	39,865	24,031 (Note 2)	Subsidiary (Note 6)
	Rueylin Electric & Engineering Corp.	Taipei	Mechanical appliances and electrical manufacturing various components of the processing of trading business	163,487	158,207	10,274,053	90.0	281,186	19,488	15,581	Subsidiary (Note 6)
	Jeen-Lin Industrial Co., Ltd.	Hsinchu County	Manufacture of various metal machinery, purchase and sale of various metal materials, manufacture, purchase, sale, import and export of the products from aforementioned activities of which the first mold is managed by the Company	47,978	47,978	5,346,364	78.4	96,840	17,568	13,783	Subsidiary (Note 6)
	Chuan Lin Technology Corporation	Hsinchu County	Operating a variety of vending machines and the sale of the maintenance service, vending machines set of management consultancy services, mechanical refrigeration and air conditioning equipment and affairs of the sale and installation of mechanical equipment business, the sale of a variety of heavy electrical machinery and mechanical appliances of automation equipment maintenance holds business, import and export business before the products, trading and export business of the switch	4,100	4,100	410,000	31.5	21,493	6,592	2,074	Subsidiary (Note 6)
	Chan Der Investment Corp.	Taipei	Investment	51,030	51,030	2,438,783	8.1	42,128	13,136	1,064	Associate
	Cheng Der Investment Corp.	Taipei	Investment	18,950	18,950	1,149,177	3.6	16,104	9,207	331	Associate
	Yu Der Investment Corp.	Taipei	Investment	26,180	26,180	2,618,000	4.8	25,092	36,828	1,768	Associate
	Ting Lin Enterprise Co., Ltd.	Taipei	Mechanical parking equipment manufacture of lifting equipment and toll system sale maintenance and automated warehousing equipment manufacturing business maintenance and agents at home and abroad before the manufacturers product pricing and distribution operations as well as the import and export business	123,760	123,760	12,188,000	96.7	157,032	5,225	5,052	Subsidiary (Note 6)
	Shihlin Electric (Australia) Pty. Ltd.	Melbourne, Australia	Heavy power equipment production of trafficking in and marketing services	14,003	14,003	500,000	100.0	2,507	2,076	2,076	Subsidiary (Note 6)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	$ 1,912,495	$ 1,912,495	66,918,617	18.2	$ 3,355,943	$ 383,635	$ 75,738	Associate
Rueylin Electric & Engineering Corp.	Shihlin Electric Engineering Vietnam Equipment Company Limited	Vietnam DongNai	Manufacture of mechanical equipment, mechanical appliances and their components; transmission and distribution and sales; and installation engineering; wired and wireless telecommunications wiring project; and related products import and export trade business	83,770	83,770	- (Note 4)	100.0	207,621	6,669		Subsidiary (Note 6)
	Wuling Electric Co., Ltd.	Taipei	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	25,197	-	1,500,000	30.0	27,375	1,129		Sub-subsidiary (Note 6)
	Rueylin International Investment Corp. of Samoa	Samoa	Investment	37,758	37,758	1,200,000	100.0	22,506	(18,148)		Sub-subsidiary (Note 6)
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	3.0	54,418	27,204		Associate
Ji Lin Investment, Co., Ltd.	Chang Hong Investment Corp.	Taipei	Investment	50,017	50,017	5,002,000	8.8	58,970	3,994		Associate
	Yu Hong Investment Corp.	Taipei	Investment	50,000	50,000	5,000,000	3.0	59,497	25,756		Associate
	Yu Der Investment Corp.	Taipei	Investment	60,017	60,017	6,002,000	11.1	58,233	36,828		Associate
	Yeangder Entertainment Co., Ltd.	Taipei	Engaged in competitive and recreational sports industry	15,000	15,000	1,500,000	37.5	9,331	(245)		Sub-subsidiary (Note 6)
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	52,160	52,160	1,631,000	0.4	81,307	383,635		Associate
Shang Lin Investment Co., Ltd.	Chan Der Investment Corp.	Taipei	Investment	16,680	16,680	1,668,000	5.6	29,021	13,136		Associate
	Cheng Der Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	6.4	28,763	9,207		Associate
	Yu Hong Investment Corp.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	120,000	80,000	12,000,000	7.3	142,754	25,756		Associate
	Chang Hong Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.5	23,575	3,994		Associate
	The Ambassador Hotel, Ltd.	Taipei	Investment	54,799	54,799	1,506,000	0.4	75,075	383,635		Associate
	Xin He Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	6.0	45,099	8,029		Associate
	De Hong Investment Corp.	Taipei	Investment	120,000	80,000	12,000,000	9.1	163,254	27,204		Associate
Jeng Lin Investment Co., Ltd.	Cheng Der Investment Corp.	Taipei	Investment	77,012	77,012	5,733,342	18.4	82,487	9,207		Associate
	Xin He Investment Corp.	Taipei	Investment	59,970	59,970	5,997,000	8.9	67,610	8,029		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	67,855	67,855	2,421,000	0.7	120,689	383,635		Associate
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	3.0	54,418	27,204		Associate
Hwo Lin Investment Co., Ltd.	Xin He Investment Corp.	Taipei	Investment	30,000	30,000	3,000,000	4.5	33,805	8,029		Associate
	Yu Hong Investment Corp.	Taipei	Investment	90,019	90,019	9,002,000	5.5	107,213	25,756		Associate
	Chan Der Investment Corp.	Taipei	Investment	49,011	49,011	4,700,956	15.7	81,759	13,136		Associate
	De Hong Investment Corp.	Taipei	Investment	86,019	86,019	8,002,000	6.1	108,836	27,204		Associate
	Chang Hong Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.5	23,575	3,994		Associate
	Yeangder Entertainment Co., Ltd.	Taipei	Engaged in competitive and recreational sports industry	25,000	25,000	2,500,000	62.5	15,551	(245)		Sub-subsidiary (Note 6)
	The Ambassador Hotel, Ltd.	Taipei	International Hotels business, with a restaurant, coffee shop, bar and club business	85,585	85,585	2,633,000	0.7	131,257	383,635		Associate
Yuh Lin Investment Co., Ltd.	Chan Der Investment Corp.	Taipei	Investment	40,000	40,000	1,389,558	4.6	24,185	13,136		Associate
	Chang Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	12.3	82,477	3,994		Associate
	Xin He Investment Corp.	Taipei	Investment	140,009	140,009	14,001,000	20.8	157,884	8,029		Associate
	De Hong Investment Corp. ("De Hong")	Taipei	Investment	90,000	90,000	9,000,000	6.8	122,485	27,204		Associate
	Yu Der Investment Corp.	Taipei	Investment	26,000	26,000	2,600,000	4.8	25,196	36,828		Associate
	The Ambassador Hotel, Ltd.	Taipei	International Hotels business, with a restaurant, coffee shop, bar and club business	83,369	83,369	2,640,000	0.7	131,605	383,635		Associate
	Yu Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.4	47,519	25,756		Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2019	Original Investment Amount December 31, 2018	As of December 31, 2019 Shares	As of December 31, 2019 %	As of December 31, 2019 Carrying Amount	Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
Cheng Lin Investments Co., Ltd.	Chuan Lin Technology Corporation	Taipei	Various sale and service maintenance of vending machines, vending machine business management consultant business, refrigerated air conditioning machinery and mechanical appliances of installation and other businesses, a variety of electro-mechanical equipment sale for automated machinery and equipment repair and installation services, import and export of various products, the switch before sale and import and export business	$ 9,747	$ 9,747	540,000	41.5	$ 20,938	$ 6,592		Sub-subsidiary (Note 6)
	Rueylin Electric & Engineering Corp.	Hsinchu County	All kinds of electrical machinery equipment and components of manufacturing and processing transactions	1,000	1,000	100,000	0.9	2,247	19,488		Subsidiary (Note 6)
	Xin He Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.0	22,587	8,029		Associate
	Yu Hong Investment Corp.	Taipei	Investment	80,000	80,000	8,000,000	4.8	95,235	25,756		Associate
	Yu Der Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.7	19,394	36,828		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	19,337	19,337	558,000	0.2	27,817	383,635		Associate
Chuan Lin Technology Corporation	Rueylin Electric & Engineering Corp.	Hsinchu County	All kinds of electrical machinery equipment and components of manufacturing and processing transactions	687	687	42,626	0.4	687	19,488		Subsidiary (Note 6)
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	3.0	54,424	27,204		Associate
Ting Lin Enterprise Co., Ltd.	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	3.0	54,602	27,204		Associate
	Yu Hong Investment Corp.	Taipei	Investment	80,000	80,000	8,000,000	4.8	95,403	25,756		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	266	266	10,000	-	499	383,635		Associate
Hsin Lin Electric Machinery Co., Ltd.	Hsinlin International Investment Corp. of Samoa (Note 4)	Samoa (Note 4)	Investment	57,693	57,693	1,880,000	100.0	69,770	(12,920)		Sub-subsidiary (Note 6)
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	26,000	26,000	2,600,000	6.3	35,122	13,184		Subsidiary (Note 6)
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	5.1	26,674	13,346		Subsidiary (Note 6)
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	12.4	36,637	6,197		Subsidiary (Note 6)
	Wuling Electric Co., Ltd.	Taipei	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	25,197	-	1,500,000	30.0	27,375	1,129		Sub-subsidiary (Note 6)
Jee-Lin Industrial Co., Ltd.	Yu Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.4	47,519	25,756		Associate

Note 1: The adjusted unrealized gross profit and realized gross profit consists of upstream, downstream and sidestream transactions.

Note 2: The adjusted unrealized gross profit and realized gross profit consists of upstream transactions.

Note 3: The adjusted unrealized gross profit of downtream transactions

Note 4: The adjusted unrealized gross profit o sidetream transactions

Note 5 Limited companies that do not have shares.

Note 6: The amount was eliminated upon consolidation.

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	Motorcycle starter motors, magneto, starter switch manufacturing and sales business	$ 192,835	b (Note 3)	$ 41,316 (Note 6)	$ -	$ -	$ 41,316 (Note 6)	$ 67,900	55.0	$ 38,967 (Note 7)	$ 219,804	$ 183,535	Note 13
Xiamen Shihlin Electric & Engineering Corp.	All kinds of switches, relays, circuit breakers and other products and components of the production, trafficking, technical advice and after sales service	391,115	b (Note 3)	325,403	-	-	325,403	71,674	100.0	69,084 (Note 7)	859,940	407,471	Note 13
Suzhou Shihlin Electric & Engineering Corp.	Capacitors, transformers, electric motors and other electronic components manufacturing and sales business	401,584	b (Note 3)	247,193	-	-	247,193	57,435	100.0	57,945 (Note 7)	611,895	49,935	Note 13
Wuxi Shihlin Electric & Engineering Co., Ltd.	Magneto and starter motor in locomotive transmission facilities, mobile and starter motors, power generators, and DC motor manufacturing and sales business	312,552	b (Note 3)	283,033	-	-	283,033	(27,009)	100.0	(27,076) (Note 7)	308,878	12,134	Note 13
Fuzhou Shihlin Electric & Engineering Corp.	DC motor, rotary pumps for liquids, motor vehicle fuel pumps and other electrical or power equipment manufacturing and sales business	101,192	b (Note 3)	101,192	-	-	101,192	2,344	100.0	2,131 (Note 7)	165,032	88,307	Note 13
Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Motorcycle starter motors, magneto, ignition coils and other control or distribution equipment manufacturing and sales business	167,512	b (Note 3)	37,021	-	-	37,021	132,128	49.0	64,743 (Note 7)	1,151,855	307,252	
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	High and low pressure switch, switchgear, digital meters, transformers, capacitors, reactors, bridge and related products manufacturing and sales business	174,614	b (Note 3)	56,439	-	-	56,439	26,067	50.5	13,164 (Note 7)	118,284	120,483	Note 13
Mitsuba Shihlin Electric (Wuhan) Co., Ltd.	Automotive cooling fans, wiper systems, starter, fuel pump, electronic control systems and other automotive electrical parts and accessory collar manufacturing sales and service business	230,811	b (Note 3)	103,865	-	-	103,865	138,960	45.0	62,532 (Note 7)	326,911	203,148	
Kingdom Trading Shanghai Co., Ltd.	All kinds of switches, relays, circuit breakers and other product sales operations	124,355	b (Note 4)	124,355	-	-	124,355	1,423	100.0	1,423 (Note 7)	140,662	9,164	Note 13
Shihlin Technology (Shenzhen) Co., Ltd.	Electronic products, machinery, mechanical and electrical equipment, industrial electric equipment, plastic products technology development, design, technical advice, technology transfers, wholesale, commission agent, import/export and related business	32,000	b (Note 3)	32,000	-	-	32,000	5,463	100.0	5,463 (Note 7)	36,085	-	Note 13

(Continued)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Xiamen Chen-Ieu Transportation Implements Co., Ltd.	Manufacturing and motorcycle metal materials, electronic parts, all kinds of punch products parts, machine tools, machine tools, etc.	$ 72,679	b (Note 3)	$ - (Note 8)	$ -	$ -	$ - (Note 8)	$ 3,268	100.0	$ 2,695 (Note 7)	$ 60,617	$ -	Note 13
Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd.	Low-voltage circuit breakers, magnetic switches of low voltage electrical apparatus and its components, such as research and development, manufacturing and after-sales service and technical advisory services	194,805	b (Note 3)	58,441	-	-	58,441	14,526	30.0	4,358 (Note 7)	69,294	-	
Changzhou Shihlin Auto Parts Co., Ltd.	Motorcycle starter motors, magneto, starter switch manufacturing and sales business	183,948	b (Note 3)	183,948 (Note 9)	-	-	183,948 (Note 9)	81,375	100.0	80,612 (Note 7)	361,668	39,049	Note 13
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	High and low pressure switch, switchgear, digital meters, transformers, capacitors, reactors, bridge and related products manufacturing and sales business	174,614	b (Note 5)	22,173 (Note 10)	-	-	22,173 (Note 10)	26,067	20.0 (Note 10)	5,213 (Note 7)	46,845	42,179	Note 13

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$1,594,206 (Note 11)	$1,594,206 (Note 11)	No upper limit on the amount of investment (Note 12)

Note 1: Three investing methods:

a. Direct investment in mainland China.
b. Investment made in mainland China through company in third area.
c. Other methods.

Note 2: Recognized gain or loss in investment:

a. Gain or loss not recognized during operating period.

b. Three bases to recognize gain or loss.

1) Financial statements are audited through the cooperation between international accounting firm and accounting firm in the ROC.
2) Financial statements are audited by licensed CPA of the parent company.
3) Others.

Note 3: SEEC International Holdings Ltd. of the British Virgin Islands is the investor in third area.

Note 4: SEEC International Trading Ltd. of the British Virgin Islands is the investor in third area.

Note 5: Hsinlin International Investment Corp. of Samoa, originally established in Brunei and then registered and incorporated in Samoa in December 2017, is the investor in third area.

Note 6: It has been deducted with the accumulated outward remittances for investment from Taiwan in the amount of $38,567 thousand for establishment of Changzhou Shihlin Auto Parts Co., Ltd. since spin-off in May 2013.

Note 7 Recognized gain and loss is based on Note 2. b. 2).

Note 8: The accumulated outward remittance for investment from Taiwan at the beginning and end of the year did not include $86,768 thousand of dividends received from investee company in mainland China.

Note 9: Changzhou Shihlin Mitsuba Electric has spun-off to Changzhou Shihlin Auto Parts Co., Ltd. in May 2013, which has accumulated outward remittance for investment from Taiwan in the amount of $38,567 thousand.

Note 10: The accumulated outward remittance for investment from Taiwan and the ownership of investment is the investment of Hsin Lin Electric Machinery Co., Ltd. through Hsinlin International Investment Corp. of Samoa.

(Continued)

Note 11. It excludes the investment of Hsin Lin Electric Machinery Co., Ltd. in mainland China.

Note 12: According to an issued operational headquarters' document from the Industrial Development Bureau, MOEA, which is still valid within the period, there is no upper limit on the Corporation's amount of investment.

Note 13: The amount was eliminated upon consolidation.

(Concluded)

TABLE 10

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

1. Purchases

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details: Price	Transaction Details: Payment Term	Purchases: Amount	Purchases: %	Notes/Accounts Payable: Ending Balance	Notes/Accounts Payable: %	Note
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	SEEC International Holdings Ltd. of the British Virgin Islands	Trading fairly general	Paid in 75 days	$ 134,900	1.0	$ 637	-	Note 2
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 105 days	90,551	0.6	13,348	0.3	Note 2
	Fuzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 60 days	28,235	0.2	1,109	-	Note 2
	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	-	Trading fairly general	Paid in 75 days	12,100	0.1	4,570	0.1	Note 2
	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 75 days	194,053	1.4	88,057	1.9	Note 2
	Vietnam Shihlin Electric Power Equipment Co., Ltd	-	Trading fairly general	Paid in 75 days	107,864	0.8	10,686	0.2	Note 2

2. Sales

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details: Price	Transaction Details: Payment Term	Sales: Amount	Sales: %	Gross Profit	Unrealized Gross Profit	Notes/Accounts Receivable: Ending Balance	Notes/Accounts Receivable: %	Note
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 90 days	$ 132,691	0.9	$ 3,997	$ 1,719 (Note)	$ 21,480	0.5	Note 2
	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	SEEC International Holdings Ltd. of the British Virgin Islands	Trading fairly general	Received in 90 days	15,660	0.1	3,583	- (Note)	-	-	Note 2
	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	-	Trading fairly general	Received in 90 days	21,076	0.1	4,938	- (Note)	855	-	Note 2
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 90 days	15,920	0.1	2,953	1,496 (Note)	6,934	0.2	Note 2
	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	-	Trading fairly general	Received in 90 days	33,699	0.2	9,401	- (Note)	9,758	0.2	Note 2

3. Management service revenue

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details: Price	Transaction Details: Payment Term	Transaction Details: Comparison with Normal Transaction	Management Service Revenue: Amount	Management Service Revenue: %	Note
Shihlin Electric & Engineering Corp.	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 30 days	In general	$ 11,818	29.6	Note 2

4. Endorsements/guarantees provided are reported in Table 2.

Note 1: It was unrealized before December 31, 2019.

Note 2: The amount was eliminated upon consolidation.