Stock Code:1503

2019
Annual Report

Shihlin Electric

Published Date:May 08, 2020
Post System:http://mops.twse.com.tw
Company Website:http://www.seec.com.tw

Spokesperson

Name/ Hsieh, Han-Chang
Title / Chief Operating Officer・Special Assistant of Chairman
Tel / (02)2834-2662
E-mail / john@seec.com.tw

Deputy Spokesperson

Name / Li, Ying-Tzu
Title / Senior Director
Tel / (02)2834-2662
E-mail /ahkem@seec.com.tw

Stock Transfer Agent

Stock Affairs Office of SEEC
Address / 2F., No.88, Sec. 6, Zhongshan N. Rd., Taipei City, Taiwan (R.O.C)
Tel / (02)2834-2662 #366
Website / http://www.seec.com.tw

Auditors

Deloitte & Touche (Taiwan)
Auditors / Chen, Chih-Yuan、Yang, Ching-Cheng
Address / 20F, NO.100 Songren Road, Xinyi District, Taipei City, Taiwan (R.O.C)
Tel / (02) 2725-9988
Website / https//www.deloitte.com.tw

Corporate Website

http//www.seec.com.tw

Overseas Securities Exchange Corporation Listing: N/A

Headquarter
Address /16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City, Taiwan (R.O.C)
Tel / (02) 2834-2662 Fax/(02) 2836-6187

Breaker & Switchgear/Automation Factory
Address /No.234, Zhonglun Village, Xinfeng Township, Hsinchu County, Taiwan (R.O.C)
Tel / (03) 599-5111 Fax/(03) 599-5259

Heavy Electric Factory
Address / No.23, Zhonghua Road, Hukou Township, Hsinchu County, Taiwan (R.O.C)
Tel / (03) 598-1921 Fax/(03) 598-1480

Automobile Equipment Factory
Address / No. 17, Zhonghua Road, Fengshan Village, Hukou Township, Hsinchu County, Taiwan (R.O.C)
Tel / (03) 598-6951 Fax/(03) 598-6950

Taiwan Branch Office

Taipei Branch Office
Address / 3F, No.9, Chang'an E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C)
Tel / (02) 2541-9822
Fax/ (03) 2581-2665

Hsinchu Branch Office
Address / No.23, Zhonghua Rd., Hukou Township, Hsinchu County, Taiwan (R.O.C)
Tel / (03) 598-1210
Fax/ (03) 598-5200

Taichung Branch Office
Address /No.1338, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City, Taiwan (R.O.C)
Tel / (04) 2461-0466
Fax/ (04) 2461-0468

Tainan Branch Office
Address / No.198, Sec. 1, Zhonghua E. Rd., Tainan City, Taiwan (R.O.C)
Tel / (06) 237-1246
Fax/ (06) 237-1279

Kaohsiung Branch Office
Address / No.250, Zhonghua 2nd Rd., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C)
Tel / (07) 316-0228
Fax/ (07) 316-0226

Contents

I Letter to Shareholders

Greetings to all of our Valued Shareholders,

2019 in retrospect, the global economic growth rate is lower than 2018, which is 2.6%. Affected by the US-China trade war, the driving forces of global expansion will also become weaker amid the second half of the year. Under the effort of management team and all our colleagues, Company's consolidated sales revenues for 2019 were NT$26.04 billion with a growth rate of 4.2%. The consolidated pre-tax profit was NT$2.22 billion with a growth rate of 3.6%, developing vigorously and steadily with flourishing performance. We would like to express our heartfelt gratitude to all our Board Members and shareholders who have trusted and supported us.

2020 in retrospect, affected by Novel Coronavirus (COVID-19) Pandemic in China, some factors lead the Company to face a lot of uncertainties and risk issues on management, including the constant US-China trade war, the rise of global trade protectionism, the slowing down of growth in technology industries, the unmitigated Cross-Straits political and economic conditions and effects on rising costs of domestic labor manpower. However, in terms of product strategy, the Company focuses on domestic and export markets with steady management, and aggressively involves in the system integration engineering, new energy and electrical vehicle markets to seek for steady growth; in the aspect of production, we promote the intellectual production and quality control inspection to sharpen the core technological competence; in the aspect of organization, we enhance the organizational and talent development based on core talent cultivation and cultivation for excellent leaders of each level; in the aspect of organization, we implement the obedience of the law, strengthen the risk management, firmly believe in fulfilling our corporate social responsibility to create the management for corporate sustainability in addition to maximizing shareholders' interests. The Company will meet shareholders' expectation, and we welcome suggestions from our shareholders.

1. Business Report

(1) Results of business plan implementation for the previous year:

The global economy slowdown in 2019 was affected by US-China trade war, resulting in an economic downturn of China and confronting challenges of Taiwan's economy as well. By facing the internal and external economic conditions, the Company still pursue the involvement in new products and new markets to create the sales performance. The operations overview of each operating department is summarized as follows:

A. Electricity Resources Department:

Facing an extremely competitive domestic and international electricity dispatch markets, the Company's revenues and performance in 2019 still maintains a certain level. Despite the saturating domestic market we face, the Department still keeps richly cultivating the investment cases including Taiwan Railway's track engineering, Taipower Company and private factory constructions…etc.; in addition, the Department expands the systems engineering business to receive major constructions including Taiwan Railway's South Link Project, electrical passenger car Model EMU500 and power rail projects…etc.; by following government's green energy policies, the Department actively devotes great effort to Solar Energy, Wind Power System and electricity products; besides, the Department actively expands the overseas market in North America and Southeast Asia to keep promoting exporting businesses. In terms of electricity dispatch markets, the domestic housing construction market remained in a state of consolidation in 2019. Nevertheless, the Company can continue to improve the internal revenue and maintain its position as the Top 1 market share thanks to factors including the Department's sales strategies regarded as being successful, promotion on market demand of a replacement for the old ones, research and marketing on waterproof earth leakage breaker of street light…etc.; as for overseas electricity dispatch markets, the Department actively deploys the public and private customers such as Chinese and Southeast Asian markets, as well as the business opportunities in Saudi Arabia. In summary, the export business was developing at a faster pace. Furthermore, while facing the market challenges, the Department can still richly sustain competitiveness by continuously devoting great effort to green energy, small-sized product research and promotion on International Product Certification.

B. Automobile Parts Department:

The domestic automobile market grew at 1.1% in 2019. In particular, the imported vehicles grew at 6.4%, yet the domestic vehicles were pulled down by a 3.3% rate of decline. The growth of electrical parts for vehicle is still affected by imported vehicles. The domestic motor vehicle market grew at 6.1% in 2019. In particular, the gas cars were pulled down by a 4.5% rate of decline, yet the electric motor vehicles grew at 104%. The Company has taken advantage of the opportunities of growth in research and marketing on electric motor vehicles. In terms of automotive components, our investment is applied to energy-saving Integrated Starter Generator (ISG). We also actively expand the layout of Chinese market to enhance the product competitiveness by adopting Cross-Strait work division; as for motorcycle components, despite the saturation of domestic market and fierce competition, the Department still continues efforts associated with the electric car motors and controller products by expanding the export to enter the first-tier supply chains. We have the excellent performance of revenue and profit on overall motorcycle components.

C. Automation Equipment and Components Departments and Others

We also keep pace with excellent performance on production and marketing of automation equipment benefitting from the Chinese panels and factory expansion of semiconductor industry in Taiwan in 2019. Nevertheless, the machinery industry strongly affected by the US-China trade war and the slowing pace of partial automated investment have resulted in declining sales of the Department's automation components. As for other departments, the revenue mainly comes from the digital product sales and leasehold income.

In general, whether a profit gain in the regular business or pre-tax profit, the Company is able to maintain the stable profit and growth in the rapidly changing global economy under the flexibility on overall strategy by management team and proper response measures. By overviewing operating performance in 2019, the consolidated pre-tax profit for the year was NT$2.22 billion.

(2) Usage and Efficiency of Budgets:

Not applicable due to the Company does not disclose the consolidated financial forecast.

(3) Analysis to Consolidated Financial Balance and Profitability

Unit: NT$ Millions
except additionally specified

Analytical Items \ Years		2019	2018
Financial Balance	Net Operating Revenue	26,039	24,984
	Gross Profit	4,880	4,605
	Profit after Tax	1,739	1,471
Profitability	ROA (%)	4.4	3.9
	ROE (%)	7.3	6.4
	Profit Before Tax to paid-in Capital (%)	42.7	41.2
	Profit Margin (%)	6.7	5.9
	EPS (NT$)	3.21	2.72

(4) Consolidated Progress of R&D of the Company:

Details of R&D Expenses for the Most Recent Two Years

Unit: NT$ Millions

Items	2019	2018
R&D Expense	582	619
Revenue	26,039	24,984
Share (%)	2.2%	2.5%

2. Summary for Business Operation Plans of 2020

(1) Guidelines for Business Operation

A. Fully expand the overseas market shares of private brands (with an annual growth of 20% for overseas revenue).

Expand the export markets for strategic products, enhance the competitiveness and business scale of foreign subsidiaries.

B Continue to strengthen partnerships with Japanese brands (JV, TA, and SCA).

Further expand JV, TA, and SCA

C. Increase product competitiveness and added values.

Actively conduct differentiation, system integration, and invest in new energy markets (green energy, energy-efficiency)

D.Promote the development of organizations and human capital and cultivate excellent leaders for all levels.

Accelerate process of organizational vitalization and core talents cultivation.

E. Perfect the core technical capabilities and promote smart production and quality control testing.

Increase investment to Smart Auto to achieve production and testing of labor-saving, flexible manpower and immediate analysis

F. Implementation of legal and ethical compliance to enhance risk management, and fulfill corporate social responsibility (CSR).

(2) Expected Sales Volume and Basis

Unit: Million sets

Year / Products	2020 (Note 1)	2019 (Note 2)	Descriptions
Electric Distribution Products	9.42	8.75	According to the forecast of international circumstances by Directorate-General of Budget, Accounting and Statistics (DGBAS), the world economic situation in 2020 is affected by Novel Coronavirus (COVID-19) Pandemic in China. The factors, including the constant US-China trade war, the rise of global trade protectionism and the bearish European economic outlook, will have great influence on global economy revealing a declining world economic situation. As for domestic situation, despite the influence on Novel Coronavirus (COVID-19) Pandemic and US-China trade war resulting in economic slowdown, the government still continues promoting the constructions such as green energy, track engineering, as well as the policies such as returning Taiwanese firms for factory constructions brining the economic opportunities. In general, the Company will endeavor to achieve the expected sales target with implementation and promotion on various guidelines for management.
Automobile Parts	15.19	17.88	
Automation Equipment and Parts	0.97	1.05	
Others	0.08	0.08	
Total	25.66	27.76	

Note 1: It is the estimated value.   Note 2: It is the actual value.

(3) Major production and marketing policies:

A. Sales Aspects:

(a) Accelerate the development of private branded products to meet market demands.

(b) Deepen customer relationships and expand the scale and scope of cooperation.

(c) Integrate domestic and abroad resources to consolidate the domestic market and expand overseas markets.

(d) Enhance the overall expertise of sales operation team and dedicate to marketing integration.

(e) Increase the investment in the electric vehicle market and seize market opportunities.

(f) Cooperate with government policies and actively invest in track construction and green energy products.

(g) To expand multiple export markets, control the growth opportunities and diversify risks.

B. Production Aspects:

(a) Continue to develop green smart, high-efficiency and safe electrical products.

(b) Enhance R&D technical capabilities and expand the depth and breadth of product lines.

(c) Improve production efficiency and strengthen product cost competitiveness.

(d) Optimize manufacturing technology, invest in smart production and quality control to improve efficiency and quality.

(e) Completion of international certification to achieve international product standards.

(f) Optimize investment in production capacity and equipment to meet increased demands from the sales sector.

(g) To build multiple sources of suppliers, lower the cost and diversify risks.

Active innovation, continuous pursuit of excellence and growth are all our business operation philosophy! Shihlin Electric & Engineering Corp. not only strives for steady growth year by year in terms of revenue and profit, but also invests more in product innovation and talent cultivation. In addition to focusing on R&D and human capital performance, we also pay more attention to the fulfillment of corporate social responsibility (CSR), employee learning, development and growth, which could allow the Company to continue to pursue excellence and long-term competitiveness.

Employees are the cornerstone of the company and customers are the best partners of the Company! We sincerely thank all our staff for their long-term efforts and contributions. We also thank our customers, suppliers and shareholders for their recognition and support to Shihlin Electric & Engineering Corp. In the future, we will be more motivated, continue to grow and build on a solid foundation, and strive to achieve higher revenue and profit growth, and bring the optimal benefits to shareholders as well as being committed to the fulfillment of corporate social responsibility, which we believe will have Shihlin Electric & Engineering Corp. become the leading standard of the industry. Lastly, we would like to wish all our shareholders:

A Healthy, Wealth and Prosperous Life

Chairman: Emmet Hsu

II. Company Profile

1. **Date of Incorporation and Registration**: November 3, 1955.

2. **License Number:** Bei-Shi-Jiang-Yi-Gong-Si (44)-Zi No.000068

3. **Date of Registration Change:** April 10, 2020.

4. **License Number of Registration Change:** Company GUI Number: NO. 11039306.

5. **Address and Telephone Numbers of Headquarter, Factory and Branch Offices:**
   Please refer to the back of the cover.

6. **Brief History of Company**

   Major chronicles in recent years:

2002
- Completed the introduction of GE OEM button switch. Completed trial run of 23KV GIS domestic production development.
- Signed technological cooperation with TMT Co., Ltd. from Japan.

2003
- September 03 / Mr. Emmet Hsu took over the position of Chairman.
- Completed the development of the largest 345KV 650MVA power plant voltage elevation converter in Taiwan.
- Expanded R&D office organization.

2004
- Successful development of new NF and NV series and products.
- March / Panelboard System Div. officially established as Hsin Lin Electric Machinery Co., Ltd.
- October / Reinvested in affiliated company in China –Shihlin Electric (Suzhou) Power Equipment Co., Ltd.

2005
- January / Relocated Shihlin Plant and Automation Business Group to Shifong Factory.
- April / Completed Wuxi Shihlin Electric & Engineering Co., Ltd.

2006
- August / The company introduced OHSAS 18000.
- September / upgraded R&D capacity; Shihlin Electric signed technological cooperation with Mitsubishi Electric.
- October / Reinvested in affiliated company in China –Mitsuba Shihlin Electric (Wuhan) Co., Ltd.
- December / Shihlin Electric Yangder Building was the first building in Taiwan o acquire "Smart Building Mark."

2007
- January / Cast Transformer certified by IEC60076-11 and SCB10-GB.
- February / Shihlin Electric "2006 Year-End Appreciation and Winter Love" Charity Fair
- March / Reinvested in SEEC International Trading Ltd.
- April / Shihlin Electric donated green battery as contribution to the society.
- Reinvested in Yangder Trade (Shanghai) Co., Ltd. (later renamed to Kingdom Trading Shanghai Co., Ltd.).
- June / The company cooperated with Yulon Motors and 3M for anti-burglary micro-particle chip identification system.
- September / The company was awarded with State "2007 Human Resource Innovation Award."

2008
- January / Established U.S. subsidiary: Shihlin Electric USA Co., Ltd.
- February / Launch of new development construction for Shihlin Factory land.
- July / Awarded by the Industrial Development Bureau of Ministry of Economic Affairs with corporate electronic evaluation "e-BASE" certification scale A+.
- November / Signed 1000MVA transformer technological cooperation contract with Mitsubishi Electric.

● December / Awarded with Chimei 2008 Labor Safety and Management Best Safety Partner Award.

2009 ● February / Introduced PDM (product data management system).

● March / Land development project acquired the user license for commercial building and office building.

● April / Completed property registration for the sale of office building in land development case and the commercial building.

● May / Completed the land development of old Shihlin Plant.

● May / Established subsidiary in Australia: Shihlin Electric (Australin) Pty. Ltd.

● July / Heavy electric factory acquired the dual certification in OHSAS 18001:2007 and TOSHMS (occupational safety and health management system)

● November / Certified by Republic of China Green Mark – the first company in Taiwan to receive “Power Saving Green Power Distribution Transformer Green Mark.”

● December / Awarded with 2009 Chimei Electronic Contractors’ Annual Assembly Labor Safety Excellence Award.

2010 ● January / Pursuant to “Ministry of Economic Affairs Approved Certification Body and Original Maker and High-Voltage Power Equipment Implementation and Test Operation Guidelines,” the heavy electric factory launched the construction of test laboratory certification in conformity with ISO17025 for the finished product inspection units of all products.

● June / Established Shihlin Technology (Shenzhen) Co., Ltd.

● August / Shihlin Electric distributed TMEIC high-voltage VFD from Japan – proactively expanded product lines and market domains.

● November / The company’s heavy electric product test laboratory center was certified by the ISO 17025 laboratory certification from TAF (Taiwan Accreditation Foundation).

2011 ● February / Signed 345KV core-type oil-immersed transformer technological cooperation contract with Mitsubishi Electric.

● May / Responded to 311 Earthquake Disaster Relief Campaign for Japan by initiating donation and one-day-pay donation from employees to assist the victims of disaster.

● August / Awarded with Enterprise Citizen Award (Large Enterprise) from CommonWealth Magazine.

● October / Heavy electric products passed rigorous assessment; Shihlin Electric was the first company among listed and OTC companies in Taiwan to receive the certificate of approval registration for “High-voltage power equipment original maker” from the Ministry of Economic Affairs.

● December / Signed cooperation with Mitsubishi Electric to establish Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd.

2012 ● January / Signed contract with Diamond Electric for the OEM production of automobile pen-shaped coil.

● June / Passed review from the Ministry of Economic Affairs and acquired the new standards of accreditation qualification for the manufacturing and presentation of new transformer, high-voltage power distribution board, GIS and other products.

● September / Awarded with “Enterprise of Happiness” Award from Department of Labor, Taipei City Government

● September / Awarded with the “Taiwan TrainQuali System TTQS Silver Medal” from the Bureau of Employment and Vocational Training, Council of Labor Affairs, Executive Yuan

● November / Wangsong Hydropower project of the company was awarded with the 2012 “Public Construction Excellence Award”: from the Ministry of Economic Affairs.

2013 ● May / Presented with the 15th Large Enterprises “Distinguished Enterprise” and “Distinguished Product” Golden Award; the only enterprises of electric and mechanical industries in Taiwan to receive this award.

- ● May / Established Changzhou Shihlin Auto Parts Co., Ltd.
- ● June / Certified supplier for "Industrial Development Bureau of Ministry of Economic Affairs AU Automatic Service Institute Technology Service Registration."
  Won the second "National Training Quality Award"
- ● September / Yangder Group and Shihlin Electric awarded by the Sports Administration, Ministry of Education with 2013 Sports Pushing Hands Award

2014
- ● February / Shihlin Automobile Equipment Business Group was awarded by famous locomotive plant – Polaris in North America for "Delivery Award" of suppliers.
- ● June / Opening of Employee Fitness Center.
- ● June / Wuxi Shihlin Electric & Engineering Co., Ltd. signed "auto-electric items investment cooperation memorandum" with Wuxi New District Administration Committee in China in expansion of Shihlin brand market.
- ● October / Shihlin Electric participated in First Mitsubishi Electric Taiwan VE Presentation with the Automobile Equipment Business Group representing the team to receive award of excellence.
- ● October / Shihlin Electric was awarded by the Bureau of Standards Metrology and Inspection for authentic 50 years of contribution excellence and honor award.

2015
- ● 60th anniversary of establishment.
- ● May / Suzhou Shihlin Electric &Engineering Corp. new plant completion.
- ● June / Product acquired KEMA qualification certificate.
- ● June / Shihlin Electric was included in the composition share of "Taiwan High Compensation 100 Index."
- ● August / Shihlin Electric participated in Second Mitsubishi Electric Taiwan VE Presentation with the Heavy Electric Business Group representing the team to receive award of excellence.

2016
- ● October Suzhou Shihlin Electric &Engineering Corp. awarded with Jiangsu Provincial "Jifong Award" – Growing Enterprise.
- ● November / Shihlin Electric was presented by the Ministry of Economic Affairs with a letter of gratitude for over 40 years of business foundation with promotion of industrial and commercial development and merits in employment contribution.

2017
- ● October / Completion of new Changzhou Shihlin Auto Parts Co., Ltd. Factory
- ● November / The upgrade of Mingtan Ju-Gong Power Plant Switch Site of the company was awarded by the Ministry of Economic Affairs for the 2017 "Public Construction Excellence Award" and "Public Construction Committee Golden Quality Award."

2018
- ● August / Shihlin Electric participated in 5th Mitsubishi Electric Taiwan VE Presentation with the Automobile Equipment Business Group representing the team to receive award of excellence.
- ● December /Mitsuba Shihlin Electric (Wuhan) Co., Ltd new plant completion.

2019
- ● March / Shihlin Automobile Equipment Business Group was awarded the Annual Outstanding Manufacturer of CMC.
- ● November / Won the 2019 Happy Enterprise Award (Manufacturing-Precision Machinery)

7. Merger and Acquisition Activities with Respect to the Most recent Fiscal Year and Current Fiscal Year up to the Date of Publication of the Annual Report: None

8. Corporate Reorganization with Respect to the Most recent Fiscal Year and Current Fiscal Year up to the Date of Publication of the Annual Report: None

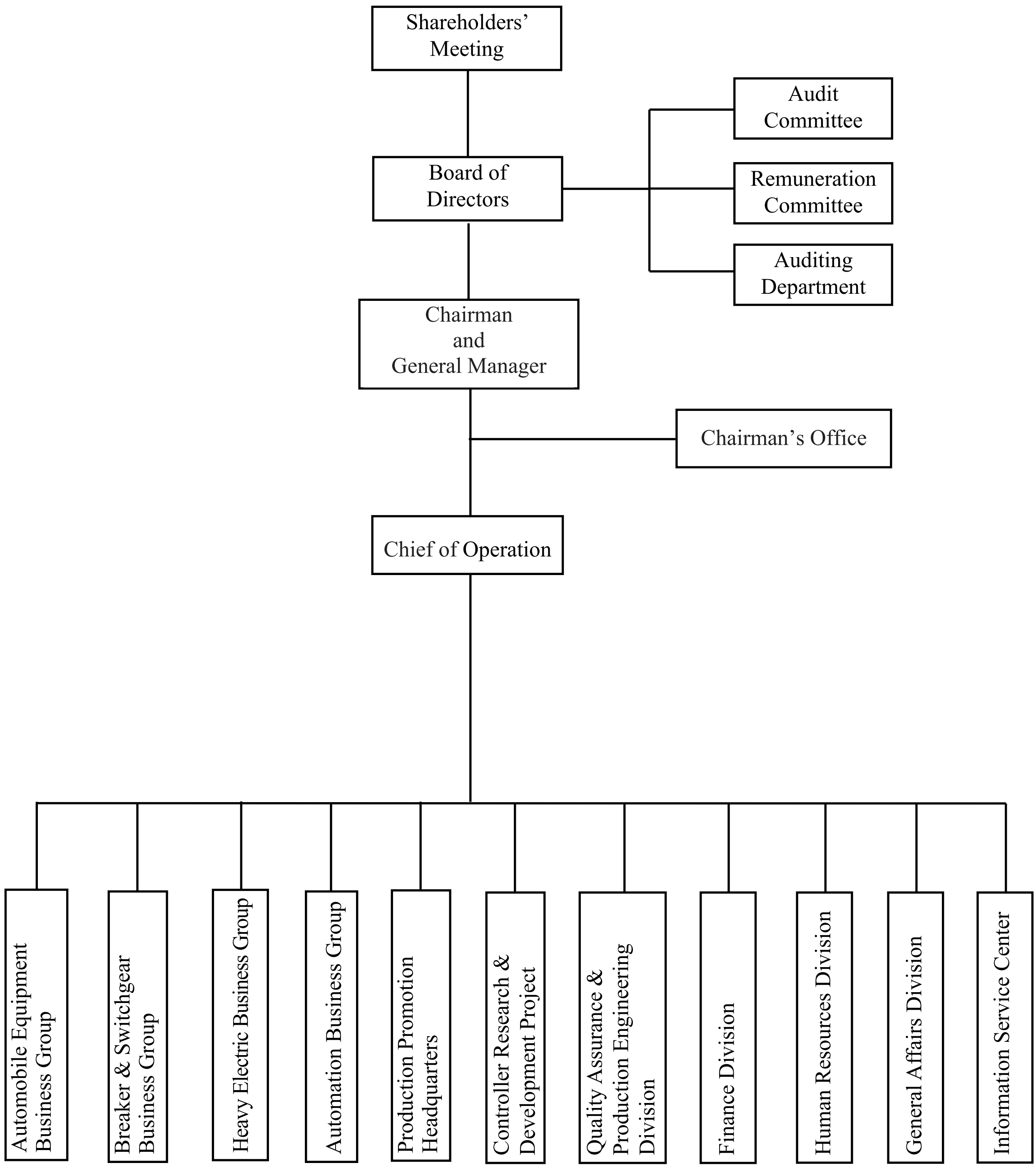
9. Instances in which a Major Quantity of Shares Belonging to Directors, Supervisors, or Shareholders Holding Greater than a 10 Percent Stake in the Company is Transferred or Otherwise Changes Hands with Respect to the Most recent Fiscal Year and Current Fiscal Year up to the Date of Publication of the Annual Report: None

10.Any Change in Managerial Control, any Material Change in Operating Methods or Type of Business, and any Other Matters of Material Significance that Could Affect Shareholders' Equity with Respect to the Most Recent Fiscal Year and Current Fiscal Year up to the Date of Publication of the Annual Report: None

III. Corporate Governance Report

1. Organization System

(1) Organization Structure Chart



(2) Department Operations

Department		Primary Responsibilities
1	Chairman's Office	1. Coordinate the strategic planning and operation management as well as other matters of the entire company. 2. Coordinate the investment matters of the enter company.
2	Human Resources Division	Coordinate the HR resource planning of the company, HR management, HR development, educational training, employee welfare, labor affairs system, and assisting overseas HR.
3	General Affairs Division	Coordinate the general affairs of the entire company, factory affairs, general affairs, safety and health, environmental protection, and the operation and management of Yangder Building.
4	Finance Division	Coordinate the cost management of the entire company, fund transfer, accounting affairs, taxation processing, shares affairs, and assisting overseas financial management and operations.
5	Quality Assurance & Production Engineering Division	Coordinate the quality and production technology of the entire company to upgrade and improve, promote equipment utilization, labor hour management, and quality assurance system improvement.
6	Information Service Center	Coordinate the information development of the entire company, information security, strategic formulation and execution of information use and order, and assisting the company with information system establishment.
7	Controller Research & Development Project	In response to the development of EV and multi-axis servo control, the Company integrates the business groups of both electrical parts for vehicle and automation to accelerate the development schedule for responding to future development on markets and organizations.
8	Production Promotion Headquarters	To manage all the Company's smart manufacturing and core technology, promote the lean production and accelerate the improvement.
9	Heavy Electric Business Group	1. Coordinate the R&D, production and manufacturing of power transformation, power distribution device, and capacitor products. 2. Coordinate the sales of power transformation, power distribution device, and capacitor products. 3. Coordinate power transportation turnkey, system product operations.
10	Automobile Equipment Business Group	Coordinate the R&D, production and sales of overseas and domestic auto-electric and special motor product.
11	Breaker & Switchgear Business Group	1. Coordinate the R&D, production and manufacturing of no fuse circuit breaker and electromagnetic switch. 2. Coordinate the sales of no fuse circuit breaker and electromagnetic switch products. 3. Coordinate digital and safety industry product sales.
12	Automation Business Group	1. Coordinate programmable controller (PLC), touch panel, variable-frequency drive, server motor, sensor product and other product R&D, production and sales. 2. Coordinate CIM connection integration project, production machinery and power control system project, monitoring system project, and other device and product as well as project installation and construction.

2. Information on the company directors, supervisors, president, vice presidents, assistant vice presidents, and heads of all company divisions and branch units:

A. Board Members

1. Information Regarding Board Members

April 21, 2020

Job title (note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.1)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education (note 3)	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note 4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Yeang Der Investment Co., Ltd. Representative / Emmet Hsu	Male	June 15, 2017	3	April 17, 1987	25,556,494	4.91	25,556,494	4.91	-	-	-	-	Chairman of Shihlin Electric & Engineering Corp.	GM of Shihlin Electric & Engineering Corp.\ Chairman of the Ambassador Hotel Co., Ltd. \ Chairman of HCT Logistics \ Chairman of Yeangder Security Management Consultant Co., Ltd.\ Chairman of Sankyo Transportation Co., Ltd.\ Chairman of SEEC International Holdings Co., Ltd.\ Chairman of SEEC International Trading Co., Ltd.\ Chairman of Yeangder Entertainment Co., Ltd.\ Chairman of Chiastar Co., Ltd.	Director	Bryant Hsu	father-son relationship	note 4
							732,735	0.14	732,735	0.14	0	0.00	0	0.00						
Managing Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Hanaoka Hisao	Male	June 15, 2017	3	April 01, 2018	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	Chairman & General Manager of Taiwan Mitsubishi Electric Corporation \ Director of Taiwan Mitsubishi Elevators Corp.\ Director of Shin Wu Machinery Trading Co., Ltd.	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Managing & Independent Director	R.O.C.	Lin, Hsin-I	Male	June 15, 2017	3	June 15, 2017	0	0.00	0	0.00	0	0.00	0	0.00	Managing & Independent Director of Shihlin Electric & Engineering Corp.	Member of the Shihlin Electric & Engineering Corp. Remuneration Committee / Chairman of Am Trust Capital I Corp. / Director of China Motor Company, Ltd. / Director of Yulon Motor Company Ltd. / Independent Director of E.SUN Financial Holding Co., Ltd.	N/A	N/A	N/A	

Job title (note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.1)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education （note 3）	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note 4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Managing Director	R.O.C.	Yeang Der Investment Co., Ltd. Representative / Hsieh, Han-Chang	Male	June 15, 2017	3	January 03, 2005	25,556,494	4.91	25,556,494	4.91	-	-	-	-	Chief of Operation / Shihlin Electric & Engineering Corp.	COO of the Shihlin Electric & Engineering Corp. / Director of the Ambassador Hotel Co., Ltd. / Supervisor of Yeang Der Investment Co., Ltd. / Director of of HCT Logistics / Supervisor of Yeang Der Security Management Consultant Co., Ltd.\ Supervisor of Jin Der Sheng Co., Ltd./ Chairman of Hsin Lin Electric Machinery Co., Ltd. / Director of Rueylin Electric & Engineering Corp. / Director of Chuan Lin Technology Corporation / Director of Xiamen Shihlin Electric & Engineering Co., Ltd. / Director of Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd. / Director of Shihlin Electric (Suzhou)Power Equipment Co., Ltd. / Director of Kingdom Trading Shanghai Co., Ltd. / Director of SEEC International Holdings Ltd. / Director of SEEC International Trading Ltd. / General Manager & Director of Yeang Der Entertainment Co., Ltd. /Independent Director of Flytech Technology Co., Ltd./ Director of ACES Electronics Co., Ltd./ Director of MEC IMEX INC./ Chairman of (Samoa) Hsin Lin International Investment Corp.	N/A	N/A	N/A	
							45,443	0.01	45,443	0.01	0	0.00	0	0.00						
Managing Director	R.O.C.	Yeang Der Investment Co., Ltd. Representative / Lo, Chun-Tien	Male	June 15, 2017	3	November 25, 2008	25,556,494	4.91	25,556,494	4.91	-	-	-	-	COO of Business Groups / Shihlin Electric & Engineering Corp.	COO of Business Groups of Shihlin Electric & Engineering Corp. / Director of Jeen-Lin Industrial Co., Ltd./ Fuzhou Shihlin Electric & Engineering Co., Ltd. / Wuxi Shihlin Electric & Engineering Co., Ltd. / Vice Chairman of Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd. / Wuhan Shihlin Mitsuba Electric & Engineering Co., Ltd. / Director of Vietnam Shihlin Electrical Engineering Ltd. / Chairman of Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd. / Director of Changzhou Shihlin Auto Parts Co., Ltd. / Director of SEEC International Holdings Ltd.	N/A	N/A	N/A	
							163,239	0.03	10,239	0.00	0	0.00	0	0.00						
Director	R.O.C.	Chanching Co., Ltd. Representative / Kan, Chin-Yu	Male	June 15, 2017	3	June 15, 2017	557,000	0.11	904,000	0.17	-	-	-	-	Director of Dongguang Steel Co., Ltd.	Chairman of Extension Development Co., Ltd. / Managing Director of Ve Wong Corporation / Director of Dongguang Steel Co., Ltd. / Supervisor of Changqing Co., Ltd.	N/A	N/A	N/A	
							8,281,169	1.59	8,281,169	1.59	416	0.00	0	0.00						
Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Takazawa Noriyuki (Note 5)	Male	June 15, 2017	3	April 01, 2005	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	N/A	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						

Job title (note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.1)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education （note 3）	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note 4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Ito Toshimitsu (Note 6)	Male	June 15, 2017	3	April 01, 2020	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	Minister of the Business of Power Circulation System of Mitsubishi Electric Corporation (Japan) / Director of Mitsubishi Electric Power Products, Inc.	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Matsubara Kenji (Note 7)	Male	June 15, 2017	3	April 01, 2015	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	N/A	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Sugiyama Shinya (Note 8)	Male	June 15, 2017	3	April 01, 2019	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	Vice Minister of the Business of Transportation Implements of Mitsubishi Electric Corporation (Japan) / Supervisor of Melco Automotive Korea Co., Ltd	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Mori Ittetsu (Note 9)	Male	June 15, 2017	3	April 01, 2019	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	N/A	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	Japan	Mitsubishi Electric Corporation (Japan) Representative / Nakanishi Kyori (Note10)	Male	June 15, 2017	3	April 01, 2020	110,242,966	21.16	110,242,966	21.16	-	-	-	-	Mitsubishi Electric Corporation (Japan)	Minister of Relationship Department of Mitsubishi Electric Corporation (Japan) / Director of Kodensha Co., Ltd.	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	R.O.C.	Yeang Der Investment Co., Ltd. Representative / Yang, Tsun-Ching	Male	June 15, 2017	3	May 27, 2011	25,556,494	4.91	25,556,494	4.91	-	-	-	-	Deputy Chief of Operation / Shihlin Electric & Engineering Corp.	Deputy Chief of Operation of Shihlin Electric & Engineering Corp. Director of Hsin Lin Electric Machinery Co., Ltd. / Suzhou Shihlin Electric & Engineering Corp.	N/A	N/A	N/A	
							3,092	0.00	3,092	0.00	2,842	0.00	0	0.00						
Director	R.O.C.	Yeang Der Investment Co., Ltd. Representative / Yang, Tsung-Hsien	Male	June 15, 2017	3	November 08, 2018	25,556,494	4.91	25,556,494	4.91	-	-	-	-	Deputy Chief of Operation / Shihlin Electric & Engineering Corp.	Deputy Chief of Operation of Shihlin Electric & Engineering Corp. Director of Xiamen Shihlin Electric & Engineering Co., Ltd. / Xiamen Chengyu Traffic EquipmentCo., Ltd. / Mitsubishi Electric Low Voltage Equipment (Xiamen)Co., Ltd. / Shihlin Technology (Shenzhen) Co., Ltd. / SEEC International Trading Ltd. Chairman & General Manager of Suzhou Shihlin Electric & Engineering Co., Ltd. Chairman of Kingdom Trading Shanghai Co., Ltd. / Director of Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						

Job title (note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.1)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education （note 3）	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note 4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Director	R.O.C.	Shin-Po Investment Co., Ltd. Representative / Lin, Po-Fong	Male	June 15, 2017	3	December 11, 2018	131,000	0.03	131,000	0.03	-	-	-	-	Chairman of Shin-Po Investment Co., Ltd.	Chairman of Yi Kong Building Management Service Co., Ltd. /eTech Pro Co., Ltd. /ShinCluster Electronics Co., Ltd./ Shin Soft Co., Ltd. / New Opto Eelectronics Co., Ltd. / Lian'an Service Co., Ltd. / New Light International Co., Ltd. / New Light Investment Co., Ltd. / Shin-Po Life Care Co., Ltd. / Shin-Po Transportation Co., Ltd. (SKCar) / Taiwan Security Co. Ltd. / Tai-Po Service Technology Co., ltd.. Director of Shin-Si-Yue Co., Ltd. / Great Taipei Broadband Co.,Ltd. / The Ambassador Hotel Co., Ltd./ Shin-Gung Optoelectronics Technology Co., Ltd. / Taiwan Shin Kong Healthcare Management Co., Ltd. / Bofeng Industrial Co., Ltd.	N/A	N/A	N/A	
							0	0.00	0	0.00	0	0.00	0	0.00						
Director	U.S.A.	Yeang Der Investment Co., Ltd. Representative / Bryant Hsu	Male	June 15, 2017	3	September 01 2016	25,556,494	4.91	25,556,494	4.91	-	-	-	-	Associate Manager / Shihlin Electric & Engineering Corp.	Associate Manager of Shihlin Electric & Engineering Corp. Director of The Ambassador Hotel Co., Ltd. / HCT Logistic / Yeangder Security Management Consultant Co., Ltd. / Yeangder Entertainment Co., Ltd.	Chairman & G M	Emmet Hsu	father-son relationship	note 4
							0	0.00	0	0.00	0	0.00	0	0.00						
Independent Director	R.O.C.	Yan, Cherng Jau	Male	June 15, 2017	3	June 15, 2017	0	0.00	0	0.00	0	0.00	0	0.00	Independent Dierctor / Shihlin Electric & Engineering Corp.	N/A	N/A	N/A	N/A	
Independent Director	R.O.C.	Hu, Chao Fong	Male	June 15, 2017	3	June 15, 2017	110,006	0.02	110,006	0.02	8,740	0.00	0	0.00	Independent Dierctor / Shihlin Electric & Engineering Corp.	N/A	N/A	N/A	N/A	

Note 1: Institutional shareholders are to have the name of institutional shareholders and representatives presented separately (for the representative of institutional shareholders, the name of the institutional shareholders should be indicated) and fill in Table below.

Note 2: Fill in the date of being elected as the director or supervisor for the first time and with the discontinuity stated, if any.

Note 3: An experience relevant to the current position, such as, employed by the independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 4: The chairman of the company and the general manager or equivalent (the top manager) are the same person, are relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should More than half of the directors have not served as employees or managers, etc.) related information:

The chairman is also the general manager of the company. In order to improve the operating efficiency and decision-making execution power, the chairman usually closely communicates with the directors about the company's operation status and plan policies to implement corporate governance.

At present, the company has the following specific measures:

1. Arrange each director to participate in professional director courses for external institutions such as the Securities and Exchange Commission annually to enhance the operational efficiency of the board of directors.
2. Independent directors can fully discuss and make recommendations for the board of directors in each functional committee to implement corporate governance.
3. More than half of the directors of the board of directors are not part-time employees or managers.

Note 5: April 01, 2019 resigned Note 6: April 01, 2019 took over

Note 7: April 01, 2019 resigned Note 8: April 01, 2019 took over r

Note 9: April 01, 2019 resigned Note 10:April 01, 2019 took over

2. Major Shareholders of Institutional Shareholders

On the Book closure date:April 21, 2020

Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)
Yeang Der Investment Co., Ltd.	Kuo, Tun-Yu 53.79%、Memorial Foundation of Mr. Ching-Teh Hsu 29.88%、Zhenjie Investment Co., Ltd. 11.34%、Hsu, Shu-Wan 4.27%、Lin, Hsin-Yi 0.72%
Mitsubishi Electric Corporation (Japan)	Note 4
Chanching Co., Ltd.	Kan, Ming-Hung 29.20%、Kan, Ming-Sheng 29.15%、Kan, Ming-Cheng 29.15%、Kan Wang, Mei-Ling 7.50%、Kan, Chin-Yu 5.00%
Shin-Po Investment Co., Ltd.	Taiwan Shin Kong Security Co., Ltd. 84.22%、Yi Kong Security Co., Ltd. 15.77%、Taiwan Shin Kong Security Foundation for Arts and Culture 0.01%

Note 1: If the director or supervisor is the representative of the institutional shareholders, the name of the institutional shareholders should be indicated.
Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders. If the major shareholders are institutional shareholders, please fill out Table below.
Note 3: If a legal person shareholder is not a company organizer, the name and shareholding ratio of the shareholder that should be disclosed beforehand is the name of the funder or donor and its contribution or contribution ratio.
Note 4: Foreign company.

3. Major shareholder of the major institutional shareholders

On the Book closure date:April 21, 2020

Names of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
Zhenjie Investment Co., Ltd.	(Samoa) Broad Choice Limited 99%、Kao, Mei-Feng 1%
Taiwan Shin Kong Security Co., Ltd.	Sohgo Security Service Co., Ltd (9.23%), Tung-Chin Wu (5.40%), Chunghua Post Co., Ltd (4.60%), Shin Kong Medical Foundation (4.21%),Shin Kong Life Insurance Employee Pension Fund Management Committee (4.08%), Bo Ruei Co., Ltd. (3.85%), Fubon Life Insurance Co., Ltd (3.80%), Shin Kong Life Insurance Co., Ltd. (2.81%), Tung Ying Investment Co., Ltd (1.75%), Shin Kong Construction and Development Co., Ltd. (1.53%)
Yi Kong Security Co., Ltd.	Taiwan Shin Kong Security Co., Ltd.(69.00%)、Shin-Kong Life Real Estate Service Co., Ltd.(15.50%)、Shin Kong Construction and Development Co., Ltd.(15.00%)、Shin Kong Wu Ho-Su Culture and Education Foundation (0.50%)

Note 1: If the major shareholders in Table 2 are institutional shareholders, please state the name of the institutional shareholders.
Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders.
Note 3: If a legal person shareholder is not a company organizer, the name and shareholding ratio of the shareholder that should be disclosed beforehand is the name of the funder or donor and its contribution or contribution ratio.

4. Expertise and independence of directors and Independent directors

April 21, 2020

Requirements / Name (Note 1)	Over five years of experience and the following professional qualifications			Independence criteria (Note 2)												Concurrently serving as an Independent Director of another listed company
	University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate activities	1	2	3	4	5	6	7	8	9	10	11	12	
Emmet Hsu			✓			✓			✓					✓		-
Hanaoka Hisao			✓			✓	✓		✓	✓			✓	✓		-
Lin, Hsin-I			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Hsieh, Han-Chang			✓			✓	✓		✓	✓			✓	✓		1
Lo, Chun-Tien			✓			✓	✓		✓	✓			✓	✓		-
Kan, Chin-Yu			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		-
Ito Toshimitsu			✓			✓	✓		✓	✓			✓	✓		-
Sugiyama Shinya			✓			✓	✓		✓	✓			✓	✓		-
Nakanishi Kyori			✓			✓	✓		✓	✓			✓	✓		-
Yang,Tsun-Ching			✓			✓	✓		✓	✓			✓	✓		-
Yang, Tsung-Hsien			✓			✓	✓		✓	✓			✓	✓		-
Lin, Po-Fong			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
Bryant Hsu			✓			✓			✓	✓				✓		-
Yan, Cherng-Jau			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
Hu, Chao-Fong			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-

Note 1: The number of columns is adjusted depending on the actual needs.

Note 2: If the respective director or Independent director meets any of the following conditions within 2 years prior to his/her service and during the service period, please put a check mark ("✓") in the blank space under the code representing the respective condition.

(1) Not employed by the Company or any of the Company's affiliates.
(2) Not a Director of the Company or any of the Company's affiliates (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).
(3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement.
(4) Not a spouse, kin at the second pillar under the Civil Code, or a lineal blood relative within the third pillar under the Civil Code as specified in (1) through (3).
(5) Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of article 27 of the Company Law (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).
(6) Not a Director, Supervisor or employee of a corporate shareholder who holds the majority of the Board or voting rights (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).
(7) Not Chairman, President or equivalent post of the company who himself/herself or spouse holds position as Director, Supervisor or employee of another company or organization (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).
(8) Not a Director, Supervisor, manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relationship with the Company (this restriction does not apply to Independent Directors of the specific company or organization which holds more than 20% and not exceeding 50% outstanding shares of the Company, its parent company, or its subsidiaries).
(9) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution that provides business, legal, financial and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members, or members of special committee of public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act.
(10) Not a spouse of or kin at the second pillar under the Civil Code to any other Director.
(11) Not under any of the categories stated in Article 30 of the Company Law.
(12) No government apparatus agency, juristic person or its representative is elected under Article 27 of the Company Law.

B. Information on General Manager, Chief of Operation, Associate Manager, and heads of all the Company divisions

Unit：shares；％　April 21 ,2020

Job title (note.1)	Nationality or Record of Birth	Name	Gender	Elected (inauguration) Date	Shares		Shareholding of spouse and underage children		Shareholdings in the names of others		Work experience (academic degree)	Position(s) held concurrently in the Company and / or in any other company	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Emmet Hsu	male	April 17, 1987	732,735	0.1406	0	0.00	0	0.00	Chairman of Shihlin Electric & Engineering Corp.	Please review the information on the company directors	Associate Manager	Bryant Hsu	father-son relationship	(Note 3)
Chief of Operation	R.O.C.	Hsieh, Han-Chang	male	January 03,2005	45,443	0.0087	0	0.00	0	0.00	Chief of Operation of Shihlin Electric & Engineering Corp.	Please review the information on the company directors	N/A	N/A	N/A	
COO of Business Groups	R.O.C.	Lo, Chun-Tien	male	June 01, 2006	10,239	0.0020	0	0.00	0	0.00	COO of Business Groups of Shihlin Electric & Engineering Corp.	Please review the information on the company directors	N/A	N/A	N/A	
Deputy Chief of Operation	R.O.C.	Yang, Tsun-Ching	male	October 01,2006	3,092	0.0006	2,842	0.0005	0	0.00	Deputy Chief of Operation of Shihlin Electric & Engineering Corp.	Please review the information on the company directors	N/A	N/A	N/A	
Deputy Chief of Operation	R.O.C.	Yang, Tsung-Hsien	male	January 01,2011	0	0.00	0	0.00	0	0.00	Deputy Chief of Operation of Shihlin Electric & Engineering Corp.	Please review the information on the company directors	N/A	N/A	N/A	
GM of Business Groups	R.O.C.	Cheng, Hsiang-Chih	male	September 01, 2011	78,000	0.0150	0	0.00	0	0.00	GM of Business Groups of Shihlin Electric & Engineering Corp.	Chairman of Xiamen Shihlin Electric & Engineering Co., Ltd. / Xiamen Chen-Ieu Transportation Implements Co., Ltd. Vice Chairman of Xiamen Shihlin Mitsuba Electric & Engineering Co., Ltd. Supervisor of Yeangder Entertainment Co., Ltd.	N/A	N/A	N/A	
GM of Business Groups	R.O.C.	Ko, Ching-Li	male	September 05, 2012	838	0.0002	0	0.00	0	0.00	GM of Business Groups of Shihlin Electric & Engineering Corp	Chairman of Jeen-Lin Industrial Co., Ltd. Director of Fuzhou Shihlin Electric & Engineering Co., Ltd. / Wuxi Shihlin Electric & Engineering Co., Ltd. / Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd. / Shihlin Electric & Engineering Equipment Vietnam Co., Ltd. / Changzhou Shihlin Auto Parts Co., Ltd.	N/A	N/A	N/A	
Senior Deputy General Manager	R.O.C.	Chang, Chin-Wen	male	September 01, 2012	0	0.00	0	0.00	0	0.00	Senior Deputy General Manager of Shihlin Electric & Engineering Corp	Chairman & G.M. of Rueylin Electric & Engineering Corp. Director of Hsin Lin Electric Machinery Co., Ltd. / Chuan Lin Technology Corporation. / Shihlin Electric (Suzhou) Power Equipment Co., Ltd. Chairman of Shihlin Electric & Engineering Equipment Vietnam Co., Ltd.	N/A	N/A	N/A	
Senior Deputy General Manager	R.O.C.	Fang, Yu-Jung	male	February 16, 2014	448	0.0001	0	0.00	0	0.00	Senior Deputy General Manager of Shihlin Electric & Engineering Corp	Vice Chairman of Xiamen Shihlin Electric & Engineering Co., Ltd. G.M. & Director of Xiamen Chen-Ieu Transportation Implements Co., Ltd.	N/A	N/A	N/A	
Senior Deputy General Manager	R.O.C.	Kuo, Yueh-She	male	September 01, 2011	4,479	0.0009	0	0.00	0	0.00	Senior Deputy General Manager of Shihlin Electric & Engineering Corp	Director of Hsin Lin Electric Machinery Co., Ltd. / Rueylin Electric & Engineering Corp./ Suzhou Shihlin Electric & Engineering Co., Ltd. / Shihlin Electric & Engineering Equipment Vietnam Co., Ltd. Chairman of Chuan Lin Technology Corporation	N/A	N/A	N/A	

Job title (note.1)	Nationality or Record of Birth	Name	Gender	Elected (inauguration) Date	Shares		Shareholding of spouse and underage children		Shareholdings in the names of others		Work experience (academic degree)	Position(s) held concurrently in the Company and / or in any other company	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Deputy General Manager	R.O.C.	Wang, Pai-Sung	male	April 01, 2016	0	0.0000	0	0.00	0	0.00	Senior Deputy General Manager of Shihlin Electric & Engineering Corp	Vice Chairman of Suzhou Shihlin Electric & Engineering Co., Ltd.	N/A	N/A	N/A	
Senior Associate Manager	R.O.C.	Wu, Tsung-Ming	male	March 15, 2017	838	0.0002	0	0.00	0	0.00	Senior Associate Manager of Shihlin Electric & Engineering Corp	Chairman & G.M. of Ting Lin Enterprise Co., Ltd.	N/A	N/A	N/A	
Senior Associate Manager	R.O.C.	Tung, Chi-Jen	male	March 15, 2017	0	0.0000	0	0.00	0	0.00	Senior Associate Manager of Shihlin Electric & Engineering Corp	Chairman of Wuxi Shihlin Electric & Engineering Co., Ltd. / Vietnam Shihlin Electrical Engineering Ltd./ Changzhou Shihlin Auto Parts Co., Ltd. Director of Jeen-Lin Industrial Co., Ltd. / Wuhan Shihlin Mitsuba Electric & Engineering Co., Ltd. / Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	N/A	N/A	N/A	
Associate Manager	R.O.C.	Hung, Chiu-Lieh	male	March 16, 2014	4,759	0.0009	0	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Director of Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	N/A	N/A	N/A	
Associate Manager	R.O.C.	Lin, Yu-Liang	male	March 15, 2017	2,799	0.0005	0	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Director of Rueylin Electric & Engineering Corp. / Shihlin Electric & Engineering Equipment Vietnam Co., Ltd.	N/A	N/A	N/A	
Associate Manager	U.S.A.	Bryant Hsu	male	July 01, 2018	0	0.0000	0	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Please review the information on the company directors	G.M.	Emmet Hsu	father-son relationship	(Note 3)
Associate Manager	R.O.C.	Shih, Chin-Yi	male	July 01, 2018	110	0.0000	0	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Director of Ting Lin Enterprise Co. Supervisor of Xiamen Shihlin Electric & Engineering Co., Ltd. / Xiamen Chen-Ieu Transportation Implements Co., Ltd. / Suzhou Shihlin Electric & Engineering Co., Ltd. Chairman of Hwo Lin Investment Co., Ltd. / Jeng Lin Investment Co., Ltd.	N/A	N/A	N/A	
Associate Manager	R.O.C.	Lee, Shui-Yuan	male	July 01, 2018	699	0.0001	913	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Director of Jeen-Lin Industrial Co., Ltd. / Changzhou Shihlin Auto Parts Co., Ltd. / Mitsuba Shihlin Electric & Engineering Co., Ltd Chairman & G.M. of Fuzhou Shihlin Electric & Engineering Co., Ltd.	N/A	N/A	N/A	
Associate Manager	R.O.C.	Tien, Chia-Wen	male	July 01, 2018	2,799	0.0005	0	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Chairman of Shih Lin Technology Corporation	N/A	N/A	N/A	
Associate Manager	R.O.C.	Liu, Zhun-Zhong	male	March 01 ,2019	1,958	0.0004	0	0.00	0	0.00	Associate Manager of Shihlin Electric & Engineering Corp	Director of Rueylin Electric & Engineering Corp./ Chairman & GM of Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd	N/A	N/A	N/A	

Note 1: It should include the information disclosure of the General Manager, Deputy General Manager, Associate Manager, department heads, and branch officers; also, the position equivalent to General Manager, Deputy General Manager, or Associate Manager.

Note 2: An experience relevant to the current position, such as, employed by the independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 3: The general manager or equivalent (the top manager) and the chairman of the company are the same person, are relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should More than half of the directors have not served as employees or managers, etc.) related information:
The chairman is also the general manager of the company. In order to improve the operating efficiency and decision-making execution power, the chairman usually closely communicates with the directors about the company's operation status and plan policies to implement corporate governance.
At present, the company has the following specific measures:
1. More than half of the directors of the board of directors are not part-time employees or managers.

C. Remuneration paid to Directors (Independent Director included), General Manager, Deputy General Manager in the most recent year

1.Remuneration of Directors (Independent Directors included)

(The name of directors should be disclosed in accordance with the respective remuneration bracket)

Unit：NTD thousands

Job title	Name	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings (Note 10)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings (Note 10)		Whether remuneration from any reinvestees other than subsidiaries is received? (J) (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company		Companies included in the financial statement (Note 7)		the Company	Companies included in the financial statement (Note 7)	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Chairman	Yeang Der Investment Co., Ltd. Representative / Emmet Hsu	0	0	0	0	49,800 (Note 12)	49,800 (Note 12)	9,452	10,528	3.54%	3.60%	41,582 (Note 13)	41,582 (Note 13)	755	755	11,100 (Note 14)	0	11,100 (Note 14)	0	6.73%	6.80%	N/A
Managing Director	Mitsubishi Electric Corporation (Japan) Representative / Hanaoka Hisao																					
Managing & Independent Director	Lin, Hsin-I																					
Managing Director	Yeang Der Investment Co., Ltd. Representative / Hsieh, Han-Chang																					
Managing Director	Yeang Der Investment Co., Ltd. Representative / Lo, Chun-Tien																					
Director	Chanching Co., Ltd. Representative / Kan, Chin-Yu																					
Director	Mitsubishi Electric Corporation (Japan) Representative / Takazawa Noriyuki (Note 15)																					
Director	Mitsubishi Electric Corporation (Japan) Representative / Ito Toshimitsu (Note 16)																					
Director	Mitsubishi Electric Corporation (Japan) Representative / Matsubara Kenji (Note 17)																					
Director	Mitsubishi Electric Corporation (Japan) Representative / Sugiyama Shinya(Note 18)																					

Job title	Name	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings (Note 10)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings (Note 10)		Whether remuneration from any reinvestees other than subsidiaries is received? (J) (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company		Companies included in the financial statement (Note 7)		the Company	Companies included in the financial statement (Note 7)	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Director	Mitsubishi Electric Corporation (Japan) Representative / Mori Ittetsu (Note 19)																					
Director	Mitsubishi Electric Corporation (Japan) Representative / Nakanishi Kyori (Note 20)																					
Director	Yeang Der Investment Co., Ltd. Representative / Yang,Tsun-Ching																					
Director	Yeang Der Investment Co., Ltd. Representative / Yang, Tsung-Hsien (Note 20)																					
Director	Shin-Po Investment Co., Ltd. Representative / Lin, Po-Fong																					
Director	Yeang Der Investment Co., Ltd. Representative / Bryant Hsu																					
Independent Director	Yan, Cherng Jau																					
Independent Director	Hu, Chao Fong																					

Information same as the previous page.

1. Please describe the policy, system, standards and structure of independent directors' compensation and the correlation with the amount of compensation paid based on the responsibilities, risks and time commitment.
   (1) Various salary and remuneration systems do not guide directors and managers to pursue behaviors that exceed company risk appetite in pursuit of remuneration.
   (2) After evaluating and measuring the current company's operating scale, performance, and distribution over the years, various salary and compensation projects are planned to be handled in accordance with the current system.
   (3) The company does not issue fixed salary to the directors, only the carriage fee (30,000 to 100,000/person)
   (4) The remuneration of directors is stipulated in Article 24 of the company's articles of association, "If the company makes a profit in the current year, it should be allocated: 1. When the director's remuneration is 4% but the company still has accumulated losses, the amount of compensation should be reserved in advance. The so-called profit refers to the pre-tax interest minus the benefits before directors' compensation and employees' compensation. In addition, according to Article 196 of the Company Law and its letter, the directors are elected by Article 27 of the Company Law. All directors of the company are legal representatives. They are selected by the second paragraph of Article 27 of the Company Law. Therefore, all natural persons represented by legal persons do not receive surplus distribution remuneration.
   (5) Independent directors of the company do not participate in the distribution of remuneration.
2. Besides the above disclosure, if any of the Director provided service (as non-employee sort of consultant and the like) with rewarded remuneration to all the listed companies in the financial statement in the last year: NO

Breakdown of remuneration

Breakdown of remuneration of Directors	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	the Company (Note 8)	Companies included in the financial statement H (Note 9)	the Company (Note 8)	All investees I (Note 9)
Less than NT$1,000,000	1. Representative of Mitsubishi Electric Corporation (Japan) / Ito Toshimitsu 2. Representative of Mitsubishi Electric Corporation (Japan) / Matsubara Kenji 3. Representative of Mitsubishi Electric Corporation (Japan) / Nakanishi Kyori 4. Independent Director / Yan, Cherng Jau 5. Independent Director / Hu, Chao Fong	1. Representative of Mitsubishi Electric Corporation (Japan) / Ito Toshimitsu 2. Representative of Mitsubishi Electric Corporation (Japan) / Matsubara Kenji 3. Representative of Mitsubishi Electric Corporation (Japan) / Nakanishi Kyori 4. Independent Director / Yan, Cherng Jau 5. Independent Director / Hu, Chao Fong	1. Representative of Mitsubishi Electric Corporation (Japan) / Ito Toshimitsu 2. Representative of Mitsubishi Electric Corporation (Japan) / Matsubara Kenji 3. Representative of Mitsubishi Electric Corporation (Japan) / Nakanishi Kyori 4. Independent Director / Yan, Cherng Jau 5. Independent Director / Hu, Chao Fong	1. Representative of Mitsubishi Electric Corporation (Japan) / Ito Toshimitsu 2. Representative of Mitsubishi Electric Corporation (Japan) / Matsubara Kenji 3. Representative of Mitsubishi Electric Corporation (Japan) / Nakanishi Kyori 4. Independent Director / Yan, Cherng Jau 5. Independent Director / Hu, Chao Fong
NT$1,000,000 (inclusive)~NT$2,000,000	1. Managing & Independent Director / Lin,Hsin-I	1. Managing & Independent Director / Lin,Hsin-I	1. Managing & Independent Director / Lin,Hsin-I	1. Managing & Independent Director / Lin,Hsin-I
NT$2,000,000 (inclusive)~NT$3,500,000	1. Representative of Chanching Co., Ltd. / Kan Chin Yu 2. Representative of Mitsubishi Electric Corporation (Japan) / Takazawa Noriyuki 3. Representative of Mitsubishi Electric Corporation (Japan) / Sugiyama Shinya 4. Representative of Mitsubishi Electric Corporation (Japan) / Mori Ittetsu 5. Representative of Yeang Der Investment Co., Ltd. / Yang,Tsun-Ching 6. Representative of Yeang Der Investment Co., Ltd. / Yang, Tsung-Hsien 7. Representative of Shin-Po Investment Co., Ltd. / Lin, Po-Fong 8. Representative of Yeang Der Investment Co., Ltd. / Bryant Hsu	1. Representative of Chanching Co., Ltd. / Kan Chin Yu 2. Representative of Mitsubishi Electric Corporation (Japan) / Takazawa Noriyuki 3. Representative of Mitsubishi Electric Corporation (Japan) / Sugiyama Shinya 4. Representative of Mitsubishi Electric Corporation (Japan) / Mori Ittetsu 5. Representative of Yeang Der Investment Co., Ltd. / Yang,Tsun-Ching 6. Representative of Shin-Po Investment Co., Ltd. / Lin, Po-Fong 7. Representative of Yeang Der Investment Co., Ltd. / Bryant Hsu	1. Representative of Chanching Co., Ltd. / Kan Chin Yu 2. Representative of Mitsubishi Electric Corporation (Japan) / Takazawa Noriyuki 3. Representative of Mitsubishi Electric Corporation (Japan) / Sugiyama Shinya 4. Representative of Mitsubishi Electric Corporation (Japan) / Mori Ittetsu 5. Representative of Shin-Po Investment Co., Ltd. / Lin, Po-Fong	1. Representative of Chanching Co., Ltd. / Kan Chin Yu 2. Representative of Mitsubishi Electric Corporation (Japan) / Takazawa Noriyuki 3. Representative of Mitsubishi Electric Corporation (Japan) / Sugiyama Shinya 4. Representative of Mitsubishi Electric Corporation (Japan) / Mori Ittetsu 5. Representative of Shin-Po Investment Co., Ltd. / Lin, Po-Fong
NT$3,500,000 (inclusive)~NT$5,000,000		1. Representative of Yeang Der Investment Co., Ltd. / Yang, Tsung-Hsien		
NT$5,000,000 (inclusive)~NT$10,000,000	1. Representative of Mitsubishi Electric Corporation (Japan) / Hanaoka Hisao 2. Representative of Yeang Der Investment Co., Ltd. / Hsieh,Han-Chang 3. Representative of Yeang Der Investment Co., Ltd. / Lo,Chun-Tien	1. Representative of Mitsubishi Electric Corporation (Japan) / Hanaoka Hisao 2. Representative of Yeang Der Investment Co., Ltd. / Hsieh,Han-Chang 3. Representative of Yeang Der Investment Co., Ltd. / Lo,Chun-Tien	1. Representative of Mitsubishi Electric Corporation (Japan) / Hanaoka Hisao 2. Representative of Yeang Der Investment Co., Ltd. / Yang, Tsung-Hsien 3. Representative of Yeang Der Investment Co., Ltd. / Bryant Hsu	1. Representative of Mitsubishi Electric Corporation (Japan) / Hanaoka Hisao 2. Representative of Yeang Der Investment Co., Ltd. / Bryant Hsu
NT$10,000,000 (inclusive) ~NT$15,000,000	1. Representative of Yeang Der Investment Co., Ltd. / Emmet Hsu	1. Representative of Yeang Der Investment Co., Ltd. / Emmet Hsu	1. Representative of Yeang Der Investment Co., Ltd. / Yang,Tsun-Ching	1. Representative of Yeang Der Investment Co., Ltd. / Yang,Tsun-Ching 2. Representative of Yeang Der Investment Co., Ltd. / Yang, Tsung-Hsien
NT$10,000,000 (inclusive) ~NT$15,000,000	1. Representative of Yeang Der Investment Co., Ltd. / Emmet Hsu	1. Representative of Yeang Der Investment Co., Ltd. / Emmet Hsu		
NT$15,000,000 (inclusive) ~NT$30,000,000			1. Representative of Yeang Der Investment Co., Ltd. / Emmet Hsu / NT$ 26,369,042 2. Representative of Yeang Der Investment Co., Ltd. / Hsieh,Han-Chang / NT$ 18,204,434 3. Representative of Yeang Der Investment Co., Ltd. / Lo,Chun-Tien / NT$ 16,297,334	1. Representative of Yeang Der Investment Co., Ltd. / Emmet Hsu / NT$ 26,369,042 2. Representative of Yeang Der Investment Co., Ltd. / Hsieh,Han-Chang / NT$ 18,204,434 3. Representative of Yeang Der Investment Co., Ltd. / Lo,Chun-Tien / NT$ 16,835,190
NT$30,000,000 (inclusive) ~NT$50,000,000				
NT$50,000,000 (inclusive) ~NT$100,000,000				
NT$100,000,000 above				
Total	18 persons	18 persons	18 persons	18 persons

Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately). The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this Form and Form (3-1) or (3-2) must be filled out.
Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).
Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not yet been submitted to the Shareholders' Meeting for approval.
Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.).When a car, house and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.
Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as employee(s) (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.
Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as employee(s) (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated.
Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).
Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.
Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).
Note 10: It refers to the net income of the recent year. After the adoption of IFRS.
Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries.
b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column J. In addition, the column title shall be revised as "All reinvested companies."
c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.
Note 12: The Directors' Remuneration of 2019 has being approved at the Board of Directors, and shall report at the Annual General Shareholders' Meeting.
Note 13: The amount of imputed rent is NT$ 4,099 thousands to provide the rental car for the Directors being also the employees.
Note 14: The 2019 distribution of employees' compensation has being approved at the Board of Directors, and shall report at the Annual General Shareholders' Meeting.
Note 15: April 01, 2019 resigned.
Note 16: April 01, 2019 took over.
Note 17: April 01, 2019 resigned.
Note 18: April 01, 2019 took over.
Note 19: April 01, 2019 resigned.
Note 20: April 01, 2019 took over.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

2. Remuneration of General Manager, Deputy General Manager

Unit: NTD thousands
December 31, 2019

Job title	Name	Salary (A) (Note 2)		Pension (B)		Salaries, bonus and special subsidies (C) (Note 3)		Employee bonus allocated from earnings (D) (Note 4)				The sum of A, B, C and D in proportion to Earnings (Note 8)		Whether remuneration from any reinvestees other than subsidiaries is received? (Note9)
		the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company		Companies included in the financial statement		the Company	Companies included in the financial statement (Note 5)	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
General Manager	Emmet Hsu	57,230	57,230	1,367	1,367	6,401 (Note10)	7,898 (Note10)	15,175 (Note11)	0	15,175 (Note11)	0	4.79%	4.88%	N/A
Chief of Operation	Hsieh, Han-Chang													
Business Groups Chief of Operation	Lo, Chun-Tien													
Deputy Chief of Operation	Yang, Tsun-Ching													
Deputy Chief of Operation	Yang, Tsung-Hsien													
Business Groups General Manager	Cheng, Hsiang-Chih													
Business Groups General Manager	Ko, Ching-Li													
Senior Deputy General Manager	Chang, Chin-Wen													
Senior Deputy General Manager	Fang, Yu-Jung													
Senior Deputy General Manager	Kuo, Yueh-She													
Senior Deputy General Manager	Wang, Pai-Sung													

* It should include the information disclosure of the General Manager, Deputy General Manager, Associate Manager, department heads, and branch officers; also, the position equivalent to General Manager, Deputy General Manager, or Associate Manager.

Breakdown of remuneration

Breakdown of remuneration of General Manager & Deputy General Manager	Name of General Manage, Deputy General Manager	
	the Company (Note 6)	Companies included in the financial statement (Note 7) E
Less than NT$1,000,000		
NT$1,000,000 (inclusive)~NT$2,000,000		
NT$2,000,000 (inclusive)~NT$3,500,000		
NT$3,500,000 (inclusive)~NT$5,000,000	1. Senior Deputy General Manager / Kuo, Yueh-She 2. Deputy General Manager / Wang, Pai-Sung	1. Senior Deputy General Manager / Kuo, Yueh-She
NT$5,000,000 (inclusive)~NT$10,000,000	1. Deputy Chief of Operation / Yang, Tsun-Ching 2. Deputy Chief of Operation / Yang, Tsung-Hsien 3. Business Groups General Manager / Cheng, Hsiang-Chih 4. Business Groups General Manager / Ko, Ching-Li 5. Senior Deputy General Manager / Chang, Chin-Wen 6. Senior Deputy General Manager / Fang, Yu-Jun	1. Deputy Chief of Operation / Yang, Tsun-Ching 2. Deputy Chief of Operation / Yang, Tsung-Hsien 3. Business Groups General Manager / Cheng, Hsiang-Chih 4. Business Groups General Manager / Ko, Ching-Li 5. Senior Deputy General Manager / Chang, Chin-Wen 6. Senior Deputy General Manager / Fang, Yu-Jung 7. Senior Deputy General Manager / Wang, Pai-Sung
NT$10,000,000 (inclusive)~NT$15,000,000	1. General Manager / Emmet Hsu 2. Chief of Operation / Hsieh, Han-Chang 3. Business Groups Chief of Operation / Lo, Chun-Tien	1. General Manager / Emmet Hsu 2. Chief of Operation / Hsieh, Han-Chang 3. Business Groups Chief of Operation / Lo, Chun-Tien
NT$15,000,000 (inclusive)~NT$30,000,000		
NT$30,000,000 (inclusive)~NT$50,000,000		
NT$50,000,000 (inclusive)~NT$100,000,000		
NT$100,000,000 above		
Total	11 persons	11 persons

Note 1: Names of General Manager and Deputy General Manager should be separately disclosed. The amount of remunerations should be disclosed in summary. If a director concurrently serves as the General Manager or Deputy General Manager, this Form and Form (1-1) or (1-2) must be filled out.

Note 2: It refers to the General Manager and Deputy General Manager's salary, special responsibility allowance, and severance pay.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the General Manager and Deputy General Manager in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 4: It refers to the employee remuneration (including stock and cash) received by the General Manager and Deputy General Manager that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 5: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements.

Note 6: Disclose the name of the the General Manager and Deputy General Manager in the respective range of total remuneration received from all the Company.

Note 7: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements. Disclose the name of the the General Manager and Deputy General Manager in the respective range of total remuneration received.

Note 8: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 9: a. It is required to specify in this column the relevant remuneration amount the the General Manager and Deputy General Manager of the Company received from the reinvested companies other than the subsidiaries.

b. If the General Manager and Deputy General Manager have received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column E. In addition, the column title shall be revised as "All reinvested companies."

c. Remuneration shall mean the compensation, reward, employee bonus, and expense for business operation paid to the Company's the General Manager and Deputy General Manager by the reinvested companies other than the subsidiaries and such the General Manager and Deputy General Manager concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

Note 10: The amount of imputed rent is NT$ 6,401 thousands to provide the rental car.

Note 11: The 2019 distribution of employees' compensation has being approved at the Board of Directors, and shall report at the Annual General Shareholders' Meeting.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

3. Employee bonus amount paid to managerial officers

December 31, 2019
Unit: NT$ thousands

	Job title (Note 1)	Name (Note 1)	Stock	Cash	Total	Proportion to Earnings After Tax (%)
Managerial officer	General Manager	Emmet Hsu	0	20,125 (Note5)	20,125	1.20%
	Chief of Operation	Hsieh, Han-Chang				
	Business Groups Chief of Operation	Lo, Chun-Tien				
	Deputy Chief of Operation	Yang, Tsun-Ching				
	Deputy Chief of Operation	Yang, Tsung-Hsien				
	Business Groups General Manager	Cheng, Hsiang-Chih				
	Business Groups General Manager	Ko, Ching-Li				
	Senior Deputy General Manager	Chang, Chin-Wen				
	Senior Deputy General Manager	Fang, Yu-Jung				
	Senior Deputy General Manager	Kuo, Yueh-She				
	Senior Deputy General Manager	Wang, Pai-Sung				
	Senior Associate Manager	Wu, Tsung-Ming				
	Senior Associate Manager	Tung, Chi-Jen				
	Associate Manager	Hung, Chiu-Lieh				
	Associate Manager	Lin, Yu-Liang				
	Associate Manager	Bryant Hsu				
	Associate Manager	Lee, Shui-Yuan				
	Associate Manager	Tien, Chia-Wen				
	Associate Manager (Note6)	Yang, Wen-lung				
	Associate Manager (Note7)	Liu, Jun-Zhong				
	Associate Manager	Shih, Chin-Yi				
	Financial Officer					
	Chief Accountant					

Note 1: Names and job title of each individual should be separately disclosed. The amount of remunerations can be disclosed in summary.
Note 2: It refers to the employee remuneration (including stock and cash) received by the managerial officers that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
Note 3: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 Letter dated March 27, 2003 by the SEC as follows:
(1) General Manager and the equals
(2) Deputy General Manager and the equals
(3) Associate Manager and the equals
(4) General Manager of Finance Departmant
(5) General Manager of Accounting Department
(6) Managerial officers and the individuals authorized to sign
Note 4: If Directors, General Manager and Deputy General Manager` have collected employee remuneration (including stock and cash), in addition to filling out Form 1-2, please fill out this Form too.
Note 5: The 2019 distribution of employees' compensation has being approved at the Board of Directors, and shall report at the Annual General Shareholders' Meeting.
Note 6: March 01, 2020 resigned.
Note 7: March 01, 2019 Newly appointed .

D. Specify and compare the remuneration of Directors, Manager and Deputy General Manager of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements over the last two years, and specify the policies, standards, combinations, and procedures of decision-making for remuneration and their correlation with business performance and future risk:

1.The ratio of total remuneration paid by the Company to Directors, General Manager, and Deputy General Manager / Net income (%):

Unit: NT$ thousands

Title	2019 (Note 1)				2018			
	Total remuneration		Remuneration / standalone net income ratio (%)		Total remuneration		Remuneration / standalone net income ratio (%)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Director	59,252	60,328	3.54	3.60	59,270	60,743	4.19	4.29
General Manager Deputy General Manager	80,174	81,670	4.79	4.88	82,339	84,620	5.82	5.98
Total	139,426	141,998	8.33	8.48	141,609	145,363	10.01	10.27

Note 1 Analysis of the ratio of total remuneration paid by the Company and by all companies included in consolidated financial repport to Directors, Supervisors, General Manager, and Deputy General Manager / Net income (%) for the most recent two years.

(1) The 2019 ratio of total remuneration paid by the Company to Directors, General Manager, and Deputy General Manager / Net income (%) were lower than the ratio of fiscal 2018 because of the significant increase in net income. The remuneration paid by the Company to Directors and Managers is pursuant to the Company Law and the Articles of Incorporation

(2) The policies for the 2019 Distribution of Employees' compensation and Directors' Remuneration, please review the P.65 Item H.

Note 2 The policies, standards, combinations, procedures of decision-making of remunerations and their correlation with business performance and future risk:

(1) The policies of Directors' Remuneration will be set pursuant to the Company Law and the Articles of Incorporation.

(2) The salary compensation of the General Manager and Deputy General Manager is in accordance with the personnel salary policy, and the cash compensation for General Manager and Deputy General Manager is based on the salary.

3. The state of Implementation of Corporate Governance

A. Operations of Board of Directors

The Board held **four (A)** meetings in 2019. The attendance record of Directors is listed below:

Job title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Chairman	Yeang Der Investment Co., Ltd. Emmet Hsu	0	4	0%	Reelected on 2017/06/15
Managing Director	Mitsubishi Electric Corporation (Japan) Hanaoka Hisao	3	1	75%	Newly appointed on 2018/04/01.
Managing & Independent Director	Lin, Hsin-I	4	0	100%	Reelected on 2017/06/15
Managing Director	Yeang Der Investment Co., Ltd. Hsieh, Han-Chang	4	0	100%	Reelected on 2017/06/15
Managing Director	Yeang Der Investment Co., Ltd. Lo, Chun-Tien	4	0	100%	Reelected on 2017/06/15
Director	Chanching Co., Ltd. Kan, Chin-Yu	3	1	75%	Reelected on 2017/06/15
Director	Mitsubishi Electric Corporation (Japan) Mori Ittetsu	4	0	100%	Newly appointed on 2018/04/01.
Director	Mitsubishi Electric Corporation (Japan) Takazawa Noriyuki	3	1	75%	Reelected on 2017/06/15

Job title	Name (Note 1)	Actual attendance B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Director	Mitsubishi Electric Corporation (Japan) Matsubara Kenji	0	1	0%	Resigned on 2018/04/01 The Board held 1 meeting during the terms of office.
Director	Mitsubishi Electric Corporation (Japan) Sugiyama Shinya	3	0	100%	Newly appointed on 2019/04/01. The Board held 3 meeting during the terms of office.
Director	Yeang Der Investment Co., Ltd. Bryant Hsu	1	3	25%	Reelected on 2017/06/15
Director	Shin-Po Investment Co., Ltd. Lin, Po-Fong	2	2	50%	Newly appointed on 2018/12/11
Director	Yeang Der Investment Co., Ltd. Yang, Tsun-Ching	4	0	100%	Reelected on 2017/06/15
Director	Yeang Der Investment Co., Ltd. Yang, Tsung-Hsien	4	0	100%	Newly appointed on 2018/11/08
Independent Director	Yan, Cherng-Jau	4	0	100%	Newly Elected on 2017/06/15
Independent Director	Hu, Chao-Fong	4	0	100%	Newly Elected on 2017/06/15

Other items to be specified:

1. Should one of the following occur, the meeting date, period, content of the resolution, opinions of all Independent Directors, and the Company's handling of the opinions of the Independent Directors shall be clearly stated:
   (1) All the listed items in Article 14-3 of the Securities and Exchange Act: Please refer to p53-p54.
   (2) In addition to the aforementioned, the items in board resolutions regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing: None.
2. In instances where a Director's circumvention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status:
   * It is planned to donate NT$ 6,000,000 to Memorial Foundation of Mr. Ching-Teh Hsu. Chairman / Emmet Hsu, Managing Director / Hsieh, Han-Chang and Director / Bryant Hsu did not participate in the discussion and vote because of the interest avoidance.
3. TWSE/GTSM-Listed Companies shall disclose the information of Self-Evaluation (or Peer) Evaluation of the Board of Directors, including general evaluation cycle, evaluation period, scope and method of evaluation and content of evaluation. Fill in sequence the assessment of implementation status in the Attachment (2).
4. Measures undertaken during the current year and past year (including the establishment of the Audit Committee, improvement of info transparency, etc.) in order to strengthen the functions of the Board of Directors and assessment of such implementation: Please refer to p30-p37.

Note 1: The names of corporate shareholders and names of representatives shall be disclosed in case the director and Independent Directorare corporate organizations.

Note 2: (1) In case any director or supervisor resigns before the end of the year, mark the date of resignation on the remarks and the actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

(2) In case of any director and supervisor reelection before the end of the year, fill in the new and former directors and supervisors in addition to marking the director and supervisor as new or former term, and date of reelection. The actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

B. Assessment of the implementation of the Board of Directors

Assessment Circle (note1)	Assessment Period (note2)	Assessment Scope (note3)	Assessment Measure (note4)	Assessment Content (note5)
The assessment circle, period, scope, measure and contents of Directors' self appraisal:None Expected to be implemented in 2020.				

Note1: Fill in the assessment cycle of the board evaluation, such as / Yearly.

Note2: Fill in the assessment period of the board evaluation, such as / Jan 01, 2019 to December 31, 2019.

Note3: The assessment scope of the board evaluation, such as / Board, individual Director, or functional Committees (incl. Audit Committee and Remuneration Committee)

Note4: The assessment measure of the board evaluation, such as / Board internal assessment, Director's self-appraisal, Peer assessment, appoint external professional organizations and experts or other assessment method deemed appropriate.

Note5: The assessment measure for the Board shall include the following:

1.Involvement in the Company's operation, Quality improvement of the Board's decision-making, the composition and structure of the Board, The assignment and continual education of Directors, Internal control.

2.Self-appraisal measure for the individual Director shall include the following:(1) Control of the corporate goal and mission (2) Cognition of Director's duty. (3) Ivolvement in the Company's operation (4) Internal relation management and communication (5)The assignment and continual education of Directors (6) Internal control

3. Assessment measure for the functional committees shall include the following: (1)Involvement in the Company's operation (2) Cognition of functional committee's duty (3) Quality improvement of the Board's decision-making (4)The composition and assignment of the functional committee(5) Internal control.

C. Operations of Audit Committee

1. Assist the Board of Directors fulfilling its quality and integrity in supervising the Company's accounting, auditing, financial reporting processes and financial controls. The powers of the Audit Committee are as follows:

- Formulate or amend the internal control system based on Article 14-1 of the Securities and Exchange Act.
- Review and audit the effectiveness of the internal control system.
- Formulate or amend the regulations governing acquisition and disposal of assets, derivatives transactions, loaning of funds and making of endorsements/guarantees based on Article 36-1 of the Securities and Exchange Act.
- Review matters involving the Director's own interests.
- Review major assets or derivatives transactions.
- Review major fund loaning, endorsements or guarantees made.
- Review the raise, issuance or private placement of securities with equity.
- Review the appointment, dismissal or remuneration of CPAs.
- Review the appointment of Directors of financial, accounting or internal audit.
- Review the financial report required to be approved by the Board of Directors based on regulations by the competent authority.
- Review other major issues regulated by the Company or the competent authorities.

2. Operation of Such Year

Board Meeting	Discussions and Resolutions	Matters Specified in Article 14-5 of Securities and Exchange Act
8th Meeting of 19th Board Mar. 14, 2019	1. Proposal of distribution of 2018 employee remuneration and Director compensation.	
	2. Proposal of 2018 business report and financial statement.	V
	3. Proposal of distribution of 2018 surplus.	
	4. Proposal of convene date, location, and agenda of 2019 Shareholders' Meeting, location for reception and acceptance of shareholders' proposals, periods of reception and acceptance and e-voting.	
	5. Proposal of funding and making endorsement/guarantee to Vietnam Shihlin Electrical Engineering Ltd. and Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	V
	6. Proposal of amendment to "Disposition Procedures for the Acquisition or Disposal of Assets"	V
	7. Proposal of amendment to "Disposition Procedures for Derivative Financial Product Transaction".	V
	8. Submission of 2018 "Internal Control Statement" based on the results of self-inspection.	V
	9. Consent to lift non-competition restrictions on Directors representative of Juridical Persons and their representatives	
	Resolutions: Approved by all members of the Audit Committee without any objection.	
	Treatment by the Company to the resolutions of the Audit Committee: All Directors had attended and approved without any objection.	

Board Meeting	Discussions and Resolutions	Matters Specified in Article 14-5 of Securities and Exchange Act
9th Meeting of 19th Board May. 09, 2019	1. Proposal for making funding and making endorsement/guarantee to Changzhou Shihlin Auto Parts Co., Ltd.	V
	2. Proposal of 2019 compensation to CPAs.	V
	3. Set "standard operating procedures for handling Directors' requests".	
	4. Proposal for amendment to “Regulations Governing of Implementation of Internal Control” and “Regulations Governing of Implementation of Internal Auditing”	V
	Resolutions: Approved by all members of the Audit Committee without any objection.	
	Treatment by the Company to the resolutions of the Audit Committee: All Directors had attended and approved without any objection.	
10th Meeting of 19th Board Aug.08, 2019	1. Proposal of consolidated financial statement of January-June of 2019.	V
	2. Proposal of funding and making endorsement/guarantee to Kingdom Trading Shanghai Co., Ltd., Changzhou Shihlin Auto Parts Co., Ltd..	V
	3. Regular assessment of independence of CPAs appointed by the Company.	V
	Resolutions: Approved by all members of the Audit Committee without any objection.	
	Treatment by the Company to the resolutions of the Audit Committee: All Directors had attended and approved without any objection.	
11th Meeting of 19th Board Nov.07,2019	1. Proposal of 2020 business operation plans and budgets for loss coverage.	
	2. Proposal of 2020 audit plans.	
	3. For developing business and hedging foreign exchange risks, the Company intended to apply for a credit line of NT$ 15.85 billion for the financing in 2020.	
	4. Proposal of compensation for Directors and managers.	
	5. Donation of NT$ 6,000,000 to Memorial Foundation of Mr. Ching-Teh Hsu.	
	6. Capital increase NT$80,000,000 for the subsidiary.	V
	7. Proposal of funding and making endorsement/guarantee to Wuxi Shihlin Electric & Engineering Co., Ltd., Kingdom Trading Shanghai Co., Ltd., ChangZhou Mitsubishi Electric Shihlin Automotive Co., Ltd..	V
	Resolutions: Approved by all members of the Audit Committee without any objection.	
	Treatment by the Company to the resolutions of the Audit Committee: All Directors had attended and approved without any objection.	

3. The Audit Committee held **four (A)** meetings in 2019. The attendance record of Independent Directors is listed below:

Job Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Managing & Independent Director	Lin, Hsin-I	4	0	100%	
Independent Director	Yan, Cherng-Jau	4	0	100%	
Independent Director	Hu, Chao-Fong	4	0	100%	

Other items to be recorded:

1. The Audit Committee shall record the convene date, the term, the content of the proposal the Board Meeting, and the resolution of Audit Committee and the Company's treatment to the resolution of the Audit Committee if any of the following circumstances occurs.
   (1) Items listed in Article 14-5 of the Securities and Exchange Act: Please refer to p28-p29.
   (2) In addition to the preceding matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all Directors: None.
2. The names of Independent Directors, the contents of the proposals, the reasons for avoidance of conflicts of interest and the participation of voting shall be clearly recorded if there is any implementation of avoidance of conflicts of interest to any Independent Director: None.
3. Communication between the Independent Directors and the internal audit directors and CPAs (please record the covered major issues, methods and results of the communication for the Company's financial and business conditions):
   (1) The Company regularly calls meetings of the Audit Committee and invites CPAs, audit directors and relevant supervisors to attend if necessary.

Job Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
(2) The internal audit directors regularly submit the audit summary report according to the annual audit plan. The Audit Committee also regularly makes assessment to the Company's internal control system, the internal auditors and their work performance. (3) The Audit Committee regularly communicates with the Company's CPAs on the quarterly financial statements for review or examines the results and other related laws and regulations, and reviews the independence of the CPAs.					

Note:

* Where an Independent Directors may be relieved from duties before the end of the fiscal year, please specify their date of discharge in the 'Remarks" Section. Their actual attendance rate (%) to the Audit Committee session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

* Where an election may be held for filling the vacancies of Independent Directors before the end of the fiscal year, please list out both the new and the discharged Independent Directors and specify the new, the discharged and the reelected Independent Directors and the election date in the 'Remarks' Section. Their actual attendance rate(%) of the Audit Committee meetings shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

D.The state of the company's implementation of corporate governance, any discrepancy of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy:

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Does the company comply disclose corporate governance practice principles in compliance with Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The company has developed and disclosed its corporate governance practice principles on the company website in compliance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."	None
2. Shareholding Structure & Shareholders' Rights (1) Has the Company established internal operating procedures to handle shareholder proposals, doubts, disputes, and litigation-related issues, and practically implemented such procedures?	V		◆ The company offers spokesperson and proxy spokesperson to handle shareholders' suggestions or disputes. The consolidated individual companies also set up full-time management department to process relevant matters.	None
(2) Has the Company kept the lists of its major shareholders and the ultimate owners of such major shareholders?	V		◆ The equity affairs specialist of the company is in charge of the actual control of the major shareholders of the company and the ultimate control list of major shareholders while consolidated individual companies also set up share affairs specialist in charge of processing the relevant matters.	None
(3) Has the Company established risks control and firewall mechanism with its affiliates?	V		◆ The competent management of HR, asset and finance, and sales between the Company and affiliated enterprises are independent with dedicated department in assessment of risks.	None
(4) Has the Company established the internal rules to prohibit its insiders from trading securities by using info not yet disclosed to the market?	V		◆ The company strictly prohibits insiders with the use of private information in securities trading to prevent insider trading.	None

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from ”Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>3. Composition and Responsibilities of the Board of Directors
(1) Have the Board members formulated diverse policies and implemented them accordingly?</td><td>V</td><td></td><td>◆ The Company’s purpose is to make the structure of Board of Directors more diversified to effectively perform the function. During the selection processes, the Company shall further consider the professional backgrounds, experiences, skills of each candidate and much of diversified nationality, unless otherwise permitted by the Articles and the guidelines on nomination; the Company will periodically evaluate members’ performance and eligibility. Each board member of the Company, the professional talent from each business group and different area of field, will have absolute assistance to the Company’s development and operations. Status on Fulfilling Diversified Board Members:
<table>
<tr><th rowspan="2">Name</th><th rowspan="2">Nationality</th><th rowspan="2">concurrently serve as employee</th><th rowspan="2">Management</th><th rowspan="2">Cross-culture leadership</th><th colspan="2">Industry Knowledge & Experience</th></tr>
<tr><th>Electrical Engineering</th><th>Other</th></tr>
<tr><td>Emmet Hsu</td><td>R.O.C</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Hanaoka Hisao</td><td>Japan</td><td></td><td>V</td><td>V</td><td>V</td><td></td></tr>
<tr><td>Lin,Hsin-I</td><td>R.O.C</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Hsieh,Han-Chang</td><td>R.O.C</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Lo,Chun-Tien</td><td>R.O.C</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>Kan,Chin-Yu</td><td>R.O.C</td><td></td><td>V</td><td></td><td></td><td>V</td></tr>
<tr><td>Nakanishi Kyori</td><td>Japan</td><td></td><td>V</td><td>V</td><td>V</td><td></td></tr>
<tr><td>Sugiyama Shinya</td><td>Japan</td><td></td><td>V</td><td>V</td><td>V</td><td></td></tr>
<tr><td>Ito Toshimitsu</td><td>Japan</td><td></td><td>V</td><td>V</td><td>V</td><td></td></tr>
<tr><td>Yang,Tsun-Ching</td><td>R.O.C</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>Yang,Tsung-Hsien</td><td>R.O.C</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr>
<tr><td>Lin,Po-Fong</td><td>R.O.C</td><td></td><td>V</td><td></td><td></td><td>V</td></tr>
<tr><td>Bryant Hsu</td><td>U.S.A.</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>Yan,Cherng-Jau</td><td>R.O.C</td><td></td><td>V</td><td></td><td>V</td><td></td></tr>
<tr><td>Hu,Chao-Fong</td><td>R.O.C</td><td></td><td>V</td><td></td><td>V</td><td></td></tr>
</table>
</td><td>None</td></tr>
<tr><td>(2) In addition to Remuneration Committee and Audit Committee, has the Company established any other types of functional committee?</td><td></td><td>V</td><td>◆ The company currently only establishes Remuneration Committee and Audit Committee by law but has not voluntarily set up other types of functional committee.</td><td>The operation and management of the company have conducted relevant evaluation analysis and will cooperate with future law and regulations for revision and establishment.</td></tr>
<tr><td>(3) Has the Company established Board performance assessment method and has the performance evaluated annually?</td><td>V</td><td></td><td>◆ The Board performance assessment regulation has been approved by the Board member in May 2020. The company regularly evaluates the professionalism and relevant responsibility competence of all</td><td>None</td></tr>
</table>

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			directors in pursuit of maximum interests of the company and shareholders.	
(4) Has the Company evaluated the independence of CPAs on a regular basis?	V		◆ The corporate CPAs are CPA Chen,Chih-Yuan and CPA Yang,Ching-Cheng from Deloitte & Touche Taiwan. The company has evaluated the independence of CPA in terms of financial interests, financing and guarantee, commercial relations, family and personal relations, employment, gifts and presents, and special preference, and non-audit affairs. The company has also adopted the CPA independence evaluation at the Board of Director meeting held on August 8, 2019 with acquisition of the independence statement presented by the CPA.	None
4. Has the Company established a fully dedicated or concurrent unit or personnel in charge of the corporate governance related business, which includes but not limited to the provision of Directors and Supervisors' execution info, the proceeding of Board and Shareholders' meetings and the related pursuant to the regulation, corporate registry and change, the producing of the Board and Shareholders' meetings minutes, and so on?	V		◆ The company assigns the General Manager Office's Operation Planning Office to take charge of the corporate governance related affairs of the company. Additionally, the share affairs and financial departments also collectively coordinate and take charge of the execution, including the matters related to the Board of Director and Shareholders' Meetings by session by law, preparation of BOD and shareholders' meeting minutes, application of corporate change registration, regular examination and revision of the company's corporate governance best practice principles and relevant regulations, supply of information needed for the practice of affairs by directors, regular schedule of directors' advancement courses, and annual reporting to the Board of Directors for status of corporate governance operations. The company has not yet set up a corporate governance supervisor, but it is expected to complete the setting before the end of June 2021.	None
5. Has the Company established a communication channel for the stakeholders (including but not limited to the shareholders, employees, clients and suppliers, etc.), a company website dedicated to stakeholders, and responded appropriately to the social responsibility issues which are critical to stakeholders?	V		◆ The company offers adequate financial information for determination on the company website for transaction with the banks and other creditors. ◆ The company offers the address, phone number and toll-free numbers of the service offices in Taiwan to consumers on the company website so the consumers can communicate with the company immediately.	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			◆ The company conducts regular customer and distributor satisfaction questionnaire with incorporation into the CRM system for continual improvement and follow-up. ◆ The company holds employee satisfaction questionnaire each year for the company and business division supervisors to implement execution and optimize suggestions from employees. ◆ The company offers peer opinion box on the internal website for employees to directly reflect problems and communicate with the management. ◆ The HR and administrative management hold regular seminars to comprehend the demand from employees. ◆ The service departments of the remaining consolidated individual companies also maintain unobstructed communication channel for the scope of responsibility and with stakeholders.	
6. Has the Company commissioned a professional stock agent to handle shareholders affair?		V	◆ The company processes its own share affairs.	The company consigns full-time share affairs agency for assistance with the matters related to the calling of shareholders meeting convened
7. Information Disclosure (1) Has the Company established a website for info disclosure on financial, business and corporate governance?	V		◆ Currently the company discloses financial statements, service information and resolutions reached by the Board of Directors in Chinese and English on the company website.	None
(2) Has the Company also adopted other disclosure measures such as English website, dedicated personnel for collecting & disclosing of company info, implemented spokesman system, and uploaded the institutional investor conference presentations on the Company's website?	V		◆ The company sets up full-time organization in charge of the corporate information collection and disclosure. The company develops the "Spokesperson and Proxy Spokesperson Procedures Regulations" to implement the spokesperson system.	None
(3) Has the Company announced and declared the annual financial report within two months after end of the fiscal year, and announced Q1, Q2, Q3 financial report and monthly operating performance within prescribed time limit?	V		◆ The Company announced and declared its annual financial report in advance, and announced the quarterly financial report and monthly operating performance pursuant to the law and regulation	None
8. Does the Company have other critical information which can help others to understand the implementation of corporate governance (including but	V		(1) Social Contribution: 1. Taking valuation of environmental protection as responsibility by not only fully complying with the	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
not limited to, employee welfare, staff care, investor relations, supplier relations, stakeholder rights, Director training status, risk management policies and risk measurement standard implementation progress, customer policy implementation progress, and the Company's purchase of liability insurance for Directors)?			environmental protection law of local operation office but also paying attention to the latest environmental issues worldwide to lead in taking environmental friendly practice. 2. Pollution prevention is one of the foremost important responsibilities of enterprises and thereby pollution prevention will be built on ISO 14001 environmental management system, to promote continual improvement on environmental management cases through P-D-C-A management model. This approach will reduce the production of pollutants and wastes, which will take consideration of production costs and environmental protection. 3. Optimize and implement all CSR indicators in corporate social responsibilities to meet the corporate vision for sustainable management. 4. Develop and upgrade product performance to provide customers with more advanced, energy-saving and green products. 5. Implement M&E talent cultivation, campus development, regular holding of on-campus speech, and scholarship without restriction and semester internship. 6. Hold industry-research cooperation projects with school professors over the long run to promote knowledge economics and social development. 7. Consolidated individual companies also regularly cooperate with local government agencies or social organizations in holding charity events. (2) Community Involvement: 1. Regular endorsement of parties and community activities at Lanxing Village, Zhongzheng Village, and Dexing Village of Taipei City. 2. Long-term adoption and care for the street trees and pedestrian walk on section 6 of Zhongshan N. Road (between Derxing W. Road and Zhongzheng Road). 3. Long-term adoption of Derxing Park in Shilin District (green maintenance, trimming, cleaning, and maintenance). 4. Participated in the sponsorship of foster home center's children's dream	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			plan. 5. Irregularly holding villager and employee ecology conservation activities. 6. Irregularly holding local cultural and art activities, supporting local culture education and cultivation in-depth. 7. Regular holding of simple CPR and AED user training to improve the emergency rescue skills of employees and tenants. 8. Irregularly holding health seminar with the building units to improve the friendly relation with units. 9. Opening 30 parking spaces with discount price for villagers living nearby to park (Lanyu Village, Zhongzheng Village, Derxing Village). (3) Employees' Rights and Interests and Care for Employees: 1. The company is committed in providing a work environment with fun and reasonable pay. To build such environment, employees in Taiwan and overseas are offered with competitive salary and benefits. The company also continues to launch diversity of work and life balance solutions to take care of the physical and mental health of the employees. In work, complete educational training system and employee development plan can help employees with upgrading professional competency and self-growth; the company has become the key pushing hands supporting the sustainable development of the company. 2. The company shall take consideration of the work competence of employees during recruitment and shall treat persons with different sex, religion, race, nationality, or political party equality with fair treatment. All employees will be treated equality regardless of sex, religion, race, nationality, or political party to place right people on the right positions. The company also holds industry-academic cooperation with educational institutes in Taiwan or overseas from time to time. 3. The company values two-way communication and are committed to the strengthening of open and	

Item	Implementation Status			Deviations from ”Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
			transparent communication channel between supervisor and employees, and between employees, thereby promoting labor-management harmony. We regularly hold senior supervisor communication meeting, cross-department meeting and holidng employee satisfaction survey to listen to the opinion of employees as processing the problems reflected by employees to implement the relevant investigation and seminar conclusion. 4. We provide diversity of training courses to enhance the workplace competence of employees at all levels (management, professionalism, and language). In addition to arranging external training courses, the company also designs a series of training courses by hierarchy inside by holding language classes (English and Japanese) for employees to have self-study and growth, thereby continuing to upgrade personnel quality. With regards to overseas subsidiary, seminars for management and operation officers are regularly held to enrich the quality and competence of overseas supervisors and employees. 5. To maintain the competitiveness of the overall corporate remuneration, we measure the market salary level and macroeconomic indicators each year through salary investigation in Taiwan or overseas, making proper adjustment to the base salary of all employees. 6. Conducting regular personnel assessment and assisting with career planning, providing management and professional career dual-track system for employees to have unobstructed promotion channel with placement of right personnel on the right position. 7. Complete grievance channel can help employees solve work related personal rights and interests or unfair treatment by advocating for labor-management harmony and maintaining the rights and interests of labor. 8. The company provides employees with healthy, safe and comfortable work environment in addition to maintaining optimization and improvement. The foundation of	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			productivity of the consolidated company values employee work and life balance, and the physical and mental health of employees. The company also continues to build healthy workplace environment through diverse health care solutions, holding health promotion related activities, and the optimization of employee fitness center. (4) Investor Relations: The company has long valued public information disclosure. The company website offers Chairman's words on shareholders' report, financial report, articles of corporate governance, stock price and dividend information, and the public financial service information conforming to the scope of law and regulation, apart from the description of corporate briefing. (5) Supplier Relations: The company has always treated the supplier as partners with commitment in guiding long-term cooperation with the supplier, in order to establish a sustainable supply chain with stable development. The company not only takes consideration of the quality, lead time and costs of products from suppliers but also advocate for protection of environment, improvement of safety and health, human right valuation in suppliers, thereby jointly fulfill the social responsibility of enterprises, in addition to conducting risk management and operation renewal plan. (6) Rights of Stakeholders: Established communication channel with stakeholders. (7)Advancement courses for directors: Please refer to page 47~51. (8) Risk management policy and risk measurement standards execution: Please refer to page 281~284. (9) Purchase of Liability Insurance for Directors by the Company: The Company has purchased liability insurance for Directors on January 1, 2020.	
9. Please state the improvement status quo of the latest Corporate Governance Evaluation results announced by the Corporate Governance Center of TWSE, and the prioritized items and measures to be adopted: The company has voluntarily disclosed the adjustment of the average employee salary. In the future, it will preferentially discose more English information, such as English mid-term financial reports and English material information.				

E. Establishment, functions, and operations of the Remuneration Committee:

1. Members of the Remuneration Committee

ID (Note1)	Requirements / Name	Over five years of experience and the following professional qualifications			Independence criteria (Note 2)										Number of other public companies where the person holds the title as Remuneration Committee member	Remark
		University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate experiences	1	2	3	4	5	6	7	8	9	10		
Independent Director	Yan, Cherng-Jau			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-
Independent Director	Lin, Hsin-I			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Hu, Chao-Fong			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		-

Note 1: Please fill in the ID column as a Director, Independent Director or Other.

Note 2: A “√” is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

(1) Not employed by the Company or any of the Company’s affiliates.
(2) Not a Director or Supervisor of the Company or any of the Company’s affiliates. This restriction does not apply to Independent Directors of subsidiaries in which the Company or its parent company directly or indirectly holds over 50% of the shareholder voting rights.
(3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement.
(4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).
(5) Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
(6) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relation with the Company.
(7) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons.
(8) Not under any of the categories stated in Article 30 of the Company Law.
(9) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution, or a spouse that provides business, legal, financial and accounting services to the Company or its affiliates with rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members, or members of special committee of public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act.
(10) Not under any of the categories stated in Article 30 of the Company Law.

2. Operations of the Remuneration Committee

(1) The Company’s Remuneration Committee consists of 3 members.
(2) Current term of office: August 09, 2017~June 14, 2020. The Committee held **3** (**A**) meetings in the 2019 and the attendance of the Committee members is summarized as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Yan, Cherng-Jau	3	0	100%	
Member	Lin, Hsin-I	3	0	100%	
Member	Hu, Chao-Fong	3	0	100%	

Other notes:

1. If the Board of Directors does not adopt, or amends, the Remuneration Committee’s suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee’s opinions (If the remuneration ratified by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): N/A
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: N/A

Note 1.Where an Remuneration committee's member may be relieved from duties before the end of the fiscal year, please specify their Resignation date in the ‘Remarks” Section. Their actual attendance rate (%) to Remuneration committee session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

2. Where an election may be held for filling the vacancies of Remuneration committee's member before the end of the fiscal year, please list out both the new and the discharged Remuneration committee's member and specify the new, the discharged and the reelected Independent Directors and the election date in the 'Remarks' Section. Their actual attendance rate(%) of the Remuneration Committee's meetings shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

3. The proposals and resolutions of the Remuneration Committee meetings in 2019

Term of the Remuneration Committee Meeting	Discussions and Resolutions	Committee members' opinions	Remuneration Committee's resolution results and the Company's opinion on the follow-up
5th Meeting of 3th Term 2019/03/04	Proposal of distribution of 2019 employee remuneration and Director compensation.	All Committee's had attended and approved without any objection.	Reported to the Board of Directors and approved unanimously.
6th Meeting of 3th Term 2019/07/17	1. Proposal of changes of some managerial personnel and pay adjustmen of the Company. 2. Proposal of the 2019 remuneration of managers for 2018 performance.	All Committee's had attended and approved without any objection.	Reported to the Board of Directors and approved unanimously.
7th Meeting of 3th Term 2019/10/16	1. Review the annual 2020 remuneration of Directors . 2. Review the annual 2020 remuneration of Managers . 3. Proposal of the 2020 Remuneration Committee meetings schedule.	All Committee's had attended and approved without any objection.	Reported to the Board of Directors and approved unanimously.

F. Status on Performing Social Responsibility and Comparison Against Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies and Their Reasons:

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1.Does the Company conduct the risk assessment on environmental, social and corporate governance issues related to corporate operation? And any establishment of relevant risk management policy or strategies? (Materiality principle means there will be material impact of the environmental, social and corporate governance issues as a whole on corporate investors and other stakeholders.)	V		Faced with materiality principle with regard to corporate social responsibility, the Company will conduct the related risk assessment on important issues, as well as establish relevant risk management policy or strategies based on risk after assessment as follows: a. Environmental Protection and Ecological Preservation The Company will comply with the government's laws, International Convention and non-compliance with environmental laws and regulations. Meanwhile, regular inspection and continuous improvement will also be performed to periodically disclose the implementation status on corporate environmental management aimed at the public through Environmental Management System conform to nature and scale of the organization.	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			b. Product Safety For the requirements on passed product development and production, the Company will continuously maintain the verification of international quality management system. Aside from the business group electrical parts for vehicle adopting the vehicle industry's latest IATF 16949:2016 for quality verification, all the remaining business units (production sites in Taiwan) have passed the transition verification of of the latest international quality management system (ISO9001:2015). c. Socioeconomy and Compliance The Company has reexamined and improved of practical experience in all areas of the organization based on the posting items stated in the "Corporate Governance Evaluation" in order to comprehensively optimize the quality of corporate governance. For the purposes of implementation on daily procedures with the latest trends of corporate governance, we will use the information provided by the competent authority and outside consultants to appropriately adjust the internal monitoring mechanisms of corporate governance.	
2. Has the Company established a full-time or part-time CSR promoting unit, and had the Board to authorize the in-charge top management for update report?	V		◆ The company promotes matters related to the corporate social responsibility through the collective processing of management and planning office. The company also implements the execution with all departments accordingly. The organization follows the concept of Plan, Do, Check, Action (P-D-C-A) for operation with regular evaluation and review on the relevant response actions for corporate social responsibility.	None
3. Environmental Issues (1) Does the Company establish a suitable environmental management system according to its industrial characteristics?	V		(1) The Company has created the dedicated development unit to aggressively develop high energy -efficient power consumption products of various transmission and distribution, enhance the power usage effectiveness of using energy resource by customers, as well as to lower the impact on environmental load.	None
(2) Does the Company dedicate to enhance the use efficiency of various resources and use the recycled materials with low impact on environmental load?	V		(2) The Company has established the industrial safety and healthy center among each business group with respect to environmental management and industrial safety-related matters. As for the Company's Subsidiaries, such related matters are managed by the general affairs unit. We continue to strengthen the monitoring of pollution prevention management rules, focus on maintenance of environmental equipment, improve the processing performance	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			of equipment compliant with law regulation and standards for environment protection. In addition, we have passed the verification of environmental management system (ISO 14001).	
(3) Does the Company evaluate the current and future potential risks and opportunities of the enterprises brought about by climate change and adopt response measures of climate-related issues?	V		(3) The Company will evaluate the current and future potential risks and opportunities brought about by climate change and call for promoting various carbon reduction measures to avoid the water, air and land pollution in the process of operation. We will annually purchase and renovate the environmental equipment, periodically inspect and report the stationary pollution source of air pollution as well as emission stacks. The Company's Subsidiaries engaging in manufacturing will also periodically stick to related matters.	None
(4) Does the Company tabulate the greenhouse gas emissions, water consumption and total weight of waste over the past two years and formulate policies regarding carbon reduction, greenhouse gas reduction, less water consumption or other waste management?	V		(4) The Company has incorporated environmental management system to promote various energy conservation programs through verification of environmental management system (ISO 14001). In addition, we also tabulate the various amount used among resource usage and management, implement a program for saving energy and recycling resources to reduce resource waste.	None
4.Social Issues (1) Does the Company follow relevant laws and regulations as well as the International Bill of Human Rights to establish related management policies and procedures?	V		(1) The Company regularly organizes top management communication and cross-level meeting. In addition, we also perform the employee satisfaction surveys to carefully listen to the opinions of our employees and timely handle the problems reflected by employees for implementing conclusion after communication and more optimized decision-making.	None
(2) Does the Company establish and implement the rational employee benefit measures (including remuneration, paid vacation and other benefits…etc.)? And any reflection on the corporate business performance or achievements in the employee remuneration?	V		(2) The Company continues to make a concerted effort to provide the working environment with challenges, playfulness and rational rewards, as well as to establish the work rules and related rules of human resource management. The content is compliant with related labor laws and regulations of Labor Standards Act. In addition, we have also established the Employees' Welfare Committee for various betterment of employees' welfare, as well as reflected the corporate business performance and employee performance in the employee remuneration.	None
(3) Does the Company provide a safe and healthy working environment to employees? And any regular implementation on safety and health education for employees?	V V		(3) The Human Resources Department of the Company regularly organizes discussion sessions and training of labor safety to know well the employee demand and enhance the implementation results reflected in employees' consciousness of labor safety.	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(4) Does the Company build the efficient training programs of career planning ability for employees?	V		(4) Faced with cultivation of employees' career planning ability, the training plans are established per business functions by educational training section of the Company in systematic and organized patterns.	None
(5) For customer health and safety, customer privacy, marketing and labeling regarding the Company's products and services, does the Company follow relevant laws, regulations and international guidelines? And any establishment of policies on consumer rights and interests as well as procedures for accepting consumer complaints?	V		(5) The Company has better and more comprehensive grievance channels. Moreover, we also set up the customer service section in the Company's website and regularly organize customer and dealer satisfaction surveys by incorporating into CRM system for ongoing improvement and tracking.	None
(6) Does the Company establish the supplier management policy and ask the suppliers to follow the related rules for the issues such as environmental protection, occupational safety and health or labor and human rights? And any implementation status?			(6) The Company takes environment and social protection extremely seriously while making suppliers one of its screening indexes by giving consideration to the environment and social protection as well as regularly visiting and confirming their eligibility. We also ask our suppliers to comply with demands including environmental protection, industrial safety and human right and vendors' qualification of industrial safety based on national regulations, as well as to sign the environmental, safety and health commitment statement. We also incorporate corporate social responsibility into rating items for supplier introduction. Instead, once a violation of social empowerment occurs, such practices will influence the subsequent businesses and partnership with the Company.	None
5. Does the Company prescribe the report on nonfinancial information disclosure such as CSR report by referring to international reports to prescribe the standards or guidelines? Does the Company obtain a third-party assurance or verification for the foregoing reports?	V		◆ The Company's CSR report content and framework is mainly based on GRI Standards published by Global Reporting Initiative: Meet the core options to prescribe the report.	None
6. If the Company has established its corporate social responsibility best-practice principles in accordance with the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies, please clearly describe the functioning of such principles and any discrepancies: None				
7. Other important information to facilitate a better understanding of the Company's corporate social responsibility practices: (1) Social contribution: 1. Taking valuation of environmental protection as responsibility by not only fully complying with the environmental protection law of local operation office but also paying attention to the latest environmental issues worldwide to lead in taking environmental friendly practice. 2. Pollution prevention is one of the foremost important responsibilities of enterprises and thereby pollution prevention will be built on ISO 14001 environmental management system, to promote continual improvement on environmental management cases through P-D-C-A management model. This approach will reduce the production of pollutants and wastes, which will take consideration of production costs and environmental protection. 3. Optimize and implement all CSR indicators in corporate social responsibilities to meet the corporate vision for sustainable management.				

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	

4. Develop and upgrade product performance to provide customers with more advanced, energy-saving and green products.
5. In 2019, the Company has donated a medical tour bus to the Hsinchu Mackay Memorial Hospital, which became an important resource for the local medical care.
6. Hold industry-research cooperation projects with school professors over the long run to promote knowledge economics and social development.

(2) Community Involvement:

1. Regular endorsement of parties and community activities at Lanxing Village, Zhongzheng Village, and Dexing Village of Taipei City.
2. Long-term adoption and care for the street trees and pedestrian walk on section 6 of Zhongshan N. Road (between Derxing W. Road and Zhongzheng Road), Dexing Park of Shilin District. It took NTS 260,000 for flower trimming and cleaning and maintenance in 2019.
3. Regularly holding local cultural and art activities, supporting local culture education and cultivation in-depth.

(3) Employees' Rights and Interests and Care for Employees:

1. The company is committed in providing a work environment with fun and reasonable pay. To build such environment, employees in Taiwan and overseas are offered with competitive salary and benefits. The company also continues to launch diversity of work and life balance solutions to take care of the physical and mental health of the employees. In work, complete educational training system and employee development plan can help employees with upgrading professional competency and self-growth.
2. The company shall take consideration of the work competence of employees during recruitment and shall treat persons with different sex, religion, race, nationality, or political party equality with fair treatment.
3. The company values two-way communication and are committed to the strengthening of open and transparent communication channel between supervisor and employees, and between employees, thereby promoting labor-management harmony. We regularly hold senior supervisor communication meeting, cross-department meeting and holidng employee satisfaction survey to listen to the opinion of employees as processing the problems reflected by employees to implement the relevant investigation and seminar conclusion.
4. Provide diversity of training courses to enhance the workplace competence of employees at all levels (management, professionalism, and language). In addition to arranging external training courses, the company also designs a series of training courses by hierarchy inside by holding language classes (English and Japanese) for employees to have self-study and growth, thereby continuing to upgrade personnel quality.
5. To maintain the competitiveness of the overall corporate remuneration, measure the market salary level and macroeconomic indicators each year through salary investigation in Taiwan or overseas, making proper adjustment to the base salary of all employees.
6. Conducting regular personnel assessment and assisting with career planning, providing management and professional career dual-track system for employees to have unobstructed promotion channel with placement of right personnel on the right position.
7. Complete grievance channel can help employees solve work related personal rights and interests or unfair treatment by advocating for labor-management harmony and maintaining the rights and interests of labor
8. Provide employees with healthy, safe and comfortable work environment in addition to maintaining optimization and improvement. The foundation of productivity of the consolidated company values employee work and life balance, and the physical and mental health of employees. The company also continues to build healthy workplace environment through diverse health care solutions, holding health promotion related activities, and the optimization of employee fitness center.

(4) Safety and Health:

The company establishes dedicated safety and health department in collective processing of labor safety and environmental safety related matters. The departments regularly hold labor safety training to enhance employees' execution of labor safety awareness and implementation. The various health and life promotional campaigns are designed to assist employees with the implementation of healthy life. The health promotion activities provided by the company include fitness center sports courses, fitness test, stress-relief massage, flue vaccination services and seminar for physical and mental health.

(5) Supplier Relations:

The company has always treated the supplier as partners with commitment in guiding long-term cooperation with the supplier, in order to establish a sustainable supply chain with stable development.

(6) Rights and interests of Consumers:

The company offers the address, phone number and toll-free numbers of the service offices in Taiwan to consumers on the company website so the consumers can communicate with the company immediately.

G Implementation of Honest Practices, Comparison Against the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons:

Evaluation Items	Implementation Status			Deviations from ”Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary and Description	
1. Establish ethical management policies and plans				
(1) Has the Company adhered to the business conduct policy explicitly set out in its regulations and external documents, supported by the active commitment of the Board of Directors and Management to its implementation?	V		(1) The company complies with company act, Listed and OTC company related regulations as well as other commercial conduct law as the basic premise for implementing ethical management. The company adopted the ethical management principles at the Board of Directors meeting in November 2015 to establish the corporate culture and sound development of ethical management and the commitment to implement management policy with enthusiasm.	None
(2) Does the Company establish the evaluation mechanism on higher risk of unethical behavior, regularly analyze and evaluate the business activities with higher risk of unethical behavior, as well as adopt the preventative measures at least covering the Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?	V		(2) The consolidated corporations have established the accounting system and internal control system with validity. The internal audit staff will regularly analyze and evaluate the business activities with higher risk of unethical behavior. The preventative measures of unethical behavior have been specified in Ethical Corporate Management Best Practice Principles against the following: (a) Offering and acceptance of bribes. (b) Illegal political donations. (c) Improper charitable donations or sponsorships. (d) Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. (e) Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights and other intellectual property rights. (f) Engaging in unfair competitive practices. (g) Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	None
(3) Are the operational procedures, guidelines, disciplinary and appeal system of impairment included in the Company’s prevention programs of unethical behavior thorough implementation? And any regular review of the foregoing programs for better implementation?	V		(3) The consolidated corporations have included the operational procedures, guidelines and reporting systems in the preventative measures of unethical behavior to guide directors, managers, employees, and substantial controllers on how to conduct business. The Company also at all times monitors the development of relevant local and international regulations concerning ethical	None

Evaluation Items	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary and Description	
			corporate management and encourage their directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.	
2. Implementation of the Codes of Business Conduct (1) Does the Company access the ethical conduct records of its counterparts and specify "ethical clauses" in business contracts?	V		(1) The company upholds to fair and transparent practice in conducting commercial activities while taking consideration of agents, suppliers, customers, or other transacting parties of commerce for legitimacy and any unethical conducts to avoid transactions with such parties.	None
(2) Has the Company established dedicated units under supervision of the Board to promote corporate ethical management and to report accordingly to the Board of the implementation status?	V		(2) To fulfill the supervision responsibility of ethical management, the company sets up an audit team while members of Board of Directors forming the internal control team with regular auditing on the corporate governance operations, in addition to preparing the report for submission to the Board of Directors and Audit Committee. The subsidiaries also set up relevant units in charge of auditing the relevant matters.	None
(3) Does the Company promulgate policies to prevent conflicts of interests and offer channels for reporting such conflicts?	V		(3) The directors and managers of the company shall avoid all affairs with interests of conflict in addition to indicating the situations of conflict of interest operations in the company's annual report.	None
(4) Has the Company established an effective operation of the accounting and internal control system, and periodically conducted internal audits by internal auditors, or audited by CPA?	V		(4) The company sets up internal control system to assure the continuous effect of system design and execution. The auditors conduct annually scheduled inspection and revision process to establish sound corporate governance and risk management mechanism.	None
(5) Does the Company periodically conduct the internal and external training on ethical management?	V		(5) The company conducts ethical promotional courses when new employees report to occupational training and regularly promotes relevant regulations of ethical management in employee internal training.	None
3. Establishment of Reporting Channels for Violations of the Codes of Business Conduct (1) Has the Company established a specific reporting and reward system through convenient channels for lodging complaints? And, does the Company assign the dedicated personnel to attend to the matter?	V		(1) The company assigns the audit team and legal affairs as the operating units for supervising ethical management with relevant grievance system processing in accordance with the provisions prescribed in company regulations.	None
(2) Has the Company established the standard operation procedure for investigating and proceeding of the	V		(2) The audit team and legal affairs team will uphold to the standard procedures for subsequent investigation after receiving matters of report	None

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from ”Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Description</th></tr>
<tr><td>report in a confidential manner?

(3) Does the Company adopt measures to protect whistle blowers from reprisals for having filed the complaint report?</td><td>

V</td><td></td><td>and shall comply with the principles of personal data protection act for relevant confidentiality. Acts of revenge to relevant employees are prohibited.
(3) The audit team and legal affairs team of the company are units of transcendental independence, which protect the informers without exposure or improper treatment during the reporting process.</td><td>

None</td></tr>
<tr><td>4. Enforcement of Information Disclosure
(1) Has the Company disclosed its “Best Practice Principles” and the implementation through its official website or the market observation post system?</td><td>
V</td><td></td><td>
(1) The company sets up a company website to disclose the execution of corporate ethical management with dedicated personnel routinely updating the information and website of corporate governance.
http://www.seec.com.tw/</td><td>
None</td></tr>
<tr><td colspan="5">5. If the Company has established its ethical business best practice principles in accordance with the “Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies”, clearly describe the function of such principles and any discrepancies in ethical business best-practice principles:
The company has taken developed ethical corporate management best practice principles in conformity with the ethical management philosophy of the company, which operations do not differentiate from the content of principles.</td></tr>
<tr><td colspan="5">6.Other important information regarding the Company’s operation in ethical business best-practice, such as the reviewing and amending of the Company’s business best-practice principles and so on:
The company complies with regulations for all internal operations and upholds to legitimate ethical principles. Meanwhile internal auditors regularly prepare the audit report for submission to the Audit Committee while employees take regular educational training in promotion of ethical operation principles to effectively enhace the ethical management of the company.</td></tr>
</table>

H. Disclosure of access to Company Corporate Governance Best Practice Principles and related rules and regulations:

The company develops corporate governance practice principles and discloses such principles at the corporate governance section of the company website.

I. Other information enabling a better understanding of Company Corporate Governance:

(1)The continued advanced program of Directors is as follows:

Title	Name	Elected (inauguration) Date	Advancement Date		Organizer	Course Title Course name	Hours of Advancement Hours
			From	To			
Legal Director Representative	Emmet Hsu	1987/04/17	2017/10/31	2017/10/31	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Commercial Consideration and Legal Risk Analysis of Corporate Management Decisions	3.0
			2018/03/20	2018/03/20	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Taxation System Reforms and Corporate Governance	3.0
			2018/10/23	2018/10/23	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Future of Corporate Income Tax under Digitalization and Globalization	3.0
			2019/08/20	2019/08/20	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Discussion on the Practice of Enterprise Innovation Reference	3.0
			2019/08/27	2019/08/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Way to Meet Duties of Corporate Responsible Persons with Focus on Corporate Governance in the Prevention of Legal Liabilities	3.0
			2020/03/19	2020/03/19	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The latest development trend of sustainable (including corporate social responsibility (CSR) report) and analysis of relevant corporate governance practices	3.0
Legal Director Representative	Hsieh, Han-Chang	2005/01/03	2017/03/28	2017/03/28	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Precautions for 2017 Board of Directors and Shareholders' Meeting	3.0
			2017/10/31	2017/10/31	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Commercial Consideration and Legal Risk Analysis of Corporate Management Decisions	3.0
			2018/08/09	2018/08/09	Taiwan Corporate Governance Association (TCGA)	Corporate Governance - Analysis of the latest company law amendments	3.0
			2018/10/19	2018/10/19	Taiwan Corporate Governance Association (TCGA)	Examining the Management of Intellectual Property from the Level of Directors and Supervisors	3.0
			2018/10/23	2018/10/23	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Future of Corporate Income Tax under Digitalization and Globalization	3.0

Title	Name	Elected (inauguration) Date	Advancement Date		Organizer	Course Title Course name	Hours of Advancement Hours
			From	To			
			2019/08/20	2019/08/20	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Discussion on the Practice of Enterprise Innovation Reference	3.0
			2019/08/27	2019/08/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Way to Meet Duties of Corporate Responsible Persons with Focus on Corporate Governance in the Prevention of Legal Liabilities	3.0
			2020/03/17	2020/03/17	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	New Thoughts on Group Tax Governance with Focus on Future Trends of the Tax Regarding Digital Tax and International Tax	3.0
Legal Director Representative	Kan,Chin-Yu	2010/05/27	2017/04/14	2017/04/14	Taiwan Corporate Governance Association (TCGA)	How to directors fulfill “obligations of precaution”	3.0
			2017/05/05	2017/05/05	Taiwan Corporate Governance Association (TCGA)	What does the court say – What is information explicitly of inside trading	3.0
			2017/05/09	2017/05/09	Taiwan Corporate Governance Association (TCGA)	How do non-financial background directors and supervisors review financial statements	3.0
			2019/08/27	2019/08/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Way to Meet Duties of Corporate Responsible Persons with Focus on Corporate Governance in the Prevention of Legal Liabilities	3.0
			2019/10/29	2019/10/29	Taipei Foundation Of Finance	Preventative Measures for Tax and Money Laundering Risks – National Top Eight Patterns of Money Laundering Risks	3.0
Legal Director Representative	Lin, Po-Fong	2018/12/11	2019/03/22	2019/03/22	Taiwan Corporate Governance Association (TCGA)	The Reasons of the Corporate Fraud and Legal Liabilities for Directors/Supervisors - Case Studies	3.0
			2019/04/23	2019/04/23	Taiwan Corporate Governance Association (TCGA)	Practices of Board of Directors of Public Companies and Shareholders’ Meeting	3.0
			2019/04/30	2019/04/30	Taiwan Corporate Governance Association (TCGA)	Skills for Detecting Financial Statements Fraud	3.0
			2019/05/03	2019/05/03	Taiwan Corporate Governance Association (TCGA)	Operating Practices of Audit Committee	3.0

Title	Name	Elected (inauguration) Date	Advancement Date		Organizer	Course Title Course name	Hours of Advancement Hours
			From	To			
Legal Director Representative	Lo,Chun-Tien	2008/11/25	2017/03/21	2017/03/21	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Business Secrets	3.0
			2017/03/23	2017/03/23	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Impact of Five Global Trends on Taiwan and Enterprises	3.0
			2017/03/24	2017/03/24	Taiwan Corporate Governance Association (TCGA)	Global Trend Analysis-Risks and Opportunities	3.0
			2019/07/17	2019/07/17	Taiwan Securities Association	Corporate Governance and Transparency in Corporate Financial Information	3.0
			2019/12/19	2019/12/19	Securities & Futures Institute (SFI)	Directors/Supervisors (the independent directors included) and Advance Practice Workshop for Corporate Governance Supervisors	3.0
Legal Director Representative	Yang,Tsun-Ching	2011/05/27	2017/06/29	2017/06/29	Taiwan Corporate Governance Association (TCGA)	Examining Corporate Mergers & Acquisitions from the Level of Directors and Supervisors	3.0
			2017/07/28	2017/07/28	Taiwan Corporate Governance Association (TCGA)	In the rapidly changing environment of science and technology, directors lead companies to respond	3.0
			2018/11/30	2018/11/30	Taiwan Corporate Governance Association (TCGA)	Director Responsibility and Risk Management under the Latest Corporate Governance Blueprint	3.0
			2019/08/28	2019/08/28	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Analysis and Solutions for the Investigation Report on Global Business Operation Crisis in 2019	3.0
Legal Director Representative	Bryant Hsu	2016/09/01	2017/12/19	2017/12/19	Taiwan Corporate Governance Association (TCGA)	Examining Board of Directors Performance from the Level of Directors and Supervisors	3.0
			2017/12/22	2017/12/22	Taiwan Corporate Governance Association (TCGA)	Corporate Social Responsibility and the Latest Trends of Sustainable Development	3.0
			2018/01/12	2018/01/12	Taiwan Corporate Governance Association (TCGA)	Pushing Hands Behind Corporate Governance – Operation Practices of Company Secretary	3.0
			2018/03/27	2018/03/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Precautions for 2018 Board of Directors and Shareholders' Meeting	3.0

Title	Name	Elected (inauguration) Date	Advancement Date		Organizer	Course Title Course name	Hours of Advancement Hours
			From	To			
Legal Director Representative	Yang, Tsung-Hsien	2011/05/27	2017/03/17	2017/03/17	Taiwan Corporate Governance Association (TCGA)	How to effectively communicate with the market- Discuss the tool of "Company Disclosure"	3.0
			2017/03/23	2017/03/23	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The impact of five global trends on Taiwan and companies	3.0
			2017/03/24	2017/03/24	Taiwan Corporate Governance Association (TCGA)	Global trend analysis-risks and opportunities	3.0
Independent Director	Lin, Hsin-I	2017/06/15	2017/08/09	2017/08/09	Taiwan Corporate Governance Association (TCGA)	Major Reforms in Audit Report	3.0
			2017/08/09	2017/08/09	Taiwan Corporate Governance Association (TCGA)	How do supervisors supervise enterprise risk management and crisis management	3.0
			2018/08/08	2018/08/08	Taiwan Corporate Governance Association (TCGA)	How the Board of Directors and Supervisors Review Internal Control and Internal Audit	3.0
			2018/08/08	2018/08/08	Taiwan Corporate Governance Association (TCGA)	Accounting, information disclosure strategies and corporate governance	3.0
			2019/07/12	2019/07/12	Taiwan Corporate Governance Association (TCGA)	Group Company Corporate Governance	3.0
			2019/07/12	2019/07/12	Taiwan Corporate Governance Association (TCGA)	Innovation, digital technology and competitive advantage	3.0
Independent Director	Yan, Cherng-Jau	2017/06/15	2018/01/16	2018/01/16	Taiwan Securities Association (TSA)	Analysis of Operation Practice for Salary and Remuneration Committee	3.0
			2018/03/14	2018/03/14	Taiwan Securities Association (TSA)	Preparation, Key Reviews and Interpretation Analysis of Corporate Financial Statements	3.0
			2018/12/07	2018/12/07	Taiwan Corporate Governance Association (TCGA)	Practice of Operation of the Audit Committee	3.0
			2019/03/21	2019/03/21	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The New Norms and Trends of Corporate Governance that the Board of Directors Must Know in 2019	3.0
			2019/05/28	2019/05/28	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Discussion on Corporate Employee Compensation Strategies and Tool Utilization	3.0

Title	Name	Elected (inauguration) Date	Advancement Date		Organizer	Course Title Course name	Hours of Advancement Hours
			From	To			
Independent Director	Hu, Chao-Fong	2017/06/15	2018/09/20	2018/09/20	Business Council for Sustainable Development. (BCSD-Taiwan)	Corporate Social Responsibility and Trade Linkage - Sustainable Supply Chain Management	3.0
			2019/01/22	2019/01/22	Taiwan Corporate Governance Association (TCGA)	Company's Major Information Disclosure and Responsibility of the Board of Directors	3.0
			2019/03/15	2019/03/15	Taiwan Corporate Governance Association (TCGA)	Directors' Supervisors / Analysis of Key Messages and Responsibilities of Annual Report:	3.0
			2019/04/12	2019/04/12	Taiwan Corporate Governance Association (TCGA)	The Last Line of Defense of Corporate Governance - Director and Supervisor Liability Insurance	3.0
			2020/03/06	2020/03/06	Taiwan Corporate Governance Association (TCGA)	Planning of Shareholder Meetings and Case Studies	3.0

2. Advancement Courses and Trainings Related to Managers' Participation in Corporate Governance in 2019:

Title	Name	Training Course	Training Hours
General Manager	Emmet Hsu	Discussion on the Practice of Enterprise Innovation Reference	3
		The Way to Meet Duties of Corporate Responsible Persons with Focus on Corporate Governance in the Prevention of Legal Liabilities	3
Chief of Operation	Hsieh, Han-Chang	Discussion on the Practice of Enterprise Innovation Reference	3
		The Way to Meet Duties of Corporate Responsible Persons with Focus on Corporate Governance in the Prevention of Legal Liabilities	3
COO of Business Groups	Lo, Chun-Tien	Corporate Governance and Transparency in Corporate Financial Information	3
		Directors/Supervisors (the independent directors included) and Advance Practice Workshop for Corporate Governance Supervisors	3
Deputy Chief of Operation	Yang, Tsun-Ching	Analysis and Solutions for the Investigation Report on Global Business Operation Crisis in 2019	3
Associate Manager of Financial Officer & Chief Accountant	Shih, Chin-Yi	Literacy of Financial Statements for Management Decisions	6
		Case Studies on Legal Risk of Finance Managers	3
		Financial Effects of Cross-Strait Anti-Tax Avoidance Laws on Enterprises and Corresponding Measures	3

Note: Senior consultant refers to one of the titles of company managers.

J. Status of internal control system

(1) Internal Control Declaration

Shihlin Electric & Engineering Corp.
Declaration of the International Control System

Date: Mar. 13, 2020

The Company inspected the 2019 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to "the Regulations" for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2019) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at a meeting of the Board of Directors on March 13, 2020 with no objections by any of the fifteen attending Directors. The contents of the declaration have been accepted without objection.

Shihlin Electric & Engineering Corp.

Chairman & General Manager: Emmet Hsu

(2) The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A ,

K. Punishment of the Company or its internal personnel in accordance with the law, punishment of internal personnel by the Company for violating internal control system regulations, main deficiencies, and improvements during the recent year and up to the date of publication of this annual report: N/A

L. Resolutions reached at a meeting of shareholders or by the Board of Directors during the recent year and up to the date of publication of this annual report:

Meetings	Dates	Resolutions
Shareholders' Meeting	Jun. 20, 2019	1. Proposal of 2018 business report and financial statement, please recognize. Status: Recognized by the 2019 Shareholders' Meeting. 2. Proposal of distribution of 2018 surplus, please recognize. Status: Recognized by the 2019 Shareholders' Meeting and the distribution had been completed by August 27, 2019. 3. Discussion of amended to Articles of Incorporation. Status: Approved by the 2019 Shareholders' Meeting and the amended Articles of Incorporation had been disclosed at the Company's official site. 4. Discussion of amended to Disposition Procedures for the Acquisition or Disposal of Assets. Status: Approved by the 2019 Shareholders' Meeting and the amended Disposition Procedures had been disclosed at the Company's official site. 5. Discussion of amended to Disposition Procedures for Derivative Financial Product Transaction. Status: Approved by the 2019 Shareholders' Meeting and the amended Disposition Procedures had been disclosed at the Company's official site. 6. Discussion to lift non-competition restrictions on Directors representative of Juridical Persons and their representatives. Status: Approved by the 2019 Shareholders' Meeting and the list of competition restrictions on Directors representative of Juridical Persons proposed to be release had been announced.
Board Meeting	Mar. 14, 2019	1. Proposal of distribution of 2018 employee remuneration and Director compensation, please discuss. 2. Proposal of 2018 business report and financial statement, please discuss. 3. Proposal of distribution of 2018 surplus, please discuss. 4. Proposal of convene date, location, and agenda of 2019 Shareholders' Meeting, location for reception and acceptance of shareholders' proposals, periods of reception and acceptance and e-voting. 5. Proposal of funding and making endorsement/guarantee to Vietnam Shihlin Electrical Engineering Ltd. and Shihlin Electric (Suzhou) Power Equipment Co., Ltd. 6. Proposal of amendment to "Disposition Procedures for the Acquisition or Disposal of Assets". 7. Proposal of amendment to "Disposition Procedures for Derivative Financial Product Transaction". 8. Submission of 2018 "Internal Control Statement" based on the results of self-inspection. 9 Approved to lift non-competition restrictions on Directors representative of Juridical Persons and their representatives.
Board Meeting	May. 09, 2019	1. Funded and made endorsement/guarantee to Changzhou Shihlin Auto Parts Co., Ltd. 2. Proposal of 2019 compensation to CPAs. 3. Set up "Standard Operating Procedures for Handling Directors' Requests". 4. Amendment to "Internal Control Implementation Rules" and "Internal Audit Implementation Rules".
Board Meeting	Aug. 8, 2019	1. Proposal of consolidated financial statement of January-June of 2018, please discuss. 2. Proposal of funding and making endorsement/guarantee to Kingdom Trading Shanghai Co., Ltd. and Shihlin Electric (Suzhou) Power Equipment Co., Ltd. 3. Regular assessment of independence of CPAs appointed by the Company.
Board Meeting	Nov. 7, 2019	1. Proposal of 2020 business operation plans and budgets for loss coverage. 2. Proposal of 2020audit plans. 3. For developing business and hedging foreign exchange risks, the Company intended to apply for a credit line of NT$ 15.85 billion for the financing in 2019.

Meetings	Dates	Resolutions
		4. Proposal of compensation for Directors and managers. 5. Donated NT$ 6,000,000 to Memorial Foundation of Mr. Ching-Teh Hsu. 6. Capital increase for the Subsidiary NT$ 80,000,000. 7. Funded and made endorsement/guarantee to Wuxi Shihlin Electric & Engineering Co., Ltd., Kingdom Trading Shanghai Co., Ltd., ChangZhou Mitsubishi Electric Shihlin Automotive Co., Ltd..
Board Meeting	Mar. 13, 2020	1. Proposal of distribution of 2019 employee remuneration and Director compensation, please discuss. 2. Proposal of 2019 business report and financial statement, please discuss. 3. Proposal of distribution of 2019 surplus, please discuss. 4. Proposal of convene date, location, and agenda of 2020 Shareholders' Meeting, location for reception and acceptance of shareholders' proposals, periods of reception and acceptance and e-voting. 5. Proposal to elect 15 Directors (including 3 Independent Directors) of 20th Board of Directors. 6. 2020 Shareholders' Meeting accepted matters related to shareholders nominating candidates for directors (including independent directors) 7. Proposal to approve the qualification of Directors Candidates (including Independent Directors). 8. Proposal to lift non-competition restrictions on the newly elected Directors and the representative of Juridical Persons and their representatives. 9. Proposal to lift non-competition restrictions on the managerial personnel of the company and the representative of Juridical Persons and their representatives.. 10. Submission of 2019 "Internal Control Statement" based on the results of self-inspection.

M. Recorded or written statements of dissent made by any Director or Supervisor to important resolutions passed by the Board of Directors during the recent year and up to the date of publication of this annual report: N/A

N. Summary of discharge and resignation of parties relating to the annual report (Chairman, General Manager, Chief Accountant, Financial Officer, Chief Internal Auditor and R&D Officer) in the recent year and up to the date of publication of this annual report: None.

4. Information on CPA professional fees

Firm Name	CPA Name		Duration of Audit	Remark
Deloitte & Touche Taiwan	Chen, Chih-Yuan	Yang, Ching-Cheng	Jan.-Dec.,2019	

Unit: NT$ thousands

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Less than NT$2,000 thousand		V	
2	NT$2,000 thousand (inclusive)~NT$4,000 thousand			
3	NT$4,000 thousand (inclusive)~NT$6,000 thousand			
4	NT$6,000 thousand (inclusive)~NT$8,000 thousand	V		V
5	NT$8,000 thousand (inclusive)~NT$10,000 thousand			
6	NT$10,000 thousand (inclusive) or above			

The company has one of the following circumstances, and should disclose the CPA professional fee

(1) When non-audit fees paid to CPA, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed：N/A

(2) In the case of a change of CPA firm and the audit fees for the year of the change are less than those of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

(3) In the case of the audit fees being 15% less than that of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

(4) The company pays CPA audit fees and other non-audit fee of the affiliated accounting firm

The company has paid NT$1,257 thousands for non-audit fees in 2019, less than one quarte of the audited public fee. It's mainly for the transfer pricing related services

5. CPA Replacement Information In The Recent Two Years.

1. Former CPA

Date of change	August 08, 2018.		
Reasons for the change and descriptions	The internal adjustment of the accounting firm was changed by Hsu, Ting-Chen CPA and Chen, Chih-Yuan CPA to Chen, Chih-Yuan CPA and Yang, Ching-Cheng CPA.		
Termination by the appointer or CPA or rejection of the appointment	Client / Status	CPA	Appointer
	Voluntary termination of the appointment	N/A	
	Rejection (renewal) of appointment		
Audit report with opinion other than those audited reports with an unqualified opinion issued in the recent two years, and reasons for issue of the report.	Among the subsidiaries included in the 2017 and 2016 consolidated financial statements of the Company, the financial statements of some of the subsidiaries are verified by other CFAs. Therefore, the CFAs expressed their opinions on the financial statements of the above subsidiaries in the opinions expressed in the consolidated financial statements. The amount listed is based on the audit report of other CFAs; it is also included in the consolidated financial statements. The financial statements of some affiliates are verified by other CFAs. Therefore, the CFAs expressed their opinions on the consolidated financial statements. The share of the investment in the equity method of the aforesaid affiliates, the share of the affiliates' (losses) profits recognized by the equity method, and the share of the consolidated (losses) profits of the affiliates recognized by the equity method are based on the audit report of other CFAs.		
Dissidence with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statement
			Scope or step of audit
			Others
	No	V	
	Notes		
Other notes to be disclosed (those to be disclosed referred to article 10-6-1-4 ~ 7of the standards)	N/A		

2. Successive CPA

Firm Name	Deloitte & Touche Taiwan
CPA Name	Chen, Chih-Yuan and Yang, Ching-Cheng
Date of appointment	August 08, 2018.
The accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, prior to the formal engagement of the successive certified public accountant	N/A
The successive certified public accountant's written opinion regarding the matters on which the Company did not agree with the former certified public accountant	N/A

3. The written response of the former CPA to article 10-6-1 and article 10-6-2-3 of the standards: N/A

6. Information regarding the Chairman, General Manager, and Financial or Accounting Manager of the company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year: N/A

7. Equity information in fiscal year 2019 and as of the publication date of the annual report

1. Any transfer of equity interests and pledge of, or change in equity interest, by a Director, managerial officer, or shareholder with a stake of more than 10 percent.

Job title (Note 1)	Name	2019		01/01/2020~04/30/2020	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Legal Director Representative	Emmet Hsu	-	-	-	-
Legal Director Representative	Hsieh, Han-Chang	-	-	-	-
Legal Director Representative	Lo, Chun-Tien	-	-	-	-
Legal Director Representative	Yang, Tsun-Ching	-	-	-	-
Legal Director Representative	Yang, Tsung-Hsien	-	-	-	-
Legal Director Representative	Bryant Hsu	-	-	-	-
Director	Mitsubishi Electric Corporation (Japan)	-	-	-	-
Legal Director Representative	Hanaoka Hisao	-	-	-	-
Legal Director Representative (Note 3)	Mori Ittetsu	-	-	-	-
Legal Director Representative (Note 4)	Ito Toshimitsu	-	-	-	-
Legal Director Representative (Note 5)	Matsubara Kenji	-	-	-	-
Legal Director Representative (Note 6)	Sugiyama Shinya				
Legal Director Representative (Note7)	Takazawa Noriyuki	-	-	-	-
Legal Director Representative (Note 8)	Nakanishi Kyori	-	-	-	-
Director	Chanching Co., Ltd.	-	-	-	-
Legal Director Representative	Kan, Chin-Yu	33,000	-	314,000	-
Director	Shin-Po Investment Co., Ltd.	-	-	-	-
Legal Director Representative	Lin, Po-Fong	-	-	-	-
Legal Director Representative	Emmet Hsu	-	-	-	-
Independent Director	Lin, Hsin-I	-	-	-	-
Independent Director	Yan, Cherng-Jau	-	-	-	-
Independent Director	Hu, Chao-Fong	-	-	-	-
General Manager	Emmet Hsu	-	-	-	-
Chief of Operation	Hsieh, Han-Chang	-	-	-	-
Business Groups Chief of Operation	Lo, Chun-Tien	-	-	-	-
Deputy Chief of Operation	Yang, Tsun-Ching	-	-	-	-
Deputy Chief of Operation	Yang, Tsung-Hsien	-	-	-	-
Business Groups General Manager	Cheng, Hsiang-Chih	-	-	-	-
Business Groups General Manager	Ko, Ching-Li	-	-	-	-
Senior Deputy General Manager	Chang, Chin-Wen	(20,300)	-	-	-
Senior Deputy General Manager	Fang, Yu-Jung	-	-	-	-
Senior Deputy General Manager	Kuo, Yueh-She	-	-	-	-
Deputy General Manager	Wang, Pai-Sung	-	-	-	-
Senior Associate Manager	Wu, Tsung-Ming	-	-	-	-
Senior Associate Manager	Tung, Chi-Jen	-	-	-	-
Associate Manager	Hung, Chiu-Lieh	-	-	-	-
Associate Manager	Lin, Yu-Liang	-	-	-	-
Associate Manager	Bryant Hsu	-	-	-	-
Associate Manager	Shih, Chin-Yi	-	-	-	-
Associate Manager	Lee, Shui-Yuan	-	-	-	-
Associate Manager	Tien, Chia-Wen	-	-	-	-

Job title (Note 1)	Name	2019		01/01/2020~04/30/2020	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Associate Manager (Note9)	Yang, Wen-Lung	-	-	-	-
Associate Manager (Note10)	Liu, Zhun-Zhong				
Financial Officer	Shih, Chin-Yi	-	-	-	-
Chief Accountant	Shih, Chin-Yi	-	-	-	-
Major shareholder	Mitsubishi Electric Corporation (Japan)	-	-	-	-

Note 1：Shareholders holding greater than a 10 percent stake in the Company should be remark as major shareholders.
Note 2：If the transferees of shareholding transfer or shareholding pledge are related party, it should fill in the following table.\ **N/A**
Note 3：April 01, 2020 resigned
Note 4：April 01, 2020 took over
Note 5：April 01, 2019 resigned
Note 6：April 01, 2019 took over
Note 7：April 01, 2020 resigned
Note 8：April 01, 2020 took over
Note 9：March 01, 2020 resigned
Note 10：March 01, 2019 newly elected

2. Shareholding transferred (while the counterparty is a related party): N/A

3. Shareholding pledged: N/A

8.Top 10 shareholders and their relationships:

	Name（Note 1）	Current shareholding		Spouse and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Remark
		Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relationship	
1	Mitsubishi Electric Corporation (Japan)	110,242,966	21.16	0	0	0	0	N/A	N/A	-
	Representative: Sugiyama Shinya	0	0	0	0	0	0	N/A	N/A	
2	The Ambassador Hotel Co., Ltd.	44,285,175	8.50	0	0	0	0	Yeang Der Investment Co., Ltd./Benz Investmet Corp./Yu Hong Investment Corp./De Hong Investmet Corp.	Director/Subsidiary/ Subsidiary company invested evaluated by equity method/Subsidiary company invested evaluated by equity method	-
	Representative: Emmet Hsu	732,735	0.14	0	0	0	0	Yeang Der Investment Co., Ltd.	Spouse of Chairman	
3	The trust property account entrusted to China Trust Commercial Bank	40,893,213	7.85	0	0	0	0	N/A	N/A	-
4	The major investment account of the First Worldsec Securities entrusted to Citibank (Taiwan)	33,753,000	6.48	0	0	0	0	N/A	N/A	-
5	Yeang Der Investment Co., Ltd.	25,556,494	4.91	0	0	0	0	The Ambassador Hotel Co., Ltd.	Director	-
	Representative: Kuo,Tun-Yu	0	0	0	0	0	0	The Ambassador Hotel Co., Ltd.	Spouse of Chairman	
6	The trust property account entrusted to Taipei Fubon Commercial Bank	20,246,673	3.89	0	0	0	0	N/A	N/A	-
7	Shin-Kong Life Insurance Service Co., Ltd.	17,394,000	3.34					N/A	N/A	-
	Representative：Wu,Tung-Ching	0	0	0	0	0	0	N/A	N/A	
8	De Hong Investmet Corp.	15,328,000	2.94	0	0	0	0	The Ambassador Hotel Co., Ltd./Benz Investmet Corp.	The parent company of the investment company that evaluated by equity method/Investment company that evaluated by equity method	-
	Representative: Lee, Ying-Chu	0	0	0	0	0	0	N/A	N/A	
9	Yu Hong Investment Corp.	15,018,000	2.88	0	0	0	0	The Ambassador Hotel Co., Ltd./Benz Investmet Corp.	The parent company of the investment company that evaluated by equity method/Investment company that evaluated by equity method	-
	Representative: Lee, Ying-Chu	0	0	0	0	0	0	N/A	N/A	
10	The major investment account of the First Securities (Hong Kong) entrusted to Citibank (Taiwan)	11,899,000	2.28	0	0	0	0	N/A	N/A	-

Note 1: Name of the top-10 shareholders must be listed respectively. For institutional shareholders, the title of such institutional shareholder and the name of the representative(s) shall be listed respectively.
Note 2: The percentage of shareholding shall be calculated by taking into account the shares held by the shareholder, his/her spouse, children of minor age, and other persons holding shares in his/her name.
Note 3: For the shareholders referred to above including legal person and natural person, shall have the relationship disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

9. The number of shares held by the Company and Company Directors, Supervisor, managerial officers and the entities directly or indirectly controlled by the Company in a single company, and calculating the consolidated shareholding percentage of the above categories.

As of December 31, 2019

Long-term Investment (note 1)	Invested by the Company		Invested by Directors, Supervisor, Management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Shares	%	Shares	%	Shares	%
SEEC International Holdings Ltd.	51,828,287	100	0	0.0	51,828,287	100
Ji Lin Investment Co., Ltd.	29,990,000	99.9	0	0.0	29,990,000	99.9
SEEC International Trading Ltd.	4,000,000	100	0	0.0	4,000,000	100
Shihlin Electric USA Company Limited	2,500,000	100	0	0.0	2,500,000	100
Shihlin Electric (Australia) Pty. Ltd.	500,000	100	0	0.0	500,000	100
Hwo Lin Investment Co., Ltd.	49,990,000	94.8	2,700,000	5.1	52,690,000	99.9
Yuh Lin Investment Co., Ltd.	38,990,000	93.7	2,600,000	6.3	41,590,000	100
Jeng Lin Investment Co., Ltd.	18,990,000	87.5	2,700,000	12.4	21,690,000	99.9
Cheng Lin Investment Co., Ltd.	29,807,000	99.3	0	0.0	29,807,000	99.3
Vietnam Shihlin Electrical Engineering Ltd.	(note 2)	100	0	0.0	(note 2)	100
Shang Lin Investment Co., Ltd.	59,807,000	99.6	0	0.0	59,807,000	99.6
Rueylin Electric & Engineering Corp.	10,274,053	90.0	472,982	4.1	10,747,035	94.1
Jeen-Lin Industrial Co., Ltd.	5,346,364	78.4	45,925	0.7	5,392,289	79.1
Chan Der Investment Corp.	2,438,783	8.1	7,758,514	25.9	10,197,297	34.0
Cheng Der Investment Corp.	1,149,177	3.6	7,733,342	24.8	8,882,519	28.4
Ting Lin Enterprise Co., Ltd.	12,188,000	96.7	0	0.0	12,188,000	96.7
Chuan Lin Technology Corporation	410,000	31.5	580,000	41.5	990,000	73.0
Hsin Lin Electric Machinery Co., Ltd.	2,880,000	60	108,000	2.3	2,988,000	62.3
Yu Der Investment Corp.	2,618,000	4.8	10,602,000	19.6	13,220,000	24.4
The Ambassador Hotel Co., Ltd.	66,918,617	18.2	11,399,000	3.1	78,317,617	21.3
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	0	0	(note 2)	55.0	(note 2)	55.0
Changzhou Shihlin Auto Parts Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Xiamen Shihlin Electric & Engineering Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Suzhou Shihlin Electric & Engineering Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Wuxi Shihlin Electric & Engineering Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Fuzhou Shihlin Electric & Engineering Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	0	0	(note 2)	70.5	(note 2)	70.5
Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	0	0	(note 2)	49.0	(note 2)	49.0
Mitsuba Shihlin Electric (Wuhan) Co., Ltd.	0	0	(note 2)	45.0	(note 2)	45.0
Kingdom Trading Shanghai Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Shihlin Electric & Engineering Equipment Vienam Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Chang Hong Investment Corp.	0	0	16,002,000	28.1	16,002,000	28.1
Yu Hong Investment Corp.	0	0	46,002,000	30.0	46,002,000	30.0

Long-term Investment (note 1)	Invested by the Company		Invested by Directors, Supervisor, Management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Shares	%	Shares	%	Shares	%
Xin He Investment Corp.	0	0	28,998,000	43.2	28,998,000	43.2
Yeangder Entertainment Co., Ltd.	0	0	4,000,000	100	4,000,000	100
De Hong Investmet Corp.	0	0	41,002,000	34.1	41,002,000	34.1
(Samoa) Hsin Lin International Investment Corp.	0	0	1,880,000	100	1,880,000	100
(Samoa) Rueylin International Investment Corp.	0	0	1,200,000	100	1,200,000	100
Shihlin Technology (Shenzhen) Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Xiamen Chen-Yeu Transportation Implements Co., Ltd.	0	0	(note 2)	100	(note 2)	100
Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd	0	0	(note 2)	30.0	(note 2)	30.0
Wu-Ling Electric & Engineering Co., Ltd.	0	0	3,000,000	60.0	3,000,000	60.0

Note 1：It is investments accounted for using equity method of the Company.
Note 2：It is limited company, no shares.

IV. Capital Overview

1.Capital and shares

A. Company's Capital and Any issuance of Shares (as of the publication date of the annual report)

(1) Source of Capital

Unit: NT$ thousand, 1000 shares

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1955/08	100	40	4,000	40	4,000		-	
1957/04	100	60	6,000	60	6,000	capital increase 2,000,000	-	
1961/02	100	120	12,000	120	12,000	capital increase 6,000,000	-	
1962/06	100	30	3,000	30	3,000	capital Decrease 9,000,000	-	
1962/07	100	120	12,000	120	12,000	capital increase 9,000,000	-	
1964/10	10	3,000	30,000	3,000	30,000	capital increase and change par value 18,000,000	-	
1969/01	10	4,000	40,000	4,000	40,000	capital increase 10,000,000	-	
1970/10	10	4,600	46,000	4,600	46,000	capital increase 6,000,000	-	
1971/06	10	7,000	70,000	7,000	70,000	capital increase 24,000,000	-	
1973/07	10	7,700	77,000	7,700	77,000	capital increase 7,000,000	-	
1974/04	10	15,000	150,000	15,000	150,000	capital increase 73,000,000	-	
1974/08	10	16,000	160,000	16,000	160,000	capital increase 10,000,000	-	
1975/07	10	18,000	180,000	18,000	180,000	capital reserve and surplus capitalization 20,000,000	-	
1976/07	10	20,000	200,000	20,000	200,000	capital increase 20,000,000	-	
1977/07	10	22,000	220,000	22,000	220,000	surplus capitalization 20,000,000	-	
1978/07	10	23,760	237,600	23,760	237,600	capital reserve and surplus capitalization 17,600,000	-	
1979/08	10	39,000	390,000	39,000	390,000	cash increase and surplus capitalization 152,400,000	-	
1980/06	10	80,000	800,000	56,950	569,500	capital reserve and surplus capitalization 179,500,000	-	
1981/05	10	80,000	800,000	63,155	631,558	capital reserve and surplus capitalization 62,058,000	-	
1982/07	10	80,000	800,000	68,524	685,242	capital reserve and surplus capitalization 53,684,000	-	
1984/09	10	80,000	800,000	72,635	726,356	capital reserve and surplus capitalization 41,114,520	-	
1986/08	10	80,000	800,000	76,267	762,674	surplus capitalization 36,317,820	-	
1987/08	10	120,000	1,200,000	95,334	953,342	cash increase and surplus capitalization 190,668,590	-	
1988/06	10	120,000	1,200,000	103,596	1,035,965	surplus capitalization 82,623,040	-	
1988/09	10	120,000	1,200,000	120,000	1,200,000	capital increase in cash164,034,030	-	
1989/05	10	160,000	1,600,000	135,395	1,355,395	surplus capitalization 155,395,000	-	
1990/05	10	160,000	1,600,000	160,000	1,600,000	surplus capitalization 244,605,000	-	Note 1
1991/10	10	250,000	2,500,000	184,000	1,840,000	surplus capitalization 240,000,000	-	
1992/10	10	250,000	2,500,000	202,400	2,024,000	surplus capitalization 184,000,000	-	Note 2
1993/10	10	250,000	2,500,000	218,592	2,185,920	surplus capitalization 161,920,000	-	Note 3
1994/09	10	250,000	2,500,000	218,592	2,404,512	surplus capitalization 218,592,000	-	Note 4
1995/09	10	350,000	3,500,000	282,530	2,825,302	surplus capitalization 420,789,600	-	Note 5
1996/08	10	350,000	3,500,000	347,633	3,476,330	surplus capitalization 226,028,400 capital increase in cash 425,000,000	-	Note 6

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1997/08	10	410,000	4,100,000	365,014	3,650,147	surplus capitalization 173,816,500	-	Note 7
1998/09	10	410,000	4,100,000	408,817	4,088,170	surplus capitalization 438,023,500	-	Note 8
1999/06	10	580,000	5,800,000	472,274	4,722,747	conversion of Corporate Bonds 307,523,510 surplus capitalization 327,053,600	-	Note 9
2000/06	10	580,000	5,800,000	500,652	5,006,522	capital reserve capitalization 283,364,830 conversion of Corporate Bonds 410,520	-	Note 10
2001/03	10	580,000	5,800,000	500,853	5,008,531	conversion of Corporate Bonds 2,008,410	-	Note 11
2001/06	10	580,000	5,800,000	520,972	5,209,722	conversion of Corporate Bonds 842,230 capital reserve capitalization 200,349,130	-	Note 12

Note 1：(79) Tai-Tsai-Cheng (1) No. 01677 dated July 23, 1990
Note 2：(81)Tai-Tsai-Cheng (1) No.01640 dated July 17, 1992
Note 3：(82)Tai-Tsai-Cheng (1) No.30051 dated July 23, 1993
Note 4：(83)Tai-Tsai-Cheng (1) No.31356 dated July 13, 1994
Note 5：(84)Tai-Tsai-Cheng (1) No.36309 dated June 23, 1995
Note 6：(85)Tai-Tsai-Cheng (1) No.27246 dated May 15, 1996
Note 7：(86)Tai-Tsai-Cheng (1) No.40867 dated May 21, 1997
Note 8：(87)Tai-Tsai-Cheng (1) No.59758 dated July 16, 1998
Note 9：(88)Tai-Tsai-Cheng (1) No.44587 dated May 30, 1999
Note 10：(89)Tai-Tsai-Cheng (1) No.38404 dated May 09, 2000
Note 11：(90)Shan-Tzi No.9001092330 dated March 23, 2001
Note 12：(90)Tai-Tsai-Cheng (1) No.134819 dated June 04, 2001

(2) Type of share

Unit: share / April 21, 2020

Type of share	Authorized Capital Stock			Remark
	Outstanding Shares (listed)	Unissued Shares	Total	
Common stock	520,972,223	59,027,777	580,000,000	—

(3) Self - Registration System: Nil

B. Composition of Shareholders

As of April 21, 2020

Composition of Shareholders / Quantity	Government apparatus	Financial organization	Other juridical persons	Individuals	Foreign institution or foreigner	Total
Number of persons	1	1	160	37,105	110	37,377
Shares	609,000	17,394,000	224,872,809	110,791,270	167,305,144	520,972,223
%	0.12	3.34	43.16	21.27	32.11	100.00

C. Distribution Profile of Share Ownership

As of April 21, 2020

Shareholders Ownership	Number of Shareholders	Number of Shares Owned (Shares)	Shareholding ratio (%)
1 ~ 999	28,208	4,188,256	0.80
1,000 ~ 5,000	6,934	14,289,173	2.74
5,001 ~ 10,000	1,071	7,811,121	1.50
10,001 ~ 15,000	367	4,518,844	0.87
15,001 ~ 20,000	159	2,859,086	0.55
20,001 ~ 30,000	164	4,024,301	0.77
30,001 ~ 40,000	85	3,026,849	0.58
40,001 50,000	71	3,276,179	0.63
50,001 ~ 100,000	148	10,911,975	2.09
100,001 ~ 200,000	77	10,695,465	2.05
200,001 ~ 400,000	32	9,491,785	1.82
400,001 ~ 600,000	12	5,875,166	1.13
600,001 ~ 800,000	7	4,821,658	0.93
800,001 ~ 1,000,000	5	4,554,526	0.87
1,000,001 and above	37	430,627,839	82.66
Total	37,377	520,972,223	100

D. Major Shareholders (Top 10 shareholders or with Shareholdings greater than 5%)

On the Book closure date: April 21, 2020

Quantity of shares / Major Shareholders	Total shares owned (Shares)	Shareholding ratio (%)
Mitsubishi Electric Corporation (Japan)	110,242,966	21.16
The Ambassador Hotel Co., Ltd.	44,285,175	8.50
The trust property account entrusted to CTBC Bank	40,893,213	7.85
The major investment account of the First Worldsec Securities entrusted to Citibank (Taiwan)	33,753,000	6.48
Yeang Der Investment Co., Ltd.	25,556,494	4.91
The trust property account entrusted to Taipei Fubon Commercial Bank	20,246,673	3.89
Shin-Kong Life Insurance Co., Ltd.	17,394,000	3.34
De Hong Investmet Corp.	15,328,000	2.94
Yu Hong Investment Corp.	15,018,000	2.88
The major investment account of the First Securities (Hong Kong) entrusted to Citibank (Taiwan)	11,899,000	2.28

E. Market Price, Net Value, Earnings and Dividends per Common Share Latest two years

Unit: $

Item		Year	2018	2019	As of March 31, 2020
Market price per share	Highest		51.90	47.50	47.15
	Lowest		39.40	40.20	38.90
	Average		41.49	44.04	43.54
Net value per share	Before distribution		44.41	46.39	46.50
	After distribution		42.91	Note 1	-
Earnings per share	Weighted Average Outstanding Shares		520,972	520,972	520,972
	EPS		2.72	3.21	0.96
Dividends per Share	Cash Dividend		1.50	Note 1	-
	Stock Dividends	0	-	-	-
		0	-	-	-
	Accumulated Undistributed Dividends		0	0	-
Investment Return Analysis	Price / Earnings Ratio		15.25	13.72	-
	Price / Dividend Ratio		27.66	Note 1	-
	Cash Dividend Yield Rate		3.62%	Note 1	-

Note 1：The 2019 earnings distribution proposal of the company is not yet resolved by the shareholders' meeting, therefore, the amount after the distribution is not listed.

F. Company Dividend Policy and Status of Execution

1. Dividend Policy

The articles of incorporation of Shihlin Electric are outlined below:

The company should appropriate for taxation and make up for cumulative loss in there is any surplus to the final audit, followed by appropriating 10% as legal reserve. Any remaining surplus of the current year shall be appropriated as appropriated retained earnings in accordance with the regulations of competent authority. The appropriation of appropriated retained earnings and distribution of dividend and bonus shall be drafted by the Board of Directors for proposal to the Shareholders’ Meeting for resolution.

The aforementioned relevant information in announced on the Market Observation Post System (MOPS) by law.

The company shall distribute dividends according to the profits, financing needs for future operation plans, changes in industry environment and other factors. The distribution will be based on the balance from the cumulative undistributed surplus from previous fiscal year with appropriation no less than 5% in general. In particular, the cash dividend and bonus in general cannot fall below 20% of the total amount of dividend and bonus. The actual distribution ratio or method of dividend distribution may be adjusted depending on the corporate operation, as the Board of Directors shall propose distribution proposition to Shareholders’ Meeting for resolution.

2. Distribution of dividend proposed by current shareholders’ meeting

The 2020 Shareholders’ General Meeting proposed the distribution of a cash dividend of NT$1.6 per share.

G. Effect on Business Performance and EPS resulting from Stock Dividend distribution proposed by the 2020 Shareholders’ meeting: N/A

H. Compensation of Employees and Directors

1. The compensation of employees and directors set out in the Articles of Incorporation of the Company is as follows：
   The following distribution should be appropriated for any profit from the current fiscal year:
   (1) Up to 4% in director remuneration.
   (2) Employee remuneration between 1%~8%.
   Nonetheless the amount of cumulative loss of the company shall be retained in advance, if any.
   The so-called profit refers to the profit of net income before deducting director remuneration and employee remuneration.

2. The accounting treatment of the discrepancy between accrual and actual payment for the employees and directors compensation：
   The 2019 estimated employee remuneration of NT$ 99,600 thousand and director remuneration of NT$ 49,800 thousand were estimated on the aforementioned basic net income of 4.52% and 2.26%. Such amount was distributed in cash per resolution reached by the Board of Directors on March 13, 2020. If the amount varies after the announcement date of the adoption of annual individual financial statements, the amount shall be processed by accounting estimation and shall be adjusted into account in the following fiscal year.

3. Board of Directors adoption of remuneration distribution
   (1) Amount of Employee remuneration and Directors remuneration distributed in cash or stocks:

Unit: NTD Thousands

Item	Amount
Employee Remuneration in Cash	99,600
Employee Remuneration in Stocks	None
Directors Remuneration	49,800

The 2019 employee remuneration and director remuneration resolved by the Board of Directors on March 13, 2020 do not show discretion from the amount estimated in the 2019 individual financial report.

(2) The ratio between the amount of employee remuneration distributed in stocks and the sum of net income of entity or individual financial report and employee remuneration of current fiscal year: N/A.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year:
   The Board of Directors of Shihlin Electric resolved on March 14, 2019 to distribute 2018 employee remuneration and director/supervisor remuneration in the amount of NT$99,600 thousand and NT$49,800 thousand. The foregoing Board of Director resolution on the distribution of employee remuneration and director/supervisor remuneration does not show discretion from the employee remuneration and director/supervisor remuneration realized in the 2018 individual financial statements.

I. Share Repurchases by the Company：None.

2. Issuance of Corporate Bonds: None.

3. Issuance of Preferred Stock：None**.**

4. Issuance of Global Depositary Receipts：None.

5. Issuance of Employee Stock Options：None.

6. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies：None.

7. The Implementation of the Company's Capital Allocation Plans: None.

V. Operation Overview

1. Business Activities

A. Business scopes

1. Description of Operation

The company's primary products: Automobile electric products, heavy electric, low-voltage switch, industrial control products, industrial equipment, and digital home electronic appliances (agency).

2. The ratio of 2019 products of the company is described below:

Product category	Ratio (%)
Electricity Dispatch	53.95
Automobile Components	22.31
Automation Equipment and Components	19.93
Others	3.81
Total	100.00

3. New product development plan

Product Category	Development Items
Electricity Dispatch	1. Power Transformer for Green Energy 2. Energy-Saving Filter Transformer 3. Amorphous Cast Resin Molded Transformer 4. Aluminum – Aluminum Cast Resin Molded Transformer 5. High Voltage Energy-Saving Voltage Transformer for Ultra High Precision and Low Loss 6. Compact Energy-Saving Power Factor Controller 7. SK-Type (Spike Resistance and Harmonics) Capacitor 8. Arc-Fault Circuit Interrupters (AFCI) 9. Miniature Circuit Breaker 6kA@380V 63AF 10.Auxiliary Earth Leakage Circuit Breaker for Miniature Circuit Breaker 11. Miniature Circuit Breaker (1P+N) 6kA@220V 40AF 12. GFCI Earth Leakage Circuit Socket 13. DC Surge Protection Devices (DC1500V) 14. DC Disconnect Switch (DC1500V) 15. DC Fuse (DC1500V) 16. LVDC (Low Voltage Direct Current) Contactor DC48V 100~600A 17. S-P125T~800 PLC can directly control the magnetic contactors. 18. Muse-Type Magnetic Contactor 19. TH-P12/P20 CLASS 20 Thermal Overload Relays 20. S-P100SC Capacitor Duty Contactor 21. TH-P18N Thermal Overload Relays 22. Electronic Overload Relays 23. EYD-O-P21~P60 Compact Step-Down voltage Startup Switch 24. NF/NV 63AF Development of No-Fuse / Earth Leakage Circuit Breaker 25. NF/NV 125AF Thermal No-Fuse / Earth Leakage Circuit Breaker 26. NF800/1600AF Electronic Circuit Breaker 27. NF/NV 630AF Compact No-Fuse / Earth Leakage Circuit Breaker 28. NF100/250/400AF Non-Tripping Circuit Breaker for Overload Alarm 29. DC NF250-AF (DC 1500V) Circuit Breaker 30. ACB4000AF N Type High Breaking Air Circuit Breaker

Product Category	Development Items
	31. NF100~250-AF Non-Tripping Circuit Breaker for Overload Alarm 32. DC NF250-AF (50kA@1500VDC) 33. 630AF Miniature Earth Leakage Circuit Breaker 36kA@440V 34. ACB 1600/4000 N Type High Breaking Air Circuit Breaker
Automobile Components	1. ISG/TM Product Development for Four-Wheel-Drive Vehicles 2. Long Lifetime Waterproof Type Starter Motor 3. Development of Module Type Fuel Pump for Heavy-Duty Motorcycles 4. Voltage Stabilizer for Heavy- Duty Motorcycles 5. Starting Relay for Heavy-Duty Motorcycles 6. 180cc Starter Generator (ISG) for Two-Wheel-Drive Vehicles 7. Brake Motor for Two-Wheel-Drive Vehicles 8. Parking Motor for vehicles 9. Development of Module Type Fuel Pump for off-road Vehicles 10. 8kW Water-Cooling Power Motor for Two-Wheel-Drive Electric Vehicles 11. 8kW Water-Cooling Power Motor Controller for Two-Wheel-Drive Electric Vehicles 12. Generator with High Efficiency for Heavy Vehicles 13. Unbalanced Type Generator with High Efficiency for Heavy Vehicles 14. Low Noise Generator with High Efficiency for Heavy Vehicles 15. Compact Starter Motor for Heavy Vehicles
Automation Equipment and Components	1. SF3 Series of Fan Water Pump Inverter 2.SEVD 3 in 1 Inverter for Electric Vehicles 3. Spindasyn Motor for Semiconductor Coating Process 4.DC48V Low Voltage Servo Motor 200/400W 5. Low-Speed / High-Torque Servo Motor 0.8/1.3/1.8KW 6. SME 400W/750W High-Inertia Motor 7.SDP High End Linear Motor Servo Driver 8. 4KW Driver for Two-Wheel-Drive Electric Vehicles 9. MD1 3 in 1 Servo Driver for EtherCAT expansion 10. IIOT gateway Industrial Network Gateway

B. Industry Overview

1. Current Industry Status and Development

(1) Electricity Dispatch Industry

(A) Products of power industry mainly include transformers, switchboards, monitoring systems, gas-insulated switchgear (GIS), comparators, capacitors and those of tracks-related industries. The relevant products are all critical equipment for power transmission and distribution. In 2019, due to the US-China trade war, the US policies of tax cuts, the slowdown of mainland China's economic growth, the unstable international political economic status, the volatility and fluctuation of financial markets, and the decrease in international oil prices, the development of global economy is rather not optimistic. Taiwanese government is acting as the leading role by implementing a series of economic development policies such as industrial innovation, New Southbound Policy, and Foresight Program (including infrastructure construction, green energy development and railways construction) to boost domestic economics, which would be the major support for Taiwan’s economic development and maintain domestic demand level. For export, the export-oriented industries in Taiwan have been impacted by US-China trade war. For the prospect of sales of power products, the future revenue may be expanded not only via the growth of orders from domestic private/ state-owned enterprises, clients from North America and Southeast Asia, but also the active expansion to the green energy market, track industry and the

ASEAN market.

The Company has obtained the fullest range of certified qualifications comparing with other enterprises of the industry, which enables us to effectively satisfy the clients' demands of submission of statement of construction completion and application of power supply review to TPC. In addition, to expand the domestic and international markets, we are actively planning to pass various product certifications for becoming an international high-voltage power equipment supplier, which would benefit the future revenue.

(B) In terms of market status of switches industry, the U.S. trade sanction against China has generated an effect on returning Taiwanese firms toward investment in Taiwan. The housing and factory office constructions showed continued growth in switches demand in 2019. The issuance number reached 148,000 users, a new record replacing a record from a few years ago, while the number of operations has also simultaneously increased and reached 116,000 users, showing an annual growth of 14%. However, for the machine tools industry, with the constraint of export-oriented Mainland China, the accumulative exports value in 2019 only reached 3.064 billion dollars, showing a negative growth of 16%. In early 2020, the global market was impacted by the quickly expanding Novel Coronavirus (COVID-19) Pandemic in Mainland China. The economic growth in Taiwan will inevitably turn downgraded as well. In case of the continuous pandemic more than half the year, it is expected to generate a huge impact on Taiwan's overall economy as well as severely affect the industrial development for major use of switches such as housing constructions, factory offices, machinery industry, and more.

(2) Automobile Components Industry

In terms of auto and motorcycle markets, although the government extends the preferential measures of replacement of old vehicles with new ones, the percentage of imported automobiles still remains increased that squeezes the growth space of domestic vehicles. In terms of motorcycles, due to incorporation of the Stage 7 environmental rules and regulations toward gas-powered vehicles, the government policy regarding subsidy program for electric scooters is converted into hybrid equality. With the slow growth of electric scooters market, it is expected that the growth of the gas-powered scooters will pick up under government's subsidy programs and manufactures' promotions. As for overseas market, since the global automotive industry is in a declining situation, China, the United States and Europe are still the top three markets in the world so that the demand of relevant components can still keep the certain quantities. Therefore, the deployment of either export or overseas business is still the tone for future development of the components manufacturers.

(3) Automation Equipment and Components Industry

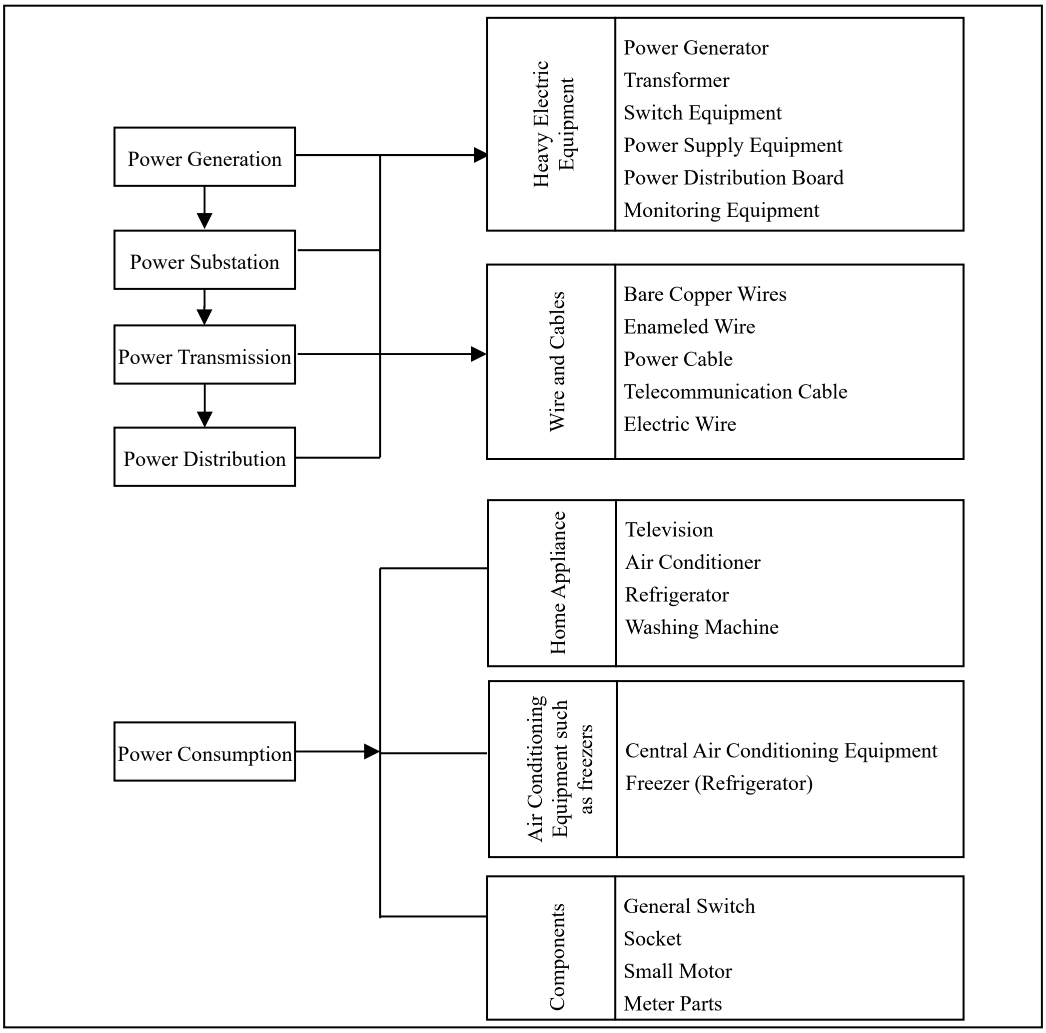
As for automation products, the global economy slowdown is affected by the Novel Coronavirus (COVID-19) Pandemic in Mainland China. In addition, the continued US-China trade war could result in decrease of the demand of partial industries (regarding LED / machine tools), slowdown of photoelectric factory constructions, as well as sharp decline of machinery production and exports. We need to strengthen the promotion of new commodities, the expansion efficiency of new customers, sales expansion of major customers, improvement of after-sales services, and more so as to speed up the output performance.

(4) Others

For the digital products market, in recent years, digital cameras have been affected by smart phones, and consumer preferences have been polarized. The trends of low unit priced cameras non-smart phones and high-end digital cameras and non-smart phones are becoming more obvious. Digital cameras are also facing the trend of specialization in response to the photography feature of mobile phones. Products such as 4K high-resolution cameras, recording pens with video recording features, etc. Additionally, the sales of audio-visual related products such as Bluetooth speakers and Bluetooth headsets attached to smart phone have also grown significantly. In terms of channels, with the popularization of the Internet and its advantage of fast delivery, our sales performance has grown rapidly and the one of physical channel has gradually declined. The competitive advantage in the future commodity industry lies in the online shopping, multiple market channels and superior product lines, rapid price response capability, supply capability, enterprise back-office management mechanism, and rapid product launch and distribution capabilities.

2. Association of Electric and Machinery Industries

Electric and Machinery Industry Association Diagram



Source: Sorted by ITRI-ITIS Project and Shihlin Electric

3. Trends of product Development and Current Competitions

(1) Electric Distribution Products

The Company has been dedicated to business operation in the power industry for 65 years, and has accumulated sufficient experience in contract manufacturing and commercial operation. We have the operational experience and performance of manufacturing the transformer with a specification of 345 kV 1260 MVA nuclear-grade ultra-high voltage which is the largest capacity among all domestic power systems, indicating our leading technical level among the industry. In addition to continuing to provide excellent series of products for power industry and complete sales-service system, we also have introduced energy-efficient products and solutions such as Amorphous molded transformer, high and low voltage bus, active harmonic filter (AHF), SVG and supervisory control and data acquisition (SCADA).

After winning the 12th Public Works Golden Quality Award (Outstanding Award) for the Power Generation Equipment (The 2nd Bid) and Miscellaneous Electrical Equipment Engineering of Wanta Songlin Hydroelectric Plant Expansion, as well as winning the Public Works Quality Award (Gold Award) and Public Works Committee Gold Award (Premium Award) from the Department of Economic Affairs for the Reconstruction of Mingtan Power Station Jugong Branch 161kV Switchyard, the Company actively engages in Taipower Substation's design-build reconstruction. The Company continues to obtain the power plant projects and switchyard design-build reconstruction based on engineering system integrating construction technology and experiences.

The Company obtained mechanical and electrical engineering equipment construction project of the "The schematic diagram of Taiwan Railway's South-Link Line Railway Electrification Project from Chaozhou Station in Pingtung County in the west to Taitung Station in Taitung County in the East" in 2017, "Push-Pull EMU of Taiwan Railway and Electrical Engineering Equipment of the Renewal Project of EMU500 Type in 2018", "Electrical Intellectual Enhancement Plan of Taiwan Railway (Construction Project of Conduct Rail Installation for Taipei Electricity Section Tunnels)" in 2019, power cable replacement of Taichung Power Plant, construction project of the ground mounted solar power plant and offshore wind-related TR products…etc. Such results can significantly bring the infusion on performance in future years.

Under the promotion of the concept "nuclear-free homeland" by Taiwanese government and in response to the its energy-efficient and carbon reduction policies, the anti-harmonics and energy-efficient transformer products have become the main focus of the market. Our high efficiency and amorphous models of transformer products have all obtained the Green Mark with "Energy-efficient and Low Level of Pollution" certification, and actively participated in the market of OWP and ground-based solar power to actively seize more business opportunities of green products at Taiwanese market not at the expense of continuing to obtain orders of wind power transformers from American clients. In addition to providing energy-efficient products, we have also achieved fruitful results by providing diversified services with our technologies and experience in power monitoring, diagnosis and improvement to assist clients on energy saving and power quality improvement.

In terms of developing trends in switch products, the Company will launch to develop related product series aiming at global trends of new energy in response to the increase demand related to the proportion of national products-based public construction in domestic. The DC Switch-related products are introduced for providing the required protection switch applied in the development plans for the government's forward-looking infrastructure and constructions of green energy (including photovoltaic energy, wind power, Shalun Green Energy Science City, smart grid, and so on.). And, the small-sized switch products on the market can satisfy the customers in factory office market to confirm the certification of new specification, save and plan the space and enhance the performance of power consumption. Thus, more emphasized energy conservation and small-sized dispatch appliances will become the mainstream trend. As for machine tool industry, the performance, specifications and accessories must be completed all at once. We also launch the DC-Series Magnetic Contactors to be recognized with the most extensive product portfolio of the Company.

(2) Automobile Components

Faced with global carbon reduction and the promotion on automation policy of automobiles and motorcycles in the world, the global supply chains of automobiles and motorcycles are moving towards development of automation, e-Technology and intelligentization. In terms of product development, the Company also deploys the self-owned core technology of mechatronic-controlled integration to develop the power system related to automatic vehicles, as well as continuous investment towards research and development of energy conservation products. Nevertheless, the domestic automobile industries adopt the international procurement strategies under market saturation status and limited growth space. The portfolio has a primary focus on component sourcing in China. In particular, the supply chains of automotive and motorcycle components in China have reached the world's leading position, and the overall competitivity is continuously increasing. Under such competitive posture, the operating environment of components industry will gradually face tough challenges. In this way, expanding the business aspects in Europe, the United States and Southeast Asia are the key points of operating strategies as well.

(3) Automation Equipment and Components

In recent years, there is still full of uncertainty in the overall business operation environment and the labor costs are increasing (such as the implementation of “one fixed and one flexible day off per week”). To reduce costs among the industry via smart automatic production process, cooperation under the framework of energy-efficient and carbon reduction policies is still a must for promotion and continuous development of green industry, energy-efficient industry, and solar energy industry, etc. With dedicated efforts devoted to the field of automatic products and continuous R&D, we have launched new series/new models of relevant products, and will continue to master market trends and integrate R&D resources among mainland China and Taiwan to boost the enhancement of product functions and performance. We will do so by following the global market demand to successfully apply automatic products to the above-mentioned industrial fields and win more business opportunities and leadership as competitive advantages.

(4) Others

For the digital product market, the market size has gradually decreased due to the influence of smart phones. In the future, it is necessary to master the market development trend to increase revenue and improve our relations with distributors by actively introducing relevant products for the maturing of development of smart phones and the growth high-quality music accessories products. The market of online shopping is also growing rapidly. In addition to increasing the online shopping channel development, the introduction of existing SONY products as well as the household appliances of Mitsubishi are also implemented to increase sales of new product lines to meet the needs of online shoppers and bring economic benefits and create the maximum revenue. In recent years, we have also actively deployed enterprises and project markets, combined with the advantages of the relationship within the Group, and introduced digital household appliances to the closed markets to establish differentiation, and to obtain support fron original manufacturers to expand our sales.

C. Research and Development (R&D)

1. The amount of R&D expenses invested with respect to the most recent fiscal year and current fiscal year up to the date of publication of the annual report.

Unit: NT$ Thousands

Year	As of May 8, 2020	2019
Amount	164,953	582,143

2. R&D Results During the Most Recent Annual Period and as of the Printing Date of this Annual Report:

Year	R&D Results
2019	Electricity Dispatch Products 1. Power Transformer with Small Capacity and High Efficiency 2. Amorphous Cast Resin Molded Transformer 3. Aluminum – Aluminum Cast Resin Molded Transformer 4. Oil-Type Three-Phase Voltage Transformer 5. Multi-Function Smart Controller (WIFI Function) 6. 9kV polymer arrester 7. DC surge protector 40kA/1000V 8. DC isolation switch 1000V50AF 9. DC fuse (with base) 20kA@1000V32AF 10. High-capacity small circuit breaker 10kA@380V 125AF 11. VCB medium voltage vacuum circuit breaker (25kA@24kV630AF) 12. S-P630/800 small electromagnetic contactor 13. Vacuum sealed contactor with 350A or below 14. TH-P100N small thermal overload relay 15. S-P9T/12T small electromagnetic contactor 16. Relay 17. S-P1260 AC1 electromagnetic contactor 18. The mounting auxiliary contact contactor can be additionally installed in S-P100T. 19. Electronic time-lapse UVT 20. 125AF small foldable thermal no fuse circuit breaker (1) 25kA@415V 100% (2) 36kA@415V 70% 21. 250AF thermal adjustable no fuse circuit breaker (1) 50kA@415V 100% 22. NV no fuse circuit breaker with safety locks 23. NF thermal electromagnetic no fuse circuit breaker (1P) 24. 630/800AF electronic knob type no fuse circuit breaker (KEMA model) 70kA@415V100% Automobile Components 1. High output and high efficiency 9G generator 2. 24V generator for drone aircraft 3. Waterproof starter motor for ATV 4. Development of modular fuel pump for motorcycles 5. Development of injection system motorcycle fuel pump and module assembly and integration 6. Dust/waterproof power motor system 7. Low RPM and high output ACG 8. 6kW power motor for two-wheel electric vehicles 9. 6kW power motor controller for two-wheel electric vehicles 10. 150cc Starter Generator (ISG) for Two-Wheel-Drive Vehicles 11. 100A Generator for Large Outboard Automation Equipment and Components 1. SC3 series universal inverte 2. SME H020/040/075 High-Inertia Servo Motor 3. GA1 IIOT gateway Network Gateway 4. SDE-P series economically efficient servo drives

Year	R&D Results
Jan.~Apr.2020	Electricity Dispatch Products 1. Power Transformer for Green Energy 2. Energy-Saving Filter Transformer 3. Amorphous Cast Resin Molded Transformer 4. Aluminum – Aluminum Cast Resin Molded Transformer 5. High Voltage Energy-Saving Voltage Transformer for Ultra High Precision and Low Loss 6. Compact Energy-Saving Power Factor Controller 7. SK-Type (Spike Resistance and Harmonics) Capacitor 8.SD-P06/09 DC Control Contactor 9.S-P100SC Contactor for Capacitors 10. Muse-Type Magnetic Contactor 9~100A Automobile Components 1. 8kW water-cooled power motor for two-wheel electric vehicles 2. 8kW water-cooled power motor controller for two-wheel electric vehicles 3. 4kW air-cooled power motor for two-wheel electric vehicles 4. 4kW air-cooled power motor controller for two-wheel electric vehicles 5. Long-durability waterproof starter motor 6. Modular fuel pump for motorcycles Automation Equipment and Components 1. SME H085/130/180 High Torque Servo Motor 2. SDP EtherCAT 5/7KW Total Linear Type Servo Motor 3. GA1 gateway Network Gateway web monitor interface 4. SDH Series Servo Motor for Linear Motors

D. Long And Short-Term Business Development Plans

1. Corporate Vision:
   (1) Develop international market with enthusiasm to become the world’s top-notch enterprise.
   (2) Provide quality products to create safety and happiness.
2. Short-Term Plan:
   (1) Continue to develop domestic market and expand market share in order to retain the advantage.
   (2) Speed up overseas market expansion, extend operation tentacles and accumulate international experience.
   (3) Expand the operating scale in Taiwan and overseas to create an economic scale with upgrade in cost competitiveness.
   (4) Strengthen the risk response capabilities domestic and abroad to ensure the safety of business operations.
   (5) Upgrade R&D capacity of the company through cooperation and exchange with major international corporation.
   (6) Introduce and develop products related to power distribution system, electrical equipment and automation systems to expand the breadth of product lines.
   (7) Respond to business development plan to undergo organization and staff adjustment in order to deploy the best combating team.
3. Long-Term Plan:
   (1) Develop into cross-nation international electric factory based on Taiwan, China and ASEAN.

(2) Establish multi-nation R&D center to integrate international talents and local resources which will bring synergy into full effect.

(3) Complete electronization corporate value chains and supply chain which will double the boosting speed and response.

(4) Establish a continuously improving learning-type organization to cope with the changes in operating environment.

(5) Develop business management talents with international horizon and style to provide incessant human resource of globalization.

(6) Cooperate with government policies by investing trajectory projects construction and green energy products.

(7) Expand overseas revenue by growing 20% up per year.

(8) To perform overseas operation and multiple supply chains, control the multiple business opportunities, reduce costs and diversify risks.

2. Sales and Marketing Overview

A. Market Analysis

1. Sales Region for Major Products

The heavy electric products of the company are mainly sold to the following area: America, South East Asia , domestic private/ public enterprise and Taiwan Power Company . The sales region for switch products includes Southeast Asia, China, Middle East, and Taiwan. The automation equipments are sold to China mainly. The sales region for automation components consists of domestic market in Taiwan. The sales region of electric products consists of domestic market in Taiwan, export to China, ASEAN, Europe and America.

2. Market Share

The market share of heavy electric products for the company is determined by the number of cases acquiring the power equipment orders in Taiwan or abroad. The market share of switch products is determined by the economy of construction market and distribution sales. The market share of electric products depends on changes of economy and the actual number of licenses issued to the automobile and motorcycle market. The market share of automation product is determined by the economy of consumer and computer industries and the order of panel makers. The market share of automation components is determined by the order of tool and machinery companies. Hence the products of sales and region for the company are more diverse, which results in the frequent change in market share due to different market type and region.

3. Future market overview

With regards to the power market in Taiwan, the government continues to implement non-nuclear home and promotion of green energy policies. If the government can continue to assist with the investment by solving land and green agenda, it will advocate public and private sectors to continue the investment. Moreover, the public/private-sector enterprises of transformers at home or abroad continue to upgrade toward energy saving and elimination, which could drive heavy electric equipment with new business opportunities. In overseas market, the rise of economy protectionism in U.S. and Trump's U.S. manufacturing policies will help with the sustained development of solar energy in North America as well as other green energies. The development will invigorate orders for green-energy transformers. China and ASEA are on the move to invite business and open economic policies, which attract Taiwanese companies to invest factories in local region, advocating for strong demand in overseas transformers and bringing new business opportunities for the heavy electric industries from overseas market.

In terms of switch market, Taiwan's market is stable to develop customers towards new industries and new demands, as well as to expand new product business; the development of overseas new market continuously focuses on Asean market by introducing the specifications for overseas sales based on demand of opening market standards as well as by expanding the sales of anchor products to enhance the market share; in addition, the Company also expands the emerging markets in Middle East, while developing the customized products required by major customers. Its deep economic base will bring explosive growth, and it is expected to gradually enter in harvest stage in 2020.

The market of electrical parts for of automobiles and motorcycles has been spurred interest in energy conservation trend and policies in the world. Although the market of electric vehicles and scooters has not become the market mainstream, the worldwide automobile industries still continuously invest in development while expecting to continue a high growth in the future. The Company also aggressively invests in development of automation products or systems by complying with domestic and foreign customers. The export market will continuously expand with regard to impetus of heavy vehicles and high-end customers. The overall sales are still expected to keep stable growth and occupy certain market size.

With regards to the market for automation products, looking into 2020 and coping with the strong trends at the coming of smart automatic manufacturing (Industry 4.0) era, as well as effectively controlling the future business opportunities in overseas and domestic markets, strengthening the supply of system engineering integration solutions and complete technology services will become the key to acquiring advantage competitiveness.

4. Advantages/Disadvantages and Response Strategies in Competitiveness and Future Developmen

The company pursues upgrade in products quality and 100% customer satisfaction as the core value of the company; it is also the mission to be accomplished. After more than sixty years of diligent efforts, the company has won excellent reputation in the industry while the excellent brand image also becomes the competition niche for Shihlin Electric. The factors affecting the future development visions include the follows:

(1) Advantages :

(A) Peace in Cross-Strait relation offers stable development in the market development of China and other Asian countries.

(B) Long-Lasting competitive advantage for product development and production capacity.

(C) The complete product series cover from high to low voltage, providing one-stop shopping service to customers.

(D) The marketing network is intense, while tentacles can reach every corner of the market, making it difficult for competitors to break through.

(E) The overseas and domestic production and transfer system is based on rigorous structure and smooth operation.

(F) Employee cohesion and value are tightly related to the corporate vision, producing the focused massive power of vectors.

(G) Independent R&D, special and exceptional core manufacturing capacity, and control customized product trends.

(2) Disadvantages

(A) Conflicts of international boarder politics often lead to potential investment risks.

(B) The industry competition due to market saturation in Taiwan will affect the market ecology and evade the interests.

(C) The distribution system will be affected with the scale under the intense market competition.

(D) For NON-ASIAN countries, the tariff obstruction will lead to declined price competitiveness.

(E) The market offers non-Taiwan made low-price products with poor quality, which has tremendous damage on the market price.

(3) Response Strategies:

(A) Global procurement and policy pre-order with unfolding VA at the design end.

(B) Flexible price strategy quickly takes over market share and defeats the rivals.

(C) Strengthen the distribution system management by gradual increase of weight for direct sales.

(D) Entering ASEAN market through production/sales alliance in Vietnam.

(E) Establish and promotion excellent brand image, forming user awareness for the brand and creating business opportunities.

(F) Develop high-value and low-cost products to generate customer needs.

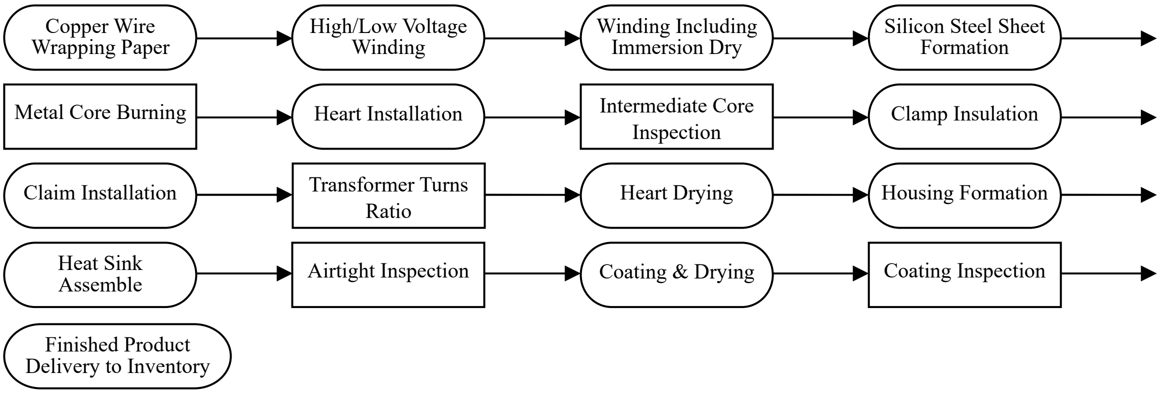
B Main applications and production process of major products

1. Applications of major products

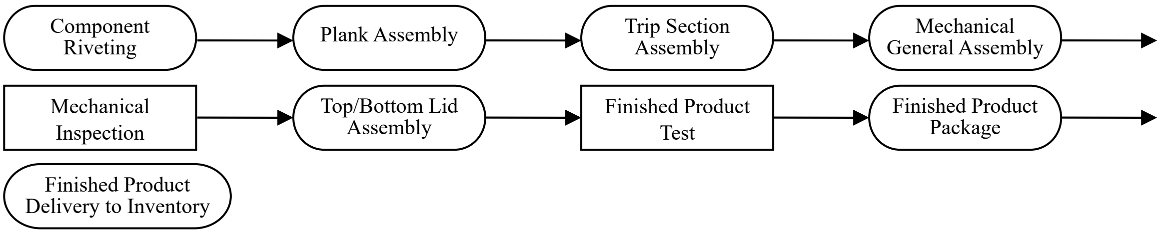
Product Category	Application
Electric Distribution Products	(1) The power supply voltage of the power generator is upgraded or downgraded to the voltage needed, which is applicable in high-voltage site such as substation, factory and skyscraper buildings. (2) Assur the facility safety and reliance of the entire power supply system. The operating control function is commonly seen in factories, hospitals and MRT system. (3) Can remotely monitor and calculate the loading power consumption with the control of all equipment. It is used in the control and monitoring of incinerators, power generators, factory, public facilities, and others. (4) The high-voltage power switch and high-voltage wire protection device are commonly seen in high-voltage circuit and power distribution board. (5) Used for improving function factors and improve power use quality; commonly seen on high-voltage circuit and machines. (6) For loading with high power consumption, the transmission cable can transmit the power needed for the load through BUS. (7) Low-voltage power distribution device 1. The power switch is also the overload and protective device, commonly seen in the power distribution box in residential buildings and factories. 2. The automatic control device on the machine, motor or pump come with starter and protection overload function.
Automobile Components	(1) The AC power generator, starter motor, wiper motor, fan motor, tail motor, and electronic window switch in car. (2) The AC power generator, starter motor and fuel pump components used in motorcycles consuming fossil fuel. (3) Drive motor and controller for electric motor vehicle (4) The transmission motor and gear used in e-motorcycles and wheelchair cars.
Automation Equipment and Components	(1) The automation equipment can save direct labor costs, circulate production information, improve yield rate, and boost competitiveness. (2) The programmable controller is one indispensable controller for automation and also the conductor system for automation machine, which applies to the single unit control to the entire plant automation. (3) The variable frequency device is one sensing motor drive without changes in speed and is suitable for use in the drive section of industry machine and parental working machine. (4) The server system comes with position control, speed control, rotating control and other functions suitable for the use in driving department of industry mechanic and parental working machine. (5) Sensor is one sensing device incorporate with automation mechanical motion for notification and determining.

2. Product Manufacturing Process

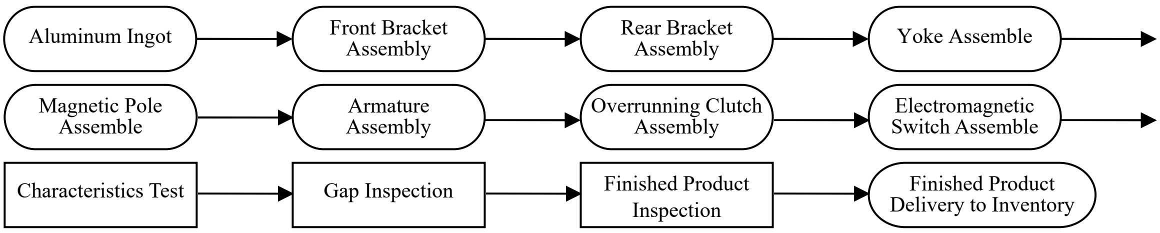
(1) Transformation manufacturing process



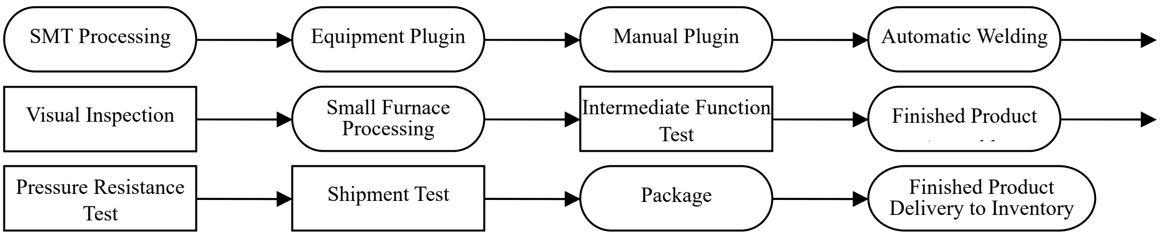
(2) No fuse circuit breaker manufacturing process



(3) Automobile Starter Motor Manufacturing Process



(4) Programmable Controller Manufacturing Process



C.Supply Condition of Major Raw Materials

1. Aluminum ingot: Aluminum ingot is the automobile and motorcycle spare part for auto-electric business division: starter motor, power distribution board, AC power generator and rack materials. In 2019, the LME aluminum price slowly fell from the USD2,100/ton to USD1,800/ton. To acquire stable price and source, the relevant products are procured through strategic alliance and quarterly determination.

2. Copper Wire : Copper wire is the material needed for producing automobile and motorcycle spare part and transformer. In 2019, in the first season of the year, international copper prices maintained a high-end trend, and in the second half of the year, due to factors such as the US-China trade war, they gradually turned to the downside and fell more than US$500/ton. According to the trends of international price, the adoption of flexible procurement strategy with copper preparation at proper timing will maintain the cost competitiveness.

3. Transformer Oil: Transformation oil is the raw material needed for manufacturing oil-based transformer. In 2019, the price rose to a three-year high, but the price of international crude oil fell sharply at the end of the year, the is lower than at the beginning of the year. However, the price of crude oil reflected the market for transformer oil was a little, and it maintains steady state. The continuous attention on trends in cruets oil price incorporated with flexible inventory control will maintain the cost competitiveness.

4. Silicon Steel Sheet: Silicon steel sheet is the special raw material needed for transformer manufacturing. After Chinese suppliers entered the market, supply increased, coupled with the poor international steel market, the market in 2019 was able to decline quarter by quarter. but it is still controllable. The lower purchase cost is very beneficial to the company.

5. Silver : Silver is the most important material for the main component of switch manufacturing – silver points. To maintain cost competition, the company not only has to actively search for suppliers with competitiveness but also need to determine the buying in time according to the international market condition.

6. Polypropylene : Phenolic molding powder and plastics are the main ingredients for manufacturing the housing and inside of switch. The volatile fluctuations in international oil price and exchange rate in recent years lead to cost fluctuations such as phenol, formaldehyde and nylon in polypropylene. R&D material cost can be shifted to recycling direction and through multiple sources in order to reduce the cost. And in accordance with EU regulations, implement RoHS version 2.0 requirements.

D. The major suppliers and customers over the last two years

1. List of major suppliers in the most recent two fiscal years

Unit: NT$ Thousands

	2018				2019				2020Q1 (Note 2)			
Item	Name	Amount	Percentage of total net purchase [%]	Affiliation with the issuer	Name	Amount	Percentage of total net purchase [%]	Affiliation with the issuer	Name	Amount	Percentage of total net purchase up to Q1 of the current year [%]	Affiliation with the issuer
1	Company A	1,892,431	11	N/A	Company A	-	-	-	Company A	-	-	-
	Others	14,813,003	89	-	Others	17,521,242	100	-	Others	4,304,977	100	-
	Net purchase	16,705,434	100	-	Net purchase	17,521,242	100	-	Net purchase	4,304,977	100	-

Note 1： List the name of the suppliers with more than 10% of the total purchase amount, purchase amount, and purchase ratio in the last two years; however, it can also be identified with I.D. Number if the limitation of disclosure is stated in the signed contract or the counterparty of the transaction is an unrelated individual.

Note 2： The listed companies or OTC companies shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

2. List of Major Clients in the Last 2 Fiscal Years

Unit: NT$ Thousands

	2018				2019				2020 Q1 (Note 2)			
Item	Name	Amount	Percentage of total net sales[%]	Affiliation with the issuer	Name	Amount	Percentage of total net sales[%]	Affiliation with the issuer	Name	Amount	Percentage of total net sales up to Q1 of the current year [%]	Affiliation with the issuer
1	-	-	-	-	-	-	-	-		-	-	-
	Others	21,705,445	100	-	Others	21,486,313	100	-	Others	5,406,324	100	-
	Net sales	21,705,445	100	-	Net sales	21,486,313	100	-	Net sales	5,406,324	100	-

Note 1： List the name of the clients with more than 10% of the total sales amount, sales amount, and sales ratio in the last two years; however, it can also be identified with I.D. Number if the limitation of disclosure is stated in the signed contract or the counterparty of the transaction is an unrelated individual.

Note 2： The listed companies or OTC companies shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

Note 3：The major clients accounting for 10% or more of the Company’s total sales amount: N/A

E. Production volume and value in the last two years

Unit: Million sets / in NT$ Millions

Year / Production Capacity / Major products	2018			2019		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Power Distribution Products	9.90	8.75	9,727	10.12	8.97	10,080
Automobile Components	19.50	18.92	4,934	19.50	18.45	4,819
Automation Equipment and Components	0.96	0.95	3,611	0.96	0.82	3,163
Total	30.36	28.62	18,272	30.58	28.24	18,062

F. Sales volume and value in the last two years

Unit: Million sets / in NT$ Millions

Year / Sales / Output / Item	2018				2019			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Q’ty	Amount	Q’ty	Amount	Q’ty	Amount	Q’ty	Amount
Power Distribution Products	6.31	8,668	2.40	2,133	6.18	7,955	2.57	3,452
Automobile Components	4.24	1,825	14.49	4,048	5.44	2,503	12.44	3,305
Automation Equipment and Components	0.95	3,296	0.06	1,275	1.04	3,773	0.01	26
Others	0.09	460	0.00	0	0.08	473	0.00	0
Rental revenue		509		0		511		0
Construction revenue		1,250		1,512		2.641		1,391
Other operating revenue		8		0		0		0
Total	11.59	16,016	16.95	8,968	12.74	17,865	15.02	8,174

3. Employees

year		2018	2019	As of May 08, 2020
No. of Employee	Direct labor	1,944	1,868	1,765
	Indirect labor	2,275	2,296	2,272
	Total	4,219	4,164	4,037
Average age		35.4	36.0	36.2
Average years of service		8.7	8.7	8.8
Academy Ratio(%)	Doctor	0.09	0.14	0.12
	Master	11.34	11.42	11.56
	College	50.81	50.59	51.32
	Senior High School	37.76	37.85	37.01

4. Environmental Protection Expenditure

A.The total amount of loss and disposition incurred due to environment contamination in most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

B. Response Strategies

1. Proposed Measures for Improvement

(1) Improvement Plans:

Improve the supervision and management of environmental pollution prevention facilities, focus on the maintenance and repair of environmental protection equipment, and improve the processing efficiency of equipment to meet the standards of environmental protection regulations.

(2) Estimated Environmental Capital Expenditure for Next Three Annual Periods

	2020	2021	2022
Pollution Prevention Equipment Proposed to be Purchased or Expenditure Contents	1. Regular examination and report of fixed pollution source prevention equipment for air pollution. 2. Maintenance and replacement of filters of air pollution prevention equipment for process of metal pickling, sand blasting, spraying coating, and powder coating. 3. Air pollution expenditure to pollution prevention of coating process (painting, toluene and xylene of paint adjuster) 4. Pharmaceutical and maintenance and repair of hardware facilities in wastewater treatment plants. 5. Regular examination and report of wastewater discharge, and sewage treatment expenditures. 6. Regular maintenance and repair of sewage water collection tank facilities. 7. Treatment and removal of industrial waste from (waste liquid, sludge, mixture of waste	1. Maintenance and replacement of filters of air pollution prevention equipment for process of metal pickling, sand blasting, spraying coating, and powder coating. 2. Air pollution expenditure to pollution prevention of coating process (painting, toluene and xylene of paint adjuster) 3. Pharmaceutical and maintenance and repair of hardware facilities in wastewater treatment plants. 4. Regular examination and report of wastewater discharge, and sewage treatment expenditures. 5. Regular maintenance and repair of sewage water collection tank facilitie. 6. Treatment and removal of industrial waste from (waste liquid, sludge, mixture of waste oil and water, waste solvent, etc.) 7. Improvement project for small transformer coating and air	1. Maintenance and replacement of filters of air pollution prevention equipment for process of metal pickling, sand blasting, spraying coating, and powder coating. 2. Air pollution expenditure to pollution prevention of coating process (painting, toluene and xylene of paint adjuster) 3. Pharmaceutical and maintenance and repair of hardware facilities in wastewater treatment plants. 4. Regular examination and report of wastewater discharge, and sewage treatment expenditures. 5. Regular maintenance and repair of sewage water collection tank facilities. 6. Treatment and removal of industrial waste from (waste liquid, sludge, mixture of waste oil and water, waste solvent, etc.). 7. Improvement project for small transformer coating and air

	2020	2021	2022
	oil and water, waste solvent, etc.). 8. Improvement project for small transformer coating and air pollution prevention equipment. 9. Operation and verification of the Environmental Management System (ISO 14001).	pollution prevention equipment. 8. Operation and verification of the Environmental Management System (ISO 14001)	pollution prevention equipment. 8. Operation and verification of the Environmental Management System (ISO 14001).
Improvement to be Achieved	1. Improvement of water pollution control equipment and treatment efficiency. 2. Ensure that air pollution, waste water, waste, and noise control equipment meet environmental standards.	Ensure that air pollution, waste water, waste, and noise control equipment meet environmental standards.	Ensure that air pollution, waste water, waste, and noise control equipment meet environmental standards.
Amount (in NT$ thousands)	22,000	20,000	20,000

(3) Post-improvement impact

- Impact on net profit: The expense disbursement and human resource related to improving environment-polluting equipment is minor compared with the overall disbursement ration in merger company and hence does not have direct impact on the company profit/loss.
- Impact of competition position: Improve corporate green image and increase industry competitiveness.

2. Response actions failed to be adopted: None

5. Labor Relations

A. Labor Management Coordination and Implementation Status

1. Employee Welfare Measures

(1) The establishment of occupational and labor welfare committee can advocate employee benefits and boost the work morals in employees.

(2) The establishment of employee stock ownership trust allows employees to acquire and manage the company stocks over the long run in order to accumulate wealth and improve the stability of employees' life in future retirement or resignation.

(3) The male and female employee dormitories offer excellent living environment for employees. There are also brand-new employee fitness center in the dormitories, including indoor tennis field, fitness room, aerobics classroom, karaoke, movie theaters and other services for employees to use.

(4) The cafeteria offers nutritious and hygiene food for employees.

(5) The reading room offers different books, magazines and reference which enrich the spiritual life and knowledge of employees.

(6) The facilities of large parking lot offer convenient parking spaces for employees.

(7) Employees can use the various ball-games and sports equipment at the different recreational and entertainment rooms, providing proper entertainment and recreation space for employees after work.

(8) Employees and their children are funded with scholarship, where the language training courses encourage employees to take advancement course.

(9) The holding of summer trips allows employees to go outdoors with their families after hard work, in order to relax and develop loyalty from employees.

(10) The welfare committee and factories constantly hold activities to provide leisure activities for employees after work and develop loyalty from employees.

2. Retirement Policy

The "Labor Pension Act" was implemented since July 1, 2005; where employees employed before July 1, 2005, may choose to continue the adoption of pension fund regulations related to the "Labor Standard Act" or the pension fund system applicable to the Labor Pension Act with retention of the work seniority before the Labor Pension Act. Employees employed after July 1, 2005 may only be applied with the pension fund system of the Labor Pension Act.

The pension fund system of "Labor Pension Act" applicable to the company belongs to the appropriation pension plan. The company appropriates the pension fund in 6% of the employee salary under such plan to the personal account under the Labor Insurance Bureau.

The pension fund system of the "Labor Standard Act" applicable to the company belongs to the welfare pension plan, where the disbursement of pension fund is calculated by the average salary of the last 6 months before the date approving requirement and the service of seniority. The company shall appropriate the employee pension fund according to the statutory ratio applicable to the total employee salary amount by month and submit to the Labor Pension Reserve Supervising Committee for administration, saving the amount into the special account under the name of the committee into Bank of Taiwan.

The relevant pension systems of other subsidiaries shall comply with local law and regulations.

3. Other Important Agreement

The company complies with the provision prescribed in Article 83 of the Labor Standard Act to hold regular labor relations for all factories each month, where the labor and management shall select five representatives to participate according to the Regulations Governing Labor Relations Meeting Implementation. The labor and management will propose discussions on issues related to the labor work environment, welfare, and system with mutual coordination and communication. The meeting will also study feasible solutions for thorough execution in order to promote the full cooperation between the labor and management in addition to advocating labor-management harmony.

4. Employee Advanced Study and Training

The educational training for employees shall be processed in accordance with "Educational Training and Development Regulations" to cultivate and develop employees' competence and potential. Moreover, the organization function of "Education Training and Development Committee" can truly execute the work promotion of employee educational training and review of the effect from educational training. The content of course includes operation management, HR security and environment, computer information, financial management, biotech and quality technology, molding professionalism, and electric professionalism.

5. Employee Conduct or Ethical Practice

The employee conduct and compliance of ethical conduct are stipulated in Article 4~16, chapter 2 of "work conducts" – service principles. It is stipulated that employees shall conform to the company regulation and articles of information with compliance of workplace ethics and without jeopardizing the overall corporate interest and other regulations. Chapter 6 describes performance and reward/penalty, and hence proper reward or penalty should be given to employees violating work conducts.

6. Protection Measures for Work Environment and Employees' Physical Safety

The protection measures for the work environment and employees' physical safety are processed in compliance with "Safety and Health Management Rules" to protect the work safety and health of employees and to prevent the incidence of occupational disaster.

The safety and health management organization system is divided into review institution, management department and execution department to execute the safety inspection and maintenance. The improvement of outdoor operating environment and employee safety and health education training are closely cooperated with the company institutions and departments in order to assure the work safety of employees.

It is stipulated in Chapter 3 of the safety and health management rules that the specification of various operation safety such as firefighting and water prevention, electric (device) equipment use and safety requirement, processing safety management, dangerous machine and equipment, environmental management, human body protection devices, safety and health inspection, and health management.

B. The total amount of loss and disposition incurred due to labor-management disputes in most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

6. Important Contracts

May 08, 2020

Contract Nature	Parties	Contract Start / End Date	Main Content	Restriction Clause
Long-Term Technology	Mitsubishi Electric Corporation (Japan) (Note3)	1998~2020	Auto-electric products for engines	Note1
	Diamond Electric Co., Ltd. (Japan) (Note3)	2008~2020	Auto-electric products for car unit	Note1
	Mitsuba Electric Co., Ltd. (Japan) (Note3)	1998~2020	Auto-electric products for car unit	Note2
	OMRON Corp. (Japan) (Note3)	1996~2020	Auto-electric products for car unit	Note2
	OMRON Corp. (Japan) (Note3)	1999~2020	Auto-electric products for car unit	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	2001~2020	Auto-electric products for car unit	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	1999~2020	Vehicle electric control system	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	2001~2020	System electricity technology	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	1997~2020	Transformer	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	2006~2020	Transformer	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	2008~2020	Transformer	Note1
	Mitsubishi Electric Corporation (Japan) (Note3)	2011~2020	Transformer	Note2
	Mitsubishi Electric Corporation (Japan) (Note3)	2010~2020	Variable Frequency Device	Note1
	Mitsubishi Electric Corporation (Japan)	1998~2020	Programmable Controller	Note1
Lease	Pacific SOGO Department Stores Co., Ltd.	2009~2029	Shihlin Factory Land Development Project Commercial Site Lease Contract	-
Long-Term Loan	Mizuho Bank, Ltd.	2020~2022	Loan credit, interest rate calculation method and clause	-
	Hua Nan Bank	2020~2022	Loan credit, interest rate calculation method and clause	-

Restriction Clauses: Note 1: Confidentiality of right to implement and right to re-implement, patent implementation right, commercial trade right, and intellectual property.

Note 2: Right to implement and right to re-implement, the patent application and right to implement related to invention, commercial trade right, and confidentiality of intellectual property.

Note 3: The contract formulated before the parties breach the contract of agreement contract remains valid.

VI. Financial Information

1. Consolidated Balance Sheet and Income Statement for the Last Five Fiscal Years

A. Condensed balance sheet – IFRSs

1. Consolidated balance sheet

Unit：NT$ thousands

Item \ Year		2015	2016	2017	2018	2019	Financial information available up to March 31, 2020 (Note 2)
Current assets		12,349,579	14,129,991	14,409,320	16,465,076	16,451,412	15,763,610
Property, plant and equipment		5,966,714	6,053,229	6,195,102	6,376,135	6,739,312	6,672,181
Intangible assets		-	-	-	-	-	-
Other assets		16,312,619	16,105,232	16,448,344	17,172,140	17,568,279	17,105,783
Total assets		34,628,912	36,288,452	37,052,766	40,013,351	40,759,003	39,541,574
Current liabilities	Before distribution	8,398,034	10,897,006	11,139,114	12,845,366	12,417,835	11,155,529
	After distribution	9,179,492	11,522,172	11,816,378	13,626,824	(Note1)	(Note1)
Non-current liabilities		4,320,799	3,541,304	3,520,294	3,587,146	3,666,763	3,646,737
Total liabilities	Before distribution	12,718,833	14,438,310	14,659,408	16,432,512	16,084,598	14,802,266
	After distribution	13,500,291	15,063,476	15,336,672	17,213,970	(Note1)	(Note1)
Shareholder’s equity attributable to parent company		21,432,537	21,373,212	21,921,594	23,134,844	24,168,644	24,225,705
Capital stock		5,209,722	5,209,722	5,209,722	5,209,722	5,209,722	5,209,722
Capital surplus		2,584,302	2,589,184	2,601,877	2,616,806	2,622,204	2,623,418
Retailed earnings	Before distribution	13,276,483	13,647,919	14,289,857	15,165,918	15,942,908	16,444,087
	After distribution	12,495,025	13,022,753	13,612,593	14,384,460	(Note1)	(Note1)
Other equity		362,030	(73,613)	(179,862)	142,398	393,810	(51,522)
Treasury stock		-	-	-	-	-	-
Non-controlling Interest		477,542	476,930	471,764	445,995	505,761	513,603
Total equities	Before distribution	21,910,079	21,850,142	22,393,358	23,580,839	24,674,405	24,739,308
	After distribution	21,128,621	21,224,976	21,716,094	22,799,381	(Note1)	(Note1)

Note 1：The motion for allocation of cash dividend 2019 had not yet been resolved by a shareholders' meeting.

Note 2：The financial statement for Q1 of 2020 was reviewed by the external auditor.

2. Condensed comprehensive income statement – IFRSs

Currency unit: NT$ thousands, other than EPS, which shall be stated at NT$

Item \ Year	Financial information for the last five years					Financial information available up to March 31, 2019 (Note 1)
	2015	2016	2017	2018	2019	
Operating income	19,975,087	21,411,090	22,214,287	24,983,824	26,038,773	6,441,894
Gross profit	4,122,767	4,258,369	4,257,498	4,604,893	4,879,813	1,254,950
Operating profit or loss	1,233,274	1,428,108	1,391,271	1,635,944	1,862,757	666,315
Non-Operating income and expense	392,899	293,638	431,719	509,418	360,076	6,311
Net income before tax	1,626,173	1,721,746	1,822,990	2,145,362	2,222,833	672,626
Net income of continuing operations	1,300,551	1,306,185	1,384,424	1,470,540	1,738,935	516,654
Loss of discontinued operation	-	-	-	-	-	-
Net income (loss)	1,300,551	1,306,185	1,384,424	1,470,540	1,738,935	516,654
Other comprehensive profit and loss (net)	(136,938)	(553,796)	(166,417)	(83,150)	140,388	(451,734)
Total comprehensive profit and loss	1,163,613	752,389	1,218,007	1,387,390	1,879,323	64,920
Net income attributable to parent company's shareholders	1,245,421	1,246,923	1,329,459	1,415,140	1,673,627	501,181
Net income attributable to noncontrolling interests	55,130	59,262	54,965	55,400	65,308	15,473
Total comprehensive profit and loss attributable to parent company's shareholders	1,113,930	723,604	1,171,038	1,335,991	1,816,348	56,538
Total comprehensive profit and loss attributable to noncontrolling interests	49,683	28,785	46,969	51,399	62,975	8,382
Earnings per share	2.39	2.39	2.55	2.72	3.21	0.96

Note 1：The financial statement for Q1 of 2020 was reviewed by the external auditor.

B. Standalone balance sheet and comprehensive income statement – IFRSs

1. Standalone balance sheet – IFRSs

Unit: NT$ thousands

Item \ Year		Financial information for the last five years				
		2015	2016	2017	2018	2019
Current assets		8,185,213	9,515,626	9,679,004	11,682,880	11,705,217
Property, plant, and equipment		4,631,396	4,771,185	4,830,199	4,857,134	5,080,110
Intangible assets		-	-	-	-	-
Other assets		19,391,359	19,095,183	19,520,678	20,469,390	21,019,571
Total assets		32,207,968	33,381,994	34,029,881	37,009,404	37,804,898
Current liabilities	Before distribution	6,534,608	8,569,374	8,689,793	10,387,802	10,065,889
	After distribution	7,316,066	9,194,540	9,367,057	11,169,260	(Note1)
Noncurrent liabilities		4,240,823	3,439,408	3,418,494	3,486,758	3,570,365
Total liabilities	Before distribution	10,775,431	12,008,782	12,108,287	13,874,560	13,636,254
	After distribution	11,556,889	12,633,948	12,785,551	14,656,018	(Note1)
Common stock		5,209,722	5,209,722	5,209,722	5,209,722	5,209,722
Capital surplus		2,584,302	2,589,184	2,601,877	2,616,806	2,622,204
Retailed earnings	Before distribution	13,276,483	13,647,919	14,289,857	15,165,918	15,942,908
	After distribution	12,495,025	13,022,753	13,612,593	14,384,460	(Note1)
Other equity		362,030	(73,613)	(179,862)	142,398	393,810
Treasury stocks		-	-	-	-	-
Total equity	Before distribution	21,432,537	21,373,212	21,921,594	23,134,844	24,168,644
	After distribution	20,651,079	20,748,046	21,244,330	22,353,386	(Note1)

Note 1：The motion for allocation of cash dividend 2019 had not yet been resolved by a shareholders' meeting.

2. Standalone comprehensive income statement – IFRSs

Currency unit: NT$ thousands, other than EPS, which shall be stated at NT$

Item \ Year	Financial information for the last five years				
	2015	2016	2017	2018	2019
Operating Income	14,920,390	15,730,407	16,593,048	18,795,102	19,919,257
Gross profit	2,714,091	2,691,289	2,726,653	3,060,971	3,397,137
Operating profit or loss	723,525	800,250	797,717	1,035,592	1,333,821
Non-Operating income and expense	778,718	738,487	855,365	913,333	715,962
Net income before tax	1,502,243	1,538,737	1,653,082	1,948,925	2,049,783
Net income of continuing operations	1,245,421	1,246,923	1,329,459	1,415,140	1,673,627
Loss of discontinued operation	-	-	-	-	-
Net income (losses)	1,245,421	1,246,923	1,329,459	1,415,140	1,673,627
Other comprehensive income (net after tax)	(131,491)	(523,319)	(158,421)	(79,149)	142,721
Total comprehensive income	1,113,930	723,604	1,171,038	1,335,991	1,816,348
Earnings per share	2.39	2.39	2.55	2.72	3.21

C. CPA Name and audit opinion

Year	CPA Name	Audit opinion
2019	Deloitte & Touche Taiwan Chen,Chih-Yuan、Yang, Ching-Cheng	An unqualified opinion with emphasis of matter paragraph or other matter paragraph
2018	Deloitte & Touche Taiwan Chen,Chih-Yuan、Yang, Ching-Cheng	An unqualified opinion with emphasis of matter paragraph or other matter paragraph
2017	Deloitte & Touche Taiwan Hsu, Ting-Chen、Chen, Chih-Yuan	An unqualified opinion with emphasis of matter paragraph or other matter paragraph
2016	Deloitte & Touche Taiwan Hsu, Ting-Chen、Liu, Chien-Liang	An unqualified opinion with emphasis of matter paragraph or other matter paragraph
2015	Deloitte & Touche Taiwan Hsu, Ting-Chen、Liu, Chien-Liang	A modified unqualified opinion

2. Financial analysis for the last five years

A. Consolidated financial analysis

Item		2015	2016	2017	2018	2019	March 31, 2020 (Note 1)
Financial structure (%)	Liabilities to assets	36.7	39.8	39.6	41.7	39.5	37.4
	Long-term fund for property, plant and equipment	187.5	182.3	186.1	194.4	195.6	200.8
Liquidity analysis (%)	Current ratio	147.1	129.7	129.4	128.2	132.5	141.3
	Quick ratio	90.1	83.2	79.8	84.6	86.3	93.8
	Interest coverage ratio	39.7	41.7	39.7	43.3	45.3	80.1
Operation performance analysis	Receivables turnover (times)	3.3	3.3	3.3	3.8	4.1	4.2
	Average collection days	110.6	110.6	110.9	96.9	88.6	87.1
	Inventory turnover (times)	3.2	3.4	3.4	3.4	3.3	3.4
	Payables turnover (times)	4.3	4.0	3.7	3.4	2.9	3.1
	Average inventory turnover days	114.1	108.0	108.0	106.4	109.9	106.7
	Property, plant and equipment turnover (times)	1.4	1.5	1.6	1.8	1.8	1.8
	Total assets turnover (times)	0.6	0.6	0.6	0.7	0.6	0.6
Profitability	Return on assets (%)	3.9	3.8	3.9	3.9	4.4	5.3
	Return on equity (%)	6.0	6.0	6.3	6.4	7.3	8.4
	Pre-tax income to paid-in capital ratio (%)	31.2	33.1	35.0	41.2	42.7	51.6
	Net income margin (%)	6.5	6.1	6.2	5.9	6.7	8.0
	EPS (NT$)	2.39	2.39	2.55	2.72	3.21	3.85
Cash flow (%)	Cash flow ratio (%)	14.1	8.4	13.1	26.6	11.4	19.6
	Cash flow adequacy ratio (%)	95.9	88.6	84.1	102.4	110.3	121.7
	Cash flow reinvestment ratio (%)	1.2	0.4	2.3	7.3	1.6	1.4
Leverage	Operating leverage	3.4	3.1	3.3	4.0	3.4	2.6
	Financial leverage	1.0	1.0	1.0	1.0	1.0	1.0

Column group "Financial analysis for the last five years" covers 2015–2019.

The cause of changes of more than 20% in financial rates over the last two years:

Cash flow ratio, Cash flow reinvestment ratio：The ratio of 2018 is relatively high, mainly due to the revision of the company's payment policy was amended to extend the payment period in September 2018, and the higher balance of project payment received in advance at the end of 2018, increased the net cash inflow from operating activities.

Note 1：The financial statement for Q1 of 2019 was reviewed by the external auditor.

Note 2：The financial analysis formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/total assets.
   (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets/current liabilities
   (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
   (3) Times Interest Earned = Net income before tax and interest expense/current interest expense
3. Operating ability
   (1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
   (2) Average collection period = 365 days/ accounts receivable turnover
   (3) Inventory turnover (times) = Cost of goods sold/average inventory
   (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods

sold/average accounts payable (including Account payable and Note payable from operating)
(5) Average inventory turnover days = 365 days/ inventory turnover
(6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
(7) Total asset turnover = Net sales/average total assets

4. Profitability
(1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
(2) Return on shareholder's equity = Net income/average total shareholder's equity
(3) Profit margin = Net income/ net sales
(4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued (Note 3)

5. Cash flow
(1) Cash flow ratio = Cash flow from operating activities/current liabilities
(2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) (Note 4)

6. Leverage
(1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income (Note 5)
(2) Financial leverage = Operating income/ (operating income - interest expenses)

Note 3：The calculation of earnings per share referred to above should be with the following matters included for consideration:

1. It is based on the weighted average outstanding number of common stock shares rather than the issued shares at the end of year.
2. Capital increased by cash or treasury stock transaction should be take into account when the calculating the circulation period of the weighted average outstanding shares.
3. Where there is a capitalization from earnings or capital reserve, when calculating earnings per share for the prior years and every interim, it should be retroactively adjusted by proportional capitalization without considering the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividends (whether distributed or not) should be deducted from net income, or added to the net loss. If the preferred shares are non-cumulative, when there is net income, preferred stock dividends should be deducted from net income; when there is net loss, no adjustment is needed.

Note 4：The cash flow analysis should be with the following matters included for consideration:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the statement of cash flow.
2. Capital expenditures refer to the annual cash outflow of capital investment.
3. Inventory additions are included for calculation only when the balance at the end is greater than the balance at the beginning. If inventories are decreased at the end of year, it is counted as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross property, plant, and equipment meant for the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 5：The issuer shall have the operating costs and operating expenses classified as fixed and variable by the nature. If it involves estimates or subjective judgments, it should pay attention to its rationality and consistency.

B. Standalone financial analysis

Item		Financial analysis for the last five years				
	Year	2015	2016	2017	2018	2019
Financial structure (%)	Liabilities to assets	33.5	36.0	35.6	37.5	36.1
	Long-term fund for property, plant and equipment	202.8	196.2	201.7	213.7	220.7
Liquidity analysis (%)	Current ratio	125.3	111.0	111.4	112.5	116.3
	Quick ratio	76.7	73.2	72.5	77.8	78.3
	Interest coverage ratio	55.1	53.2	56.9	77.8	109.0
Operation performance analysis	Receivables turnover (times)	3.3	3.2	3.2	3.9	4.2
	Average collection days	110.9	115.7	113.6	93.4	86.9
	Inventory turnover (times)	3.7	3.8	4.1	4.0	3.8
	Payables turnover (times)	4.5	4.1	4.1	3.4	2.8
	Average inventory turnover days	97.6	95.3	89.7	90.4	96.4
	Property, plant and equipment turnover (times)	1.2	1.2	1.3	1.5	1.6
	Total assets turnover (times)	0.5	0.5	0.5	0.5	0.5
Profitability	Return on assets (%)	4.0	3.9	4.0	4.0	4.5
	Return on equity (%)	5.9	5.8	6.1	6.3	7.1
	Pre-tax income to paid-in capital ratio (%)	28.8	29.5	31.7	37.4	39.3
	Net income margin (%)	8.3	7.9	8.0	7.5	8.4
	EPS (NT$)	2.39	2.39	2.55	2.72	3.21
Cash flow (%)	Cash flow ratio (%)	9.5	(3.1)	13.7	25.9	7.1
	Cash flow adequacy ratio (%)	85.6	62.7	68.5	90.6	91.1
	Cash flow reinvestment ratio (%)	(0.5)	(3.2)	1.7	5.7	(0.2)
Leverage	Operating leverage	4.1	3.8	4.0	3.6	4.2
	Financial leverage	1.0	1.0	1.0	1.0	1.0

Analysis of changes in financial ratios in recent two years (for changes over 20%):

1. Interest coverage ratio: The ratio was higher in 2019, due to revenue growth showing the increase in pre-tax net income in 2018 as well as a decline in total funding showing the decrease in interest expense.
2. Cash flow ratio and Cash flow reinvestment ratio: The ratio was higher in 2018, due to amendments to the payment policies of the Company for the extended tenor of payment dated September 2018 as well as increase in net cash inflow from operating activities, which is mainly because of higher balance of advances received on construction contracts in the end of 2018.

Note 1：The financial analysis formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/total assets.
   (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets/current liabilities
   (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
   (3) Times Interest Earned = Net income before tax and interest expense/current interest expense
3. Operating ability
   (1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
   (2) Average collection period = 365 days/ accounts receivable turnover
   (3) Inventory turnover (times) = Cost of goods sold/average inventory
   (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)

(5) Average inventory turnover days = 365 days/ inventory turnover
(6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
(7) Total asset turnover = Net sales/average total assets

4. Profitability
(1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
(2) Return on shareholder's equity = Net income/average total shareholder's equity
(3) Profit margin = Net income/ net sales
(4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued (Note 2)

5. Cash flow
(1) Cash flow ratio = Cash flow from operating activities/current liabilities
(2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) (Note 3)

6. Leverage
(1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income (Note 4)
(2) Financial leverage = Operating income/ (operating income - interest expenses)

Note 2：The calculation of earnings per share referred to above should be with the following matters included for consideration:
1. It is based on the weighted average outstanding number of common stock shares rather than the issued shares at the end of year.
2. Capital increased by cash or treasury stock transaction should be take into account when the calculating the circulation period of the weighted average outstanding shares.
3. Where there is a capitalization from earnings or capital reserve, when calculating earnings per share for the prior years and every interim, it should be retroactively adjusted by proportional capitalization without considering the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the its dividends (whether distributed or not) should be deducted from net income, or added to the net loss. If the preferred shares are non-cumulative, when there is net income, preferred stock dividends should be deducted from net income; when there is net loss, no adjustment is needed.

Note 3：The cash flow analysis should be with the following matters included for consideration:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the statement of cash flow.
2. Capital expenditures refer to the annual cash outflow of capital investment.
3. Inventory additions are included for calculation only when the balance at the end is greater than the balance at the beginning. If inventories are decreased at the end of year, it is counted as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross property, plant, and equipment meant for the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 4：The issuer shall have the operating costs and operating expenses classified as fixed and variable by the nature. If it involves estimates or subjective judgments, it should pay attention to its rationality and consistency.

3. Audit Committee’ Report

Audit Committee’s Review Report

To the 2020 General Shareholders’ Meeting of Shihlin Electric & Engineering Corporation,

The Company’s 2019 financial statements have been approved by the Audit Committee and by the Board of Directors. The CPA Zhi-yuan Chen and CPA Qing-zhen Yang, members of the Deloitte & Touche, have completed the audit of the financial statements and issued an audit report relating thereto. In addition, the Board of Directors has prepared and submitted to us the Company’s 2019 business report and proposal for distribution of earnings. We, the Audit Committee members, have duly examined and determined such business report and proposal for distribution of earnings to be in line with the requirements under the Company Law and relevant laws and regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report.

The Convener of the Audit Committee: Shin-I Lin

林信義

13 Mar. 2020

4. The audited consolidated financial statements of the parent company and subsidiaries in recent year

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:

Inventory Evaluation

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

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

(Continued)

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

(Continued)

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)

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.

2018

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	December 31 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	For the Year Ended December 31 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	For the Year Ended December 31 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	December 31 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	December 31 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	December 31 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

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Equity Instruments	Equity Instruments	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
Financial assets		
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
Financial liabilities		
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 Automotive (China) Ltd. (Mitsubishi China Automotive)	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 For the Year Ended December 31		Non-current Assets 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.

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 Name	Endorsee/Guarantee Relationship (Note 2)	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
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.

TABLE 3

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.	Mutual funds						
	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	Shares						
	Mirle Automation Corporation		Financial assets at FVTOCI	82,096	3,323	-	3,323
Hsinlin International Investment Corp. of Samoa	Mutual funds						
	Global Alliance - Pioneer Growth Fund		Financial assets at FVTPL	118,800	22,518	-	22,518
Rueylin International Investment Corp. of Samoa	Mutual funds						
	Global Alliance - Select Equity Dynamic Fund		Financial assets at FVTPL	118,800	22,507	-	22,507
Ji Lin Investment, Co., Ltd.	Shares						
	Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	5,535	2.5	5,535
Cheng Lin Investments Co., Ltd.	Shares						
	Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	5,535	2.5	5,535
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	Shares						
	Shidian Technology (Jiangsu) Co., Ltd		Financial assets at FVTOCI	-	859	-	859

(Concluded)

TABLE 4

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.

TABLE 6

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: Financial Statement Account	Transactions Details: Amount (Note 4)	Transactions Details: Payment Terms	% to Total Sales or Assets (Note 3)
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 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
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 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
	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		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			
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		Purchases		Notes/Accounts Payable		Note
			Price	Payment Term	Amount	%	Ending Balance	%	
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		Sales		Gross Profit	Unrealized Gross Profit	Notes/Accounts Receivable		Note
			Price	Payment Term	Amount	%			Ending Balance	%	
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			Management Service Revenue		Note
			Price	Payment Term	Comparison with Normal Transaction	Amount	%	
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.

5. The audited standalone financial statements of the parent company and subsidiaries in recent year

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Shihlin Electric & Engineering Corp. (the "Corporation"), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the 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 financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the Corporation 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 financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the 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 Corporation's financial statements for the year ended December 31, 2019 is as follows:

Inventory Evaluation

The Corporation is engaged in the manufacture of heavy electrical equipment and machinery as well as automotive electrical equipment, devices, and related parts. Management's estimates the carrying value and possible write-downs of inventry based on current market conditions and relevant products' past sales experience. Refer to Notes 4, 5 and 10 to the 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 Corporation'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 present of obsolete inventory after the reporting period to ensure the consistency with the Corporation'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 investees of the Corporation as of and for the years ended December 31, 2019 and 2018, which were reflected in the accompanying 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 Corporation's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT$5,967,536 thousand and NT$5,392,584 thousand as of December 31, 2019 and 2018, respectively, which represented 15.79% and 14.57% of the Corporation's total assets, respectively. The Corporation's share of the profit or loss of such subsidiaries and associates amounted to NT$147,985 thousand and NT$117,627 thousand for the years ended December 31, 2019 and 2018, respectively, which represented 7.22% and 6.04% of the Corporation's profit before income tax, respectively. The Corporation's share of the comprehensive income or loss of such subsidiaries and associates amounted to NT$535,353 thousand and NT$111,862 thousand for the years ended December 31, 2019 and 2018, respectively, which represented 29.47% and 8.37% of the Corporation's total comprehensive income, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Corporation to express an opinion on the 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 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 financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

SHIHLIN ELECTRIC & ENGINEERING CORP.

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)	$ 1,254,083	3	$ 1,818,804	5
Financial assets at fair value through profit or loss - current (Note 7)	-	-	22,351	-
Contract assets - current (Note 22)	2,553,405	7	2,098,817	6
Notes receivable (Notes 9 and 22)	726,833	2	1,135,671	3
Notes receivable from related parties (Notes 22 and 29)	156	-	978	-
Trade receivables (Notes 5, 9 and 22)	3,593,565	10	3,262,162	9
Trade receivables from related parties (Notes 5, 22 and 29)	88,558	-	122,514	-
Other receivables	5,875	-	11,525	-
Other receivables from related parties (Note 29)	6,700	-	9,506	-
Inventories (Note 10)	2,947,769	8	2,883,787	8
Other current assets (Notes 15, 29 and 30)	528,273	1	316,765	1
Total current assets	11,705,217	31	11,682,880	32
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	569,187	2	541,259	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	876,254	2	831,177	2
Investments accounted for using the equity method (Note 11)	11,639,673	31	11,033,999	30
Property, plant and equipment (Notes 12 and 30)	5,080,110	13	4,857,134	13
Right-of-use assets (Note 13)	567	-	-	-
Investment properties (Notes 14 and 30)	7,489,446	20	7,598,604	20
Deferred tax assets (Note 24)	277,769	1	222,420	1
Other non-current assets (Notes 15 and 30)	166,675	-	241,931	1
Total non-current assets	26,099,681	69	25,326,524	68
TOTAL	$ 37,804,898	100	$ 37,009,404	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 1,700,000	5	$ 1,950,000	5
Financial liabilities at fair value through profit or loss - current (Note 7)	7,906	-	304	-
Contract liabilities - current (Notes 22 and 29)	1,578,182	4	1,737,487	5
Notes payable (Note 17)	94,564	-	90,471	-
Trade payables (Note 17)	3,806,173	10	3,824,097	10
Trade payables to related parties (Note 29)	734,661	2	623,004	2
Other payables (Note 18)	1,147,030	3	1,096,353	3
Other payable to related parties (Note 29)	24,286	-	22,178	-
Current tax liabilities (Note 24)	76,778	-	214,786	1
Provisions - current (Note 19)	749,184	2	657,324	2
Lease liabilities-current (Note 13)	605	-	-	-
Other current liabilities (Note 18)	146,520	1	171,798	-
Total current liabilities	10,065,889	27	10,387,802	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	850,000	2	850,000	2
Provisions - non-current (Note 19)	17,511	-	16,387	-
Deferred tax liabilities (Note 24)	2,178,645	6	2,109,428	6
Net defined benefit liabilities - non-current (Note 20)	422,820	1	410,850	1
Other non-current liabilities (Note 18)	101,389	-	100,093	-
Total non-current liabilities	3,570,365	9	3,486,758	9
Total liabilities	13,636,254	36	13,874,560	37
EQUITY (Note 21)				
Ordinary shares	5,209,722	14	5,209,722	14
Capital surplus	2,622,204	7	2,616,806	7
Retained earnings				
Legal reserve	2,563,623	7	2,422,109	6
Special reserve	5,136,954	13	5,136,954	14
Unappropriated earnings	8,242,331	22	7,606,855	21
Total retained earnings	15,942,908	42	15,165,918	41
Other equity	393,810	1	142,398	1
Total equity	24,168,644	64	23,134,844	63
TOTAL	$ 37,804,898	100	$ 37,009,404	100

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

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

SHIHLIN ELECTRIC & ENGINEERING CORP.

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 22 and 29)				
Sales	$ 15,375,297	77	$ 15,524,223	82
Rental revenue	511,456	3	509,211	3
Construction revenue	4,032,504	20	2,761,668	15
Total operating revenue	19,919,257	100	18,795,102	100
OPERATING COSTS (Notes 10, 23 and 29)				
Cost of goods sold	12,685,770	64	13,119,919	70
Rental costs	204,345	1	222,746	1
Construction costs	3,632,005	18	2,391,466	13
Total operating costs	16,522,120	83	15,734,131	84
GROSS PROFIT	3,397,137	17	3,060,971	16
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	762,907	4	724,989	4
General and administrative expenses	819,672	4	816,087	4
Research and development expenses	495,952	2	518,623	3
Expected credit loss reversed on trade receivables	(15,215)	-	(34,320)	-
Total operating expenses	2,063,316	10	2,025,379	11
PROFIT FROM OPERATIONS	1,333,821	7	1,035,592	5
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23 and 29)	30,122	-	36,709	-
Other gains and losses (Notes 23 and 29)	64,769	-	123,062	1
Finance costs (Note 23)	(19,059)	-	(25,946)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	640,130	3	779,508	4
Total non-operating income	715,962	3	913,333	5
PROFIT BEFORE INCOME TAX	2,049,783	10	1,948,925	10
INCOME TAX EXPENSE (Note 24)	376,156	2	533,785	3
NET PROFIT FOR THE YEAR	1,673,627	8	1,415,140	7

(Continued)

SHIHLIN ELECTRIC & ENGINEERING CORP.

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 20)	$ (137,664)	-	$ (30,127)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	45,077	-	(24,790)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	379,311	2	(3,031)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	27,533	-	29,529	-
	314,257	2	(28,419)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(207,661)	(1)	(76,903)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(5,407)	-	7,156	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	41,532	-	19,017	-
	(171,536)	(1)	(50,730)	-
Other comprehensive loss for the year, net of income tax	142,721	1	(79,149)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,816,348	9	$ 1,335,991	7
EARNINGS PER SHARE (Note 25)				
Basic	$ 3.21		$ 2.72	
Diluted	$ 3.20		$ 2.70	

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

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

SHIHLIN ELECTRIC & ENGINEERING CORP.

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

			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 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
Effect of retrospective application	-	-	-	-	162,440	162,440	-	37,841	365,851	403,692	566,132
BALANCE, 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
Appropriation of the 2017 earnings											
Legal reserve	-	-	132,946	-	(132,946)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(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)
Actual acquisitions of interests in subsidiaries	-	11,059	-	-	-	-	(13,492)	-	230	(13,262)	(2,203)
Adjustments to share of changes in equity of subsidiaries	-	-	-	-	(320)	(320)	-	-	-	-	(320)
Net profit for year ended December 31, 2018	-	-	-	-	1,415,140	1,415,140	-	-	-	-	1,415,140
Other comprehensive loss for year ended December 31, 2018, net of income tax	-	-	-	-	(495)	(495)	(50,730)	-	(27,924)	(78,654)	(79,149)
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
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
Effect of retrospective application	-	-	-	-	(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
Appropriation of the 2018 earnings											
Legal reserve	-	-	141,514	-	(141,514)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(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)
Actual acquisitions of interests in subsidiaries	-	1,483	-	-	-	-	(1,158)	-	17	(1,141)	342
Adjustments to share of changes in equity of subsidiaries	-	-	-	-	(320)	(320)	-	-	-	-	(320)
Net profit for the year ended December 31, 2019	-	-	-	-	1,673,627	1,673,627	-	-	-	-	1,673,627
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
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
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

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

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

SHIHLIN ELECTRIC & ENGINEERING CORP.

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	$ 2,049,783	$ 1,948,925
Adjustments for:		
Depreciation expense	477,838	435,549
Expected credit loss reversed on trade receivables	(15,215)	(34,320)
Gain on fair value change of financial assets and liabilities at fair value through profit or loss	(11,815)	(46,898)
Finance costs	19,059	25,946
Interest income	(5,927)	(8,815)
Dividend income	(11,948)	(15,634)
Share of profit of subsidiaries and associates accounted for using the equity method	(640,130)	(779,508)
Gain on disposal of property, plant and equipment	2,345	14,892
Gain on disposal of investments	-	(631)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	22,351	65,868
Contract assets	(443,788)	(639,506)
Notes receivable	408,838	(50,476)
Notes receivable from related parties	822	3,931
Trade receivables	(326,988)	(124,332)
Trade receivables from related parties	33,956	107,340
Other receivables	5,650	(5,284)
Other receivables from related parties	2,806	20,550
Inventories	(106,294)	(128,158)
Other current assets	(233,647)	(11,305)
Financial liabilities held for trading	(8,555)	(8,142)
Contract liabilities	(159,305)	766,489
Notes payable	4,093	(8,662)
Trade payables	(17,924)	1,022,658
Trade payables to related parties	111,657	310,782
Other payables	51,816	91,844
Other payables to related parties	2,108	959
Provisions	92,984	128,747
Other current liabilities	(23,517)	42,085
Net defined benefit liabilities	(125,694)	(134,984)
Cash generated from operations	1,155,359	2,989,910
Interest received	5,914	8,811
Interest paid	(20,198)	(26,316)
Income tax paid	(431,231)	(278,968)
Net cash generated from operating activities	709,844	2,693,437

(Continued)

SHIHLIN ELECTRIC & ENGINEERING CORP.

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	$ -	$ (8,610)
Proceeds from sale of financial assets at fair values through other comprehensive income	-	165
Proceeds from sale of financial assets at amortized cost	-	369
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	-
Payments for property, plant and equipment	(382,037)	(242,719)
Proceeds from disposal of property, plant and equipment	2,751	7,223
Payments for investment properties	(3,275)	(262)
Increase in other financial assets	-	(11,584)
Decrease in other financial assets	27,087	-
Increase in other non-current assets	(97,769)	(138,787)
Dividends received from subsidiaries and associates	284,890	372,649
Other dividends received	11,948	15,634
Net cash used in investing activities	(156,361)	(5,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(250,000)	(700,000)
Payment of the principal portion of lease liabilities	(1,001)	-
Decrease in other financial liabilities	(465)	(1,523)
Dividends paid	(781,458)	(677,264)
Partial acquisition of interests in subsidiaries	(85,280)	(135,306)
Proceeds from capital reduction of subsidiaries	-	580
Net cash used in financing activities	(1,118,204)	(1,513,513)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(564,721)	1,174,002
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,818,804	644,802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,254,083	$ 1,818,804

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the 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) of the Republic of China.

   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 Corporation's accounting policies.

   - 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 Corporation 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 Corporation as lessee

The Corporation 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 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 statements of comprehensive income, the Corporation 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 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. Cash flows for operating leases were classified within operating activities on the statements of cash flows.

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 Corporation applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

a) The Corporation will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

b) The Corporation uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 0.69%. 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	$ 1,616
Undiscounted amounts on January 1, 2019	$ 1,616
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 1,587
Lease liabilities recognized on January 1, 2019	$ 1,587

The Corporation as lessor

The Corporation will not make any adjustments for leases in which it is a lessor and will account f or 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	$ -	$ 1,587	$ 1,587
Total effect on assets	$ -	$ 1,587	$ 1,587
Lease liabilities - current	$ -	$ 1,000	$ 1,000
Lease liabilities - non-current	-	587	587
Total effect on liabilities	$ -	$ 1,587	$ 1,587

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 Corporation 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 Corporation shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Corporation 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 financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These financial statements of the Corporation are its parent company only financial statements and have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of presentation

The 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.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in these parent company only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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 12 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 12 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 financial statements are authorized for issue; and

3) Liabilities for which the Corporation 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 Corporation 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 Corporation's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation'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 not retranslated.

For the purposes of presenting the financial statements, the functional currencies of the entities (including operations of the subsidiaries and associates in other countries which used different currencies from the functional currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar 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.

On the disposal of a foreign operation (i.e. a disposal of the Corporation'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 are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing of control over the subsidiary, the proportionate share of accumulated exchange differences 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.

e. 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 Corporation 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.

f. Investment in subsidiaries

The Corporation use the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Corporation.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation’s share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Corporation’s net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation’s share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Corporation’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits and losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses transactions from upstream and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

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

The Corporation 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 Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation'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 Corporation'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 Corporation 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 Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Corporation'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 by the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation'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 by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation 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 Corporation 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 Corporation 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 Corporation continues to apply the equity method and does not remeasure the retained interest.

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

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 for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method or the fixed-percentage-of-declining-balance method. Each significant part of depreciable asset 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 the estimates 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 Corporation 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows. 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.

Before the Corporation 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 shall be recognized in accordance with the 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 Corporation 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 for 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 Corporation 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 28.

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

The Corporation always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables and contract assets. For all other financial instruments, the Corporation 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 Corporation 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 Corporation 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 Corporation 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 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 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 Corporation 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 Corporation 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 Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company'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 Company'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 28.

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

For contracts where the period between the date on which the Corporation transfers a promised good to a customer and the date on which the customer pays for that good is one year or less, the Corporation 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 part. 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 have constructions in progress, and thus, the Corporation recognizes revenue over time. The Corporation 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 Corporation 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 Corporation adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

n. Leasing

2019

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

1) The Corporation 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 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 Corporation as lessee

The Corporation 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 Corporation 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 Corporation 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 Corporation as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation'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 Corporation'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 Corporation as lessee

Assets held under finance leases are initially recognized as assets of the Corporation 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 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.

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

3) Leasehold land for own use

When a lease includes both land and building elements, the Corporation 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. 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 the 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 Corporation'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 Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

q. 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 of 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 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 Corporation 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 tax 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 tax 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 Corporation'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 the assumptions about expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation'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 inventories

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	$ 2,075	$ 1,797
Checking accounts and demand deposits	1,252,008	1,817,007
	$ 1,254,083	$ 1,818,804

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%-0.08%	0.01%-0.08%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
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
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	559,620	532,187
	$ 569,187	$ 541,259

(Continued)

	December 31	
	2019	2018
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

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 Corporation 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	January 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 Corporation 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	$ 93,799	$ 93,046
Unlisted shares	782,455	738,131
	$ 876,254	$ 831,177

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

Dividends of $11,948 thousand and $15,634 thousand were recognized during 2019 and 2018, respectively. Those related to investments held at December 31, 2019 and 2018 were $11,948 thousand and $15,634 thousand, respectively.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
At amortized amount		
Gross carrying amount	$ 726,833	$ 1,135,671
Trade receivables		
At amortized amount		
Gross carrying amount	$ 3,700,228	$ 3,380,050
Less: Allowance for impairment loss	(106,663)	(117,888)
	$ 3,593,565	$ 3,262,162

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

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experiences 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 Corporation 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 Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Corporation'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	0.20%	10.75%	23.56%	47.85%	43.16%	
Gross carrying amount	$ 4,123,573	$ 91,052	$ 45,158	$ 119,579	$ 47,699	$ 4,427,061
Loss allowance (Lifetime ECL)	(8,441)	(9,785)	(10,637)	(57,214)	(20,586)	(106,663)
Amortized cost	$ 4,115,132	$ 81,267	$ 34,521	$ 62,365	$ 27,113	$ 4,320,398

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	0.09%	7.33%	18.93%	52.44%	89.57%	
Gross carrying amount	$ 4,250,721	$ 94,716	$ 39,878	$ 46,620	$ 83,786	$ 4,515,721
Loss allowance (Lifetime ECL)	(3,910)	(6,939)	(7,549)	(24,447)	(75,043)	(117,888)
Amortized cost	$ 4,246,811	$ 87,777	$ 32,329	$ 22,173	$ 8,743	$ 4,397,833

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

	2019	2018
Balance at January 1	$ 107,888	$ 90,491
Add: Net remeasurement of loss allowance	(4,415)	31,880
Less: Amounts written off	(6,810)	(4,483)
Balance at December 31	$ 106,663	$ 117,888

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 1,210,215	$ 1,144,455
Work in progress	1,072,813	931,284
Raw materials	664,741	808,048
	$ 2,947,769	$ 2,883,787

The cost of goods sold included reversals of inventory write-downs of $64,737 thousand and inventory write-downs of $136,372 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.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 8,220,406	$ 7,763,586
Investments in associates	3,419,267	3,270,413
	$ 11,639,673	$ 11,033,999

a. Investments in subsidiaries

Name of Subsidiaries	December 31 2019	December 31 2018
SEEC International Holdings Ltd. of the British Virgin Islands ("SEEC International Holdings")	$ 4,562,485	$ 4,561,837
Yuh Lin Investment Co., Ltd. ("Yuh Lin")	522,369	438,637
Hwo Lin Investment Co., Ltd. ("Hwo Lin")	495,828	437,978
Shihlin Electrical Engineering Ltd. of Vietnam ("Vietnam SEEC")	442,632	411,822
Shang Lin Investment Co., Ltd. ("Shang Lin")	518,791	361,848
Rueylin Electric & Engineering Corp. ("Rueylin")	281,186	268,864
Ji Lin Investment, Co., Ltd. ("Ji Lin")	281,588	253,241
Jeng Lin Investment Co., Ltd. ("Jeng Lin")	258,527	222,184
Hsin Lin Electric Machinery Co., Ltd. ("Hsin Lin")	203,718	193,266
Cheng Lin Investments Co., Ltd. ("Cheng Lin")	210,392	185,656
SEEC International Trading Ltd. of the British Virgin Islands ("SEEC International Trading")	134,450	149,838
Ting Lin Enterprise Co., Ltd. ("Ting Lin")	157,032	135,702
Jeen-Lin Industrial Co., Ltd. ("Jeen-Lin")	96,840	87,183
Shihlin Electric USA Company Limited ("Shihlin Electric USA")	30,568	36,837
Chuan Lin Technology Corporation ("Chuan Lin")	21,493	18,200
Shihlin Electric (Australia) Pty. Ltd. ("Shihlin Electric Australia")	2,507	493
	$ 8,220,406	$ 7,763,586

At the end of the reporting period, the proportions of ownership and voting rights in subsidiaries held by the Corporation were as follows:

Name of Subsidiaries	December 31 2019	December 31 2018
SEEC International Holdings	100.0%	100.0%
Yuh Lin	93.7%	93.7%
Hwo Lin	94.8%	94.8%
Vietnam SEEC	100.0%	100.0%
Shang Lin	99.6%	99.6%
Rueylin	90.0%	88.3%
Ji Lin	99.9%	99.9%
Jeng Lin	87.5%	87.5%
Hsin Lin	60.0%	60.0%
Cheng Lin	99.3%	99.3%
SEEC International Trading	100.0%	100.0%
Ting Lin	96.7%	96.7%
Jeen-Lin	78.4%	78.4%
Shihlin Electric USA	100.0%	100.0%
Chuan Lin	31.5%	31.5%
Shihlin Electric Australia	100.0%	100.0%

Refer to Note 33 for the details on the indirectly held investments in subsidiaries.

The sum of the equity ownership of the Corporation and its subsidiaries in Chuan Lin is 73.0%; thus, they have a collective ability of control over Chuan Lin. Hence, it is classified as a subsidiary.

b. Investments in associates

	December 31 2019	December 31 2018
Material associate		
The Ambassador Hotel, Ltd. ("Ambassador Hotel")	$ 3,335,943	$ 3,199,193
Associates that are not individually material	83,324	71,220
	$ 3,419,267	$ 3,270,413

1) Material associate

Name of Associate	Proportion of Ownership and Voting Rights December 31 2019	Proportion of Ownership and Voting Rights December 31 2018
Ambassador Hotel	18.2%	18.2%

Refer to Table 6 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

The sum of the equity ownership of the Corporation and its subsidiaries in Ambassador Hotel is 21.34%; thus, they have a significant influence over Ambassador Hotel. Hence, it is classified as an associate.

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

Name of Associate	December 31 2019	December 31 2018
Ambassador Hotel	$ 1,984,137	$ 1,539,128

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

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

Ambassador Hotel

	December 31 2019	December 31 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 Corporation's ownership	18.2%	18.2%
Equity attributable to the Corporation	$ 3,335,943	$ 3,199,193
Other adjustments	-	-
Carrying amount	$ 3,335,943	$ 3,199,193

	For the Year Ended December 31 2019	For the Year Ended December 31 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	$ 26,767	$ 26,767

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
The Corporation's share of:		
Net profit (loss) for the year	$ 3,163	$ 570
Other comprehensive income (loss)	8,978	(428)
Total comprehensive income for the year	$ 12,141	$ 142

12. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Corporation	$ 5,080,110

a. Assets used by the Corporation - 2019

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2019	$ 2,450,723	$ 2,963,363	$ 3,718,943	$ 1,912,601	$ 11,045,630
Additions	-	48,224	190,639	143,174	382,037
Disposals	-	(3,849)	(91,111)	(32,849)	(127,809)
Transferred from inventories	-	1,000	41,312	-	42,312
Transferred from prepayments for equipment	-	104,456	31,561	32,072	168,089
Balance at December 31, 2019	$ 2,450,723	$ 3,113,194	$ 3,891,344	$ 2,054,998	$ 11,510,259
Accumulated depreciation and impairment					
Balance at January 1, 2019	$ -	$ 1,860,850	$ 2,827,886	$ 1,499,760	$ 6,188,496
Disposals	-	(3,848)	(89,690)	(29,175)	(122,713)
Depreciation expense	-	75,623	164,729	124,014	364,366
Balance at December 31, 2019	$ -	$ 1,932,625	$ 2,902,925	$ 1,594,599	$ 6,430,149
Carrying amounts at December 31, 2019	$ 2,450,723	$ 1,180,569	$ 988,419	$ 460,399	$ 5,080,110

b. 2018

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2018	$ 2,450,723	$ 2,913,171	$ 3,602,065	$ 1,818,038	$ 10,783,997
Additions	-	35,225	136,425	71,069	242,719
Disposals	-	-	(61,643)	(27,464)	(89,107)
Transferred from inventories	-	2,253	11,739	29,227	43,219
Transferred from prepayments for equipment	-	12,714	30,357	21,731	64,802
Balance at December 31, 2018	$ 2,450,723	$ 2,963,363	$ 3,718,943	$ 1,912,601	$ 11,045,630
Accumulated depreciation and impairment					
Balance at January 1, 2018	$ -	$ 1,811,523	$ 2,724,894	$ 1,417,381	$ 5,953,798
Disposals	-	-	(44,161)	(22,831)	(66,992)
Depreciation expense	-	49,327	147,153	105,210	301,690
Balance at December 31, 2018	$ -	$ 1,860,850	$ 2,827,886	$ 1,499,760	$ 6,188,496
Carrying amounts at December 31, 2018	$ 2,450,723	$ 1,102,513	$ 891,057	$ 412,841	$ 4,857,134

The Corporation adopted depreciation methods that were decided at the dates the assets were acquired. The Corporation's depreciation cost is calculated by using the straight-line method for properties bought before January 1, 1988 and on or after January 1, 1999. 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.

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

Buildings	
Main buildings	40-60 years
Building improvements	20-35 years
Electrical power equipment and engineering systems	8-35 years
Others	2-15 years
Machinery and equipment	3-15 years
Other equipment	2-15 years

Refer to Note 30 for the carrying amount of property, plant and equipment pledged to secure general banking facilities granted to the Corporation.

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	$ 567

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 19
Depreciation charge for right-of-use assets	
Buildings	$ 1,039

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 605
Non-current	$ -

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	0.69%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Notes 14.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 15,952
Total cash outflow for leases	$ (16,960)

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

14. 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 amounts at December 31, 2018	$ 7,598,604

(Continued)

	Completed Investment Property
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 amounts at December 31, 2019	$ 7,489,446

(Concluded)

The future minimum lease payments of non-cancellable operating lease 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 asset:

Main buildings	50-60 years
Engineering system	5-15 years
Air-conditioning system	8-10 years
Others	3-15 years

The fair value of the Corporation'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 30 for the carrying amount of investment properties pledged to secure general banking facilities granted to the Corporation.

15. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepaid expenses	$ 36,849	$ 50,206
Prepayments for purchases	444,764	197,851
Refundable deposits	8,608	20,210
Other financial assets	33,616	44,153
Others	4,436	4,345
	$ 528,273	$ 316,765
Non-current		
Refundable deposits	$ 9,528	$ 17,032
Prepayments for equipment	95,166	165,356
Other financial assets	21,436	18,867
Others	40,545	40,676
	$ 166,675	$ 241,931

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans (NTD)	$ 1,700,000	$ 1,950,000

The range of weighted average effective interest rate on bank loans was 0.65%-0.68% and 0.65%-0.71% 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

* As of December 31, 2019, the interest rate of the unsecured bank borrowings was 0.68% and revolving must be made before January 2021. As of December 31, 2018, the interest rate of the unsecured bank borrowings was 0.68% and revolving must be made before January 2020.

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2019	December 31 2018
Notes payable		
Operating	$ 94,564	$ 90,471
Trade payables		
Operating	$ 3,806,173	$ 3,824,097

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

18. OTHER LIABILITIES

	December 31 2019	December 31 2018
Current		
Other payables		
Payable for salaries or bonus	$ 448,571	$ 386,682
Payable for annual leave	93,423	92,206
Payable for dividends	92,936	89,299
Payable for employees' compensation	117,613	117,935
Payable for remuneration of directors	49,800	49,800
Payable for royalties	6,803	5,893
Payable for labor and health insurance	20,972	21,035
Others	316,912	333,503
	$ 1,147,030	$ 1,096,353
Other liabilities		
Temporary receipts	$ 90,835	$ 73,828
Deposits received	7,668	9,429
Refund liability	35,773	38,835
Others	12,244	49,706
	$ 146,520	$ 171,798
Non-current		
Other liabilities		
Deposits received	$ 101,389	$ 100,093

19. PROVISIONS

	December 31	
	2019	2018
Current		
Warranties	$ 749,184	$ 657,324
Non-current		
Warranties	$ 17,511	$ 16,387

	Warranties
Balance at January 1, 2019	$ 673,711
Additional provisions recognized	92,984
Balance at December 31, 2019	$ 766,695

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 Corporation'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.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation 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.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation 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 Corporation contributes amounts equivalent to 3% (5% before September 2017) of total monthly 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 Corporation 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 Corporation 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 Corporation has no right to influence the investment policy and strategy.

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

	December 31 2019	December 31 2018
Present value of defined benefit obligation	$ 1,607,756	$ 1,542,859
Fair value of plan assets	(1,184,936)	(1,132,009)
Net defined benefit liability	$ 422,820	$ 410,850

Movements of net defined benefit liabilities (assets) 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	$ 1,558,105	$ (1,042,398)	$ 515,707
Service costs			
Current service cost	18,155	-	18,155
Past service cost	4,398	-	4,398
Net interest expense (income)	19,214	(13,366)	5,848
Recognized in profit or loss	41,767	(13,366)	28,401
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,755)	(27,755)
Actuarial loss - changes in demographic assumptions	10,443	-	10,443
Actuarial loss - changes in financial assumptions	22,052	-	22,052
Actuarial loss - experience adjustments	25,387	-	25,387
Recognized in other comprehensive income	57,882	(27,755)	30,127
Contributions from the employer	-	(48,490)	(48,490)
Benefits paid	(114,895)	-	(114,895)
Balance at December 31, 2018	1,542,859	(1,132,009)	410,850
Service costs			
Current service cost	15,495	-	15,495
Past service cost	1,580	-	1,580
Net interest expense (income)	16,831	(12,922)	3,909
Recognized in profit or loss	33,906	(12,922)	20,984
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(37,652)	(37,652)
Actuarial loss - changes in demographic assumptions	3,388	-	3,388
Actuarial loss - changes in financial assumptions	67,210	-	67,210
Actuarial loss - experience adjustments	104,718	-	104,718
Recognized in other comprehensive income	175,316	(37,652)	137,664
Contributions from the employer	(31,145)	(33,498)	(64,643)
Benefits paid	(113,180)	31,145	(82,035)
Balance at December 31, 2019	$ 1,607,756	$ (1,184,936)	$ 422,820

Through the defined benefit plans under the Labor Standards Law, the Corporation 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	0.750%	1.250%
Expected rate of salary increase	2.000%	2.000%

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	$ (45,245)	$ (43,817)
0.250% decrease	$ 47,036	$ 45,591
Expected rate of salary increase		
0.250% increase	$ 45,623	$ 44,377
0.250% decrease	$ (44,121)	$ (42,874)

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	$ 34,040	$ 33,219
The average duration of the defined benefit obligation	11.6 years	11.8 years

21. EQUITY

a. Share capital - ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	580,000	580,000
Amount of shares authorized	$ 5,800,000	$ 5,800,000
Number of shares issued and fully paid (in thousands)	520,972	520,972
Amount of 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	75,096	73,613
May be used to offset a deficit only		
Arising from changes in percentage of ownership interest in subsidiaries (2)	11,966	11,966
Arising from changes in equity from investments in associates 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 Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation'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 by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy of 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 23, a-8.

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 Corporation's board of directors as the basis for proposing a distribution plan, which should be resolve in the shareholder's 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 Corporation's paid-in capital. The legal reserve may be used to offset any deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation'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 Corporation.

The appropriations of earnings for 2018 and 2017 were 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 appropriation of earnings for 2019 are subject to the resolution of the shareholders' meeting to be held on June 19, 2020.

d. Special reserve

	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

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	-	3,635
Recognized for the year		
Exchange differences arising on translating the financial statements of foreign operations	(166,129)	(61,521)
Share from subsidiaries and associates accounted for using the equity method	(5,407)	7,156
Other comprehensive income (loss) recognized for the year	(171,536)	(54,365)
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	$ -
Adjustment on initial application of IFRS 9	-	365,851
Balance at January 1, 2018 per IFRS 9	348,641	365,851
Recognized for the year		
Unrealized loss - equity instruments	45,077	(24,790)
Share from subsidiaries and associates accounted for using the equity method	379,012	(3,134)
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

22. OPERATING REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 15,375,297	$ 15,524,223
Construction contract	4,032,504	2,761,668
	19,407,801	18,285,891
Rental income		
Rental income from equipment	511,456	509,211
	$ 19,919,257	$ 18,795,102

a. Contact balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable (Note 9)	$ 726,833	$ 1,135,671	$ 1,085,195
Notes receivable to related parties (Note 29)	$ 156	$ 978	$ 4,909
Trade receivables (Note 9)	$ 3,593,565	$ 3,262,162	$ 3,169,710
Trade receivables to related parties (Note 29)	$ 88,558	$ 122,514	$ 229,854
Contract assets			
Sale of goods	$ 189,305	$ 137,269	$ 394,566
Construction contracts	2,364,100	1,972,348	1,075,545
Less: Allowance for impairment loss	-	(10,800)	(77,000)
Contract assets - current	$ 2,553,405	$ 2,098,817	$ 1,393,111
Contract liabilities			
Sale of goods	$ 978,202	$ 870,797	$ 958,943
Construction contracts	599,980	866,690	12,055
Contract liabilities - current	$ 1,578,182	$ 1,737,487	$ 970,998

The credit risk management of contract assets and trade receivables are the same, refer to Note 9.

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	$ 10,800	$ 77,000
Less: Amounts written off	(10,800)	(66,200)
Balance at December 31	$ -	$ 10,800

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	$ 9,376,300	$ 3,147,987	$ 2,430,814	$ 420,196	$ 15,375,297
Construction contracts	2,641,085	-	1,391,419	-	4,032,504
	$ 12,017,385	$ 3,147,987	$ 3,822,233	$ 420,196	$ 19,407,801

2018

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Total
Type of goods or services					
Sale of goods	$ 8,794,157	$ 3,159,165	$ 3,110,618	$ 460,283	$ 15,524,223
Construction contracts	1,249,920	-	1,511,748	-	2,761,668
	$ 10,044,077	$ 3,159,165	$ 4,622,366	$ 460,283	$ 18,285,891

23. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME

a. Net profit:

1) Other income

	For the Year Ended December 31 2019	2018
Interest income		
Bank deposits	$ 5,914	$ 8,632
Financial assets at amortized cost	-	183
Others	13	-
	5,927	8,815
Dividends		
Investments in equity instruments at FVTOCI	11,948	15,634
Others	12,247	12,260
	$ 30,122	$ 36,709

2) 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	$ 21,524	$ 60,801
Financial liabilities held for trading	(9,709)	(13,903)
Loss on disposal of property, plant and equipment	(2,345)	(14,892)
Gain on disposal of associates	-	631
Net foreign exchange gain (loss)	(18,197)	48,393
Others	73,496	42,032
	$ 64,769	$ 123,062

3) Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 18,976	$ 25,385
Interest on short-term bills payable	76	561
Interest on finance leases	7	-
	$ 19,059	$ 25,946

4) Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2019	2018
Contract assets	$ 10,800	$ 66,200
Trade receivables	$ 4,415	$ (31,880)
Inventories (included in operating costs)	$ 64,737	$ (136,372)

5) Depreciation

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 407,078	$ 367,869
Operating expenses	70,760	67,680
	$ 477,838	$ 435,549

6) Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses of investment properties that generated rental income	$ 34,930	$ 31,366

7) Employee benefits

	For the Year Ended December 31	
	2019	2018
Post-employment benefits		
Defined contribution plans	$ 54,242	$ 51,946
Defined benefit plans (Note 20)	20,984	28,401
	75,226	80,347
Other employee benefits	2,373,028	2,273,872
Total employee benefits expense	$ 2,448,254	$ 2,354,219
An analysis of employee benefits expense by function		
Operating costs	$ 1,245,548	$ 1,198,380
Operating expenses	1,202,706	1,155,839
	$ 2,448,254	$ 2,354,219

8) 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 are 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 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.

9) Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	**2018**
Foreign exchange gains	$ 182,388	$ 159,947
Foreign exchange losses	(200,585)	(111,554)
	$ (18,197)	$ 48,393

24. INCOME TAXES

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 248,409	$ 278,430
Income tax on unappropriated earnings	12,890	46,707
Adjustments for prior years	31,924	4,862
	293,223	329,999
Deferred tax		
In respect of the current year	84,697	79,366
Adjustments for prior years' tax	(1,764)	-
Adjustments to deferred tax attributable to changes in tax rates and laws	-	124,420
	82,933	203,786
Income tax expense recognized in profit or loss	$ 376,156	$ 533,785

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 2,049,783	$ 1,948,925
Nondeductible expenses in determining taxable income	8,656	23,768
Tax-exempt income	(42,720)	(40,754)
Investment tax credits used in the current year	(40,764)	(37,628)
Income tax on unappropriated earnings	12,890	46,707
Unrecognized deductible temporary differences	(2,023)	22,625
Effect of tax rate changes	-	124,420
Adjustments for prior years' tax	30,160	4,862
Income tax expense recognized in profit or loss	$ 376,156	$ 533,785

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 Corporation 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 changes in tax rate	$ -	$ (27,139)
In respect of the current year		
Translation of the financial statements of foreign operations	(41,532)	(15,382)
Fair value changes of available-for-sale financial assets		-
Remeasurement on defined benefit plans	(27,533)	(6,025)
Total income tax recognized in other comprehensive income	$ (69,065)	$ (48,546)

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax liabilities		
Income tax payable	$ 76,778	$ 214,786

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	$ 32,923	$ (4,974)	$ -	$ 27,949
Provisions	47,160	6,509	-	53,669
Defined benefit plans	82,170	(25,139)	27,533	84,564
Exchange differences on translating the financial statements of foreign operations	40,650	-	41,031	81,681
Payables for annual leave	18,441	244	-	18,685
Payables for annual bonus	-	10,800	-	10,800
Others	1,076	(655)	-	421
	$ 222,420	$ (13,215)	$ 68,564	$ 277,769

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	$ 236,479	$ 19,064	$ -	$ 255,543
Rental revenue receivable	19,329	(1,860)	-	17,469
Exchange differences on translating the financial statements of foreign operations	1,030	-	(501)	529
Investments accounted for using the equity method	653,113	45,728	-	688,841
Financial assets at FVTPL	19,350	5,234	-	24,584
Reserve for land value increment tax	1,175,718	-	-	1,175,718
Others	4,409	1,552	-	5,961
	$ 2,109,428	$ 69,718	$ (501)	$ 2,178,645

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	$ 20,497	$ 12,426	$ -	$ 32,923
Provisions	32,425	14,735	-	47,160
Defined benefit plans	87,670	(35,029)	29,529	82,170
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	25,102	-	15,548	40,650
Payables for annual leave	15,341	3,100	-	18,441
Others	5,802	(4,726)	-	1,076
	$ 202,428	$ (25,085)	$ 45,077	$ 222,420

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	$ 189,797	$ 46,682	$ -	$ 236,479
Rental revenue receivable	18,010	1,319	-	19,329
Exchange differences on translating the financial statements of foreign operations	4,499	-	(3,469)	1,030
Investments accounted for using the equity method	513,102	140,011	-	653,113
Financial assets at FVTPL	28,137	(8,787)	-	19,350
Reserve for land value increment tax	1,175,718	-	-	1,175,718
Others	4,933	(524)	-	4,409
	$ 1,934,196	$ 178,701	$ (3,469)	$ 2,109,428

e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2019	2018
Deductible temporary differences	$ 900,345	$ 910,460

f. Income tax assessments

The Corporation's income tax returns through 2017 have been examined by the tax authority.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations 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 used in the 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 used in the 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 Corporation assumed that the entire amount of the compensation would be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On January 22, February 5, April 9, May 2 and September 11, 2018, the Corporation purchased partial interests in Rueylin, and resulted in increasing ownership percentage from 70.4% to 88.3%.

On November 28, 2019, the Corporation purchased partial interests in Rueylin, and resulted in increasing ownership percentage from 88.3% to 90.0%.

On March 25, 2019 and March 28, 2018, the Corporation subscribed for additional new shares of Shang Lin at a percentage different from its existing ownership percentage, the Corporation's interest in Shang Lin remained at 99.6%.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over these subsidiaries. For details about the acquisition of subsidiary, refer to Note 28 to the Corporation's consolidated financial statements for the year ended December 31, 2019.

27. CAPITAL MANAGEMENT

In order to maintain the Corporation'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 Corporation plans for an appropriate market share. In addition, the Corporation 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 Corporation's long term development. Lastly, the Corporation 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 considers the industry business cycle fluctuations and risk factors such as product life cycle to determine an appropriate capital structure for the Corporation.

28. 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	559,620	-	-	559,620
	$ 559,620	$ -	$ 9,567	$ 569,187
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 93,799	$ -	$ -	$ 93,799
Unlisted shares	-	-	782,455	782,455
	$ 93,799	$ -	$ 782,455	$ 876,254
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	532,187	-	-	532,187
	$ 532,187	$ 22,351	$ 9,072	$ 563,610
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 93,046	$ -	$ -	$ 93,046
Unlisted shares	-	-	738,131	738,131
	$ 93,046	$ -	$ 738,131	$ 831,177
Financial liabilities at FVTPL				
Derivatives	$ -	$ 304	$ -	$ 304

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	$ 738,131	$ 747,203
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)	-	44,324	44,324
Purchases	450,000	-	450,000
Sales	(450,044)	-	(450,044)
Balance at December 31, 2019	$ 9,567	$ 782,455	$ 792,022
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	$ 745,056	$ 753,225
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)	-	(18,178)	(18,178)
Purchases	-	8,610	8,610
Transfers into Level 3	-	2,808	2,808
Sales	-	(165)	(165)
Balance at December 31, 2018	$ 9,072	$ 738,131	$ 747,203
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 for Level 3 fair value measurement

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

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 is 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 its fair value by assessing the total value of individual assets and individual liabilities covered by 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	$ 569,187	$ 563,610
Financial assets at amortized cost (1)	5,748,958	6,461,422
Financial assets at FVTOCI	876,254	831,177
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	7,906	304
Financial liabilities at amortized cost (2)	7,387,934	7,538,075

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

2) The balances include financial liabilities measured 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 Corporation's major financial instruments included cash and cash equivalents, equity and debt investments, mutual funds, notes receivable, trade receivables, trade payables and borrowings. The Corporation'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 Corporation through the analysis of exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

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

a) Foreign currency risk

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

With regard to the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period, refer to Note 32.

Sensitivity analysis

The Corporation was mainly exposed to the USD and JYP.

The following table details the Corporation's sensitivity to a 1% increase and a 1% decrease in the New Taiwan dollar (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. A positive number below indicates an increase (decrease) in pre-tax profit when the New Taiwan dollar strengthened by 1% against the relevant currency.

	USD Impact		**JYP Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ (9,212) (i)	$ (8,383) (i)	$ (2,834) (ii)	$ (2,710) (ii)

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

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

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

b) Interest rate risk

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

The carrying amounts of the Corporation'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	$ 29,334	$ 37,303
Financial liabilities	950,000	1,950,000
Cash flow interest rate risk		
Financial liabilities	1,600,000	850,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Corporation'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 Corporation's pre-tax profit for the years ended December 31, 2019 and 2018 would decrease/increase by $16,000 thousand and $8,500 thousand, respectively.

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

c) Other price risk

The Corporation was exposed to price risk through its investments in listed equity securities and mutual funds. The Corporation 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 $5,692 thousand and $5,413 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 years ended December 31, 2019 and 2018 would have increased/decreased by $8,763 thousand and $8,312 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Corporation's sensitivity to prices increased during the year ended December 31, 2018 mainly due to the increase in financial assets measured at fair value.

2) Credit risk

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

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

b) The amount of contingent liabilities in relation to financial guarantee issued by the Corporation.

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 Corporation's balance sheets:

December 31, 2019

		Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	**Collateral**	**Other Credit Enhancements**	**Total**
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	$ 6,962,517	$ 202,365	$ 126,135	$ 328,500

December 31, 2018

		Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	**Collateral**	**Other Credit Enhancements**	**Total**
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	$ 6,620,140	$ 193,764	$ 126,654	$ 320,418

3) Liquidity risk

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

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Corporation had available unutilized short-term bank loan facilities both of $8,137,000 thousand in both years.

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the

Corporation can be required to pay. The 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	$ 1,200,232	$ 2,241,861	$ 1,206,424	$ 97,165	$ 91,709
Lease liabilities	87	174	344	-	-
Variable interest rate liabilities	491	751,043	4,355	850,459	-
Fixed interest rate liabilities	950,058	-	-	-	-
Refund liability	6,473	12,946	19,416	-	-
	$ 2,157,341	$ 3,006,024	$ 1,230,539	$ 947,624	$ 91,709

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	$ 1,174,072	$ 2,098,205	$ 1,273,652	$ 101,857	$ 88,607
Variable interest rate liabilities	491	934	4,355	850,459	-
Fixed interest rate liabilities	850,314	802,234	301,945	-	-
Refund liability	6,473	12,946	19,416	-	-
	$ 2,031,350	$ 2,914,319	$ 1,599,368	$ 952,316	$ 88,607

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 risk rate table for derivative financial liabilities

The following table detailed the Corporation'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
Gross settled					
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	$ -	$ 216,390	$ 185,325	$ 92,828	$ -
Outflows	-	(215,710)	(184,780)	(92,550)	-
	$ -	$ 680	$ 545	$ 278	$ -

29. TRANSACTIONS WITH RELATED PARTIES

Besides disclosures mentioned in other notes, the details of transactions between the Corporation and other related parties were disclosed below.

a. Related parties and relationships:

Name of Related Party	Relationship with the Corporation
Mitsubishi Electric Corporation of Japan (Mitsubishi Electric)	Investor that has significant influence over the Corporation
SEEC International Holdings	Subsidiary
Shihlin Electric USA	Subsidiary
Shihlin Electric Australia	Subsidiary
Hsin Lin	Subsidiary
Jeen-Lin	Subsidiary

(Continued)

Name of Related Party	Relationship with the Corporation
Union Power	Subsidiary
Chuan Lin	Subsidiary
Rueylin	Subsidiary
Vietnam SEEC	Subsidiary
Shihlin Electric Engineering Equipment Vietnam Company Limited (Vietnam Electric Engineering Equipment)	Subsidiary
Kingdom Trading Shanghai Co., Ltd. (Shanghai Kingdom Trading)	Subsidiary
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd. (Changzhou Shihlin Mitsuba)	Subsidiary
Xiamen Shihlin Electrical & Engineering Corp. (Xiamen SEEC)	Subsidiary
Suzhou Shihlin Electric & Engineering Corp. (Suzhou SEEC)	Subsidiary
Wuxi Shihlin Electric & Engineering Co., Ltd. (Wuxi SEEC)	Subsidiary
Fuzhou Shihlin Electric & Engineering Co., Ltd. (Fuzhou SEEC)	Subsidiary
Shihlin Technology (Shenzhen) Co., Ltd.	Subsidiary
Shihlin Electric (Suzhou) Power Equipment Co., Ltd. (Suzhou Power Equipment)	Subsidiary
Changzhou Shihlin Auto Parts Co., Ltd.	Subsidiary
Yeangder Entertainment Co., Ltd. (Yeangder Entertainment)	Subsidiary
Wuling Electric Co., Ltd. (Wuling)	Subsidiary
Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Associate
Mitsuba Shihlin Electric (Wuhan) Co., Ltd. (Wuhan Mitsuba Shihlin)	Associate
Ambassador Hotel	Associate
Mitsubishi Electric Taiwan Co., Ltd.	Subsidiary of investor that has significant influence over the Corporation
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

(Concluded)

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2019	2018
Sales	Subsidiaries	$ 288,370	$ 427,795
	Associates	6,921	5,431
	Subsidiaries of investors that have significant influence over the Corporation	1,419	3,625
	Related parties in substance	819	267
		$ 297,529	$ 437,118
Rental revenue	Subsidiaries of investors that have significant influence over the Corporation	$ 24,635	$ 24,581
	Related parties in substance	31,048	57,176
		$ 55,683	$ 81,757

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Investors that have significant influence over the Corporation	$ 176,645	$ 204,964
Subsidiaries		
Hsin Lin	1,680,743	1,633,793
Others	1,051,568	1,084,115
Associates	1,545	10,087
Subsidiaries of investors that have significant influence over the Corporation	70,408	68,119
	$ 2,980,909	$ 3,001,078

d. Contract liabilities

Related Party Category/Name	December 31 2019	2018
Subsidiaries	$ 1,180	$ 939
Subsidiaries of investors that have significant influence over the Corporation	605	605
	$ 1,785	$ 1,544

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2019	2018
Notes receivable from related parties	Related parties in substance		
	Shihlin Development	$ -	$ 978
	Subsidiaries		
	Wuling	156	-
Trade receivables from related parties	Subsidiaries		
	Xiamen SEEC	21,480	44,170
	Vietnam Electric Engineering Equipment	30,996	23,048
	SEEC International Holdings	-	14,838
	Suzhou SEEC	6,934	24,003
	Changzhou Shihlin Mitsuba	9,758	-
	Others	9,216	12,871
	Associates	3,398	589
	Subsidiaries of investors that have significant influence over the Corporation	4,308	2,253
	Related parties in substance	2,468	742

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Other receivables from related parties	Associates		
	Wuhan Mitsuba Shihlin	$ 4,699	$ 4,685
	Subsidiaries		
	Hsin Lin	1,647	3,412
	Others	216	318
	Subsidiaries of investors that have significant influence over the Corporation	102	288
	Related parties in substance	36	252
		$ 95,414	$ 132,998

f. Payables to related parties

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Trade payables to related parties	Investors that have significant influence over the Corporation	$ -	$ 10,371
	Subsidiaries		
	Hsin Lin	537,159	431,887
	Others	101,679	126,407
	Associates	-	2,142
	Subsidiaries of investors that have significant influence over the Corporation	7,766	6,523
Other payables to related parties	Investors that have significant influence over the Corporation		
	Mitsubishi Electric	17,674	18,054
	Associates		
	Ambassador Hotel	3,007	2,642
	Subsidiaries Shihlin Electric USA	3,012	-
	Related parties in substance	593	1,482
		$ 758,947	$ 645,182

g. Prepayments (included in other current assets)

Related Party Category/Name	December 31 2019	December 31 2018
Investors that have significant influence over the Corporation	$ 128,879	$ 2,012
Subsidiaries		
Shihlin Electric USA	24,340	26,569
	$ 153,219	$ 28,581

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2019	2018
Royalty expenses	Investors that have significant influence over the Corporation		
	Mitsubishi Electric	$ 20,246	$ 19,229
Freight expenses	Related parties in substance	$ 4,598	$ 5,785
Rental expenses	Subsidiaries		
	Shihlin Electric USA	$ 1,556	$ 1,830
	Related parties in substance	1,008	1,009
		$ 2,564	$ 2,839
Commission expenses	Subsidiaries		
	Shihlin Electric USA	$ 25,085	$ 21,119
Advertising expenses	Subsidiaries		
	Yeangder Entertainment	$ 3,750	$ 7,500
Technical guidance fees	Investors that have significant influence over the Corporation		
	Mitsubishi Electric	$ 167	$ 301
Technical service fees	Subsidiaries		
	Shihlin Electric Australia	$ 9,226	$ -
Rental revenue (included in other income)	Subsidiaries		
	Hsin Lin	$ 12,038	$ 12,030
	Others	210	230
		$ 12,248	$ 12,260
Management service revenue (included in other gains and losses)	Subsidiaries		
	Xiamen SEEC	$ 7,238	$ 7,324
	Suzhou SEEC	11,818	12,263
	Fuzhou SEEC	1,722	4,428
	Others	13,876	5,224
	Associates		
	Wuhan Mitsuba Shinlin	5,271	4,928
		$ 39,925	$ 34,167
Miscellaneous revenue (included in other gains and losses)	Subsidiaries	$ 2,544	$ 1,477
	Associates	-	690
	Subsidiaries of investors that have significant influence over the Corporation	52	221
	Related parties in substance	7,942	11,220
		$ 10,538	$ 13,608

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	$ 138,059	$ 139,973
Post-employment benefits	1,367	1,637
	$ 139,426	$ 141,610

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

30. 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)	29,334	37,302
Land (included in property, plant and equipment and investment properties)	6,635,862	6,635,862
Buildings, net (included in property, plant and equipment)	205,346	182,902
	$ 6,896,260	$ 6,881,784

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Under technical cooperation agreements with several foreign companies expiring on various dates between January 2020 and December 2020, the Corporation, 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 $23,995 thousand, respectively.

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

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between foreign currencies and functional currency, were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 31,761	29.98 (USD:NTD)	$ 952,188
JPY	1,051,464	0.276 (JPY:NTD)	290,204
RMB	31,319	4.31 (RMB:NTD)	134,828
EUR	1,231	33.59 (EUR:NTD)	41,366
CAD	1,022	22.99 (CAD:NTD)	23,507
CHF	2,113	30.93 (CHF:NTD)	65,347
AUD	384	21.01 (AUD:NTD)	8,075
Non-monetary items			
Investments accounted for using the equity method			
USD	158,514	29.98 (USD:NTD)	4,752,237
VND	377,753,745	0.0012 (VND:NTD)	441,972
AUD	119	21.01 (AUD:NTD)	2,507
Others			
USD	18,275	29.98 (USD:NTD)	547,890
Financial liabilities			
Monetary items			
RMB	20,000	4.31 (RMB:NTD)	86,100
USD	1,035	29.98 (USD:NTD)	31,030
JPY	21,232	0.276 (JPY:NTD)	5,860
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	$ 28,785	30.72 (USD:NTD)	$ 884,116
JPY	1,016,929	0.2782 (JPY:NTD)	282,910
RMB	47,404	4.47 (RMB:NTD)	211,993
EUR	1,204	35.20 (EUR:NTD)	43,396
CAD	1,627	22.38 (CAD:NTD)	36,744
CHF	539	31.19 (CHF:NTD)	16,805
AUD	683	21.67 (AUD:NTD)	14,800
Non-monetary items			
Investments accounted for using the equity method			
USD	155,404	30.72 (USD:NTD)	4,773,249
VND	344,009,952	0.0012 (VND:NTD)	412,824
AUD	23	21.67 (AUD:NTD)	493
Derivative instruments			
EUR	539	35.20 (EUR:NTD)	18,990
JPY	6,190	0.2782 (JPY:NTD)	1,722
USD	53	30.72 (USD:NTD)	1,639
Others			
USD	16,986	30.72 (USD:NTD)	521,717
Financial liabilities			
Monetary items			
RMB	25,253	4.47 (RMB:NTD)	112,930
USD	1,490	30.72 (USD:NTD)	45,773
JPY	42,901	0.2782 (JPY:NTD)	11,935
Non-monetary items			
Derivative instruments			
CHF	5	31.19 (CHF:NTD)	167
USD	4	30.72 (USD:NTD)	137

The significant 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	29.98 (USD:NTD)	$ (19,215)	30.72 (USD:NTD)	$ 290
CAD	22.99 (CAD:NTD)	(342)	22.58 (CAD:NTD)	(1,434)
JPY	0.276 (JPY:NTD)	(14,649)	0.2782 (JPY:NTD)	727
EUR	33.59 (EUR:NTD)	(1,472)	35.20 (EUR:NTD)	386
SGD	22.28 (SGD:NTD)	(40)	22.48 (SGD:NTD)	(44)
AUD	21.005 (AUD:NTD)	(444)	21.67 (AUD:NTD)	(607)
RMB	4.305 (RMB:NTD)	459	4.47 (RMB:NTD)	103
PHP	0.5847 (PHP:NTD)	(2,693)	0.5771 (PHP:NTD)	(2,508)
CHF	30.925 (CHF:NTD)	687	31.19 (CHF:NTD)	(62)
GBP	39.36 (GBP:NTD)	1	38.88 (GBP:NTD)	2
SEK	3.21 (GBP:NTD)	-	3.42 (GBP:NTD)	14
		$ (37,708)		$ (3,133)

33. 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) Information on investees (excluding investments in mainland China): Table 7.

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 8.

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 9.

SHIHLIN ELECTRIC & ENGINEERING CORP.

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)
													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 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.

SHIHLIN ELECTRIC & ENGINEERING CORP.

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)
		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 over 50% ownership of the Corporation.
d. In between companies that 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 statement 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.

TABLE 3

SHIHLIN ELECTRIC & ENGINEERING CORP.

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
FOR THE YEAR ENDED 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.		Financial assets at FVTOCI	672,188	18,102	2.4	18,102
	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 Co., Ltd.		Financial assets at FVTOCI	10	83,700	1.0	83,700
	Taichung International Entertainment Corporation		Financial assets at FVTOCI	1	2,500	-	2,500
	O-Bank 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
Shihlin Electric & Engineering Corp. International Holdings Ltd.	Mutual funds						
	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

(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
Chuan Lin Technology Corporation	Shares						
	Mirle Automation Corporation		Financial assets at FVTOCI	82,096	$ 3,323	-	$ 3,323
Hsinlin International Investment Corp. of Samoa	Mutual funds						
	Global Alliance - Pioneer Growth Fund		Financial assets at FVTPL	118,800	22,518	-	22,518
Rueylin International Investment Corp. of Samoa	Mutual funds						
	Global Alliance - Select Equity Dynamic Fund		Financial assets at FVTPL	118,800	22,507	-	22,507
Ji Lin Investment, Co., Ltd.	Shares						
	Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	5,535	2.5	5,535
Cheng Lin Investments Co., Ltd.	Shares						
	Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	5,535	2.5	5,535
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	Shares						
	Shidian Technology (Jiangsu) Co., Ltd.		Financial assets at FVTOCI	-	859	-	859

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP.

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 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's owner 's equity of 10%

SHIHLIN ELECTRIC & ENGINEERING CORP.

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)	(0.7)
	SEEC International Holdings Ltd. of the British Virgin Islands	Subsidiary	Purchase	134,900	1.0	Payment in 75 days after confirming	-	-	(637)	
	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)

TABLE 6

SHIHLIN ELECTRIC & ENGINEERING CORP.

RECEIVABLES FROM 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	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss
						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)	$ -

Note: Amounts received before March 13, 2020.

SHIHLIN ELECTRIC & ENGINEERING CORP.

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
	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
	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
	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
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	389,896	389,896	38,990,000	93.7	522,369	13,184	12,353	Subsidiary
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	499,885	499,885	49,990,000	94.8	495,828	13,346	12,652	Subsidiary
	Ji Lin Investment, Co., Ltd.	Taipei	Investment	299,882	299,882	29,990,000	99.9	281,588	9,724	9,714	Subsidiary
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	189,896	189,896	18,990,000	87.5	258,527	6,197	5,423	Subsidiary
	Cheng Lin Investments Co., Ltd.	Taipei	Investment	298,038	298,038	29,807,000	99.3	210,392	8,648	8,587	Subsidiary
	Shang Lin Investment Co., Ltd.	Taipei	Investment	598,032	518,032	59,807,000	99.6	518,791	13,513	13,459	Subsidiary
	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
	Rueylin Electric & Engineering Corp.	Hsinchu County	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
	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
	Chuan Lin Technology Corporation	Taipei	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
	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
	Shihlin Electric (Australia) Pty. Ltd.	Melbourne, Australia	Heavy power equipment production and marketing services	14,003	14,003	500,000	100.0	2,507	2,076	2,076	Subsidiary
	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	3,335,943	383,635	75,738	Associate

(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			
Rueylin Electric & Engineering Corp.	Shihlin Electric Engineering Equipment Vietnam 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		Sub-subsidiary
	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
	Rueylin International Investment Corp. of Samoa (Note 4)	Samoa (Note 4)	Investment	37,758	37,758	1,200,000	100.0	22.506	(18,148)		Sub-subsidiary
	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
	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	Investment	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	International hotels business, with a restaurant, coffee shop, bar and club business	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	82,486	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
	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.	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		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			
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		Subsidiary
	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
	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
	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	Investment	57,693	57,693	1,880,000	100.0	69,770	(12,920)		Subsidiary
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	26,000	26,000	2,600,000	6.3	35,122	13,184		Subsidiary
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	5.1	26,674	13,346		Subsidiary
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	12.4	36,637	6,197		Subsidiary
	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
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 consist of upstream, downstream and sidestream transactions.

Note 2: The adjusted unrealized gross profit and realized gross profit consist of downstream transactions.

Note 3: The adjusted unrealized gross profit of sidestream transactions

Note 4: Limited companies do not have shares.

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP.

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
					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
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
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
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
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
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
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
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	-
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	-

(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
					Outward	Inward						
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
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

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 region.
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 in the ROC accounting firm.
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 region.

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

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 region.

Note 6: It has been deducted that 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 are 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 are the investment of Hsin Lin Electric Machinery Co., Ltd. through Hsinlin International Investment Corp. of Samoa.

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.

(Concluded)

TABLE 9

SHIHLIN ELECTRIC & ENGINEERING CORP.

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		Purchases		Notes/Accounts Payable	
			Price	Payment Term	Amount	%	Ending Balance	%
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	-
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 105 days	90,551	0.6	13,348	0.3
	Fuzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 60 days	28,235	0.2	1,109	-
	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	-	Trading fairly general	Paid in 75 days	12,100	0.1	4,570	0.1
	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 75 days	194,053	1.4	88,057	1.9
	Vietnam Shihlin Electric Power Equipment Co., Ltd	-	Trading fairly general	Paid in 75 days	107,864	0.8	10,686	0.2

2. Sales

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details		Sales		Gross Profit	Unrealized Gross Profit	Notes/Accounts Receivable	
			Price	Payment Term	Amount	%			Ending Balance	%
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
	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)	-	-
	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	-	Trading fairly general	Received in 90 days	21,076	0.1	4,938	- (Note)	855	-
	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
	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

3. Management service revenue

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

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

Note: It was unrealized before December 31, 2019.

6. Financial difficulties encountered by the Company and/or its affiliates in the recent year and as of the publication date of the annual report, and its impact on the Company's financial status

Not applicable. The Company and its affiliates had not encountered with any financial difficulties.

VII. Review and Analysis of Financial Status and Performance and Risk Management

1. Analysis of Financial Status

Comparison and Analysis of consolidated financial Status

Unit：NT$ thousands

Item \ Year	2019	2018	Discretion	
			Amount	%
Current Asset	16,451,412	16,465,076	(13,664)	(0.1)
Property, Plant and Equipment	6,739,312	6,376,135	363,177	5.7
Other Assets	17,568,279	17,172,140	396,139	2.3
Total Asset	40,759,003	40,013,351	745,652	1.9
Current Liabilities	12,417,835	12,845,366	(427,531)	(3.3)
Non-Current Liabilities	3,666,763	3,587,146	79,617	2.2
Total Liabilities	16,084,598	16,432,512	(347,914)	(2.1)
Interest Attributable to Parent Company	24,168,644	23,134,844	1,033,800	4.5
Capital Stock	5,209,722	5,209,722	0	0.0
Capital Surplus	2,622,204	2,616,806	5,398	0.2
Retained Earnings	15,942,908	15,165,918	776,990	5.1
Other Equities	393,810	142,398	251,412	176.6
Treasure Stock	-	-	-	-
Non-Controlling Interest	505,761	445,995	59,766	13.4
Total Equities	24,674,405	23,580,839	1,093,566	4.6

Analysis of changes in the ratio of increase/ decrease of current/previous periods:

1. **Increase in other interests**: Due to affiliated companies adopting the equity method, of which the shares of other comprehensive income have increased.
2. **Increase in non-controlling interests:** Due to net income of non-controlling interests as well as obtaining the non-controlling interests increased by the subsidiaries.

2. Financial Performance

(1) Comparison and Analysis of Operating Results in the last two years

Unit：NT$ thousands

Item \ Year	2019	2018	Amount Increase (decrease)	Ratio (%)	Discretion
Operating Revenue	26,038,773	24,983,824	1,054,949	4.2	
Gross Profit	4,879,813	4,604,893	274,920	6.0	
Operating Profit (Loss)	1,862,757	1,635,944	226,813	13.9	1
Non-Operating Income and Expenses	360,076	509,418	(149,342)	(29.3)	2
Income Before Tax	2,222,833	2,145,362	77,471	3.6	
Income from Continuing Operation before Income Tax	1,738,935	1,470,540	268,395	18.3	3
Loss from Discontinuing Operation	-	-	-	-	
Net Profit (Loss)	1,738,935	1,470,540	268,395	18.3	3
Other Consolidated Profit/Loss (Net Profit After Tax)	140,388	(83,150)	223,538	268.8	4
Total Comprehensive Income	1,879,323	1,387,390	491,933	35.5	5

Analysis of changes in proportion:
1. The Operating Profit for this period has increased, due to increase in operating revenue showing the increase in operating income.
2. The Non-Operating Income and Expenses for this period has decreased, due to changes in foreign exchange rates within two years, in which the net loss of foreign currency exchange was resulted from it in 2019.
3. The Net Profit for this period has increased, due to increase in pre-tax net income as well as decrease in income tax expense (lump-sum write-offs of tax rate changes in 2018).
4. Other Consolidated Profit/Loss for this period has increased, due to affiliated companies adopting the equity method, of which the shares of other comprehensive income have increased.
5. The Total Comprehensive Income for this period has increased, due to Item 1, 3 and 4 mentioned above..

(2) For the possible impact and response plans of expected sales volume and reference on the future financial operations of the company, please refer to Page 3.

3. Cash Flow

Cash Flow Analysis

Unit：NT$ thousands

Balance of cash-beginning	Net Cash Inflows from Operating Activities all year round	Cash outflow over the year	Cash Surplus (Deficit)	Remedy for Deficit in Cash	
				Investment Plan	Financing Plan
2,969,922	1,410,052	(1,907,821)	2,472,153	—	—

1. The analysis of cash flow variations this year:
   (1) Operating activities: Net profits incurred primarily from operating activities.
   (2) Investing activities: Increase mostly in procurement of property, plant and equipment.
   (3) Financing activities: Mostly business demand leading to increase in short-term loan and distribution of cash dividend.
2. Improvement plan for inadequate currency: N/A
3. Cash flow analysis in the next coming year:
   (1) Operating activities: The 2019 profits are expected to grow while operating activities will produce net cash inflow.
   (2) Investing activities: Mainly the procurement of property, plant and equipment.
   (3) Financing activities: Mainly the distribution of cash dividend.

4. The Effect upon Financial Operations of Any Major Capital Expenditures in the Most Recent Years

(1) Major Capital Expenditure Items and Source of Capital：

Unit：NT$ thousands

Project Items	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Amount of Funds Needed	Actual or Expected Capital Expenditure				
				2018	2019	2020	2021	2022
Procurement of equipment developing new type of transformers	Surplus	Dec. 2022	569,782	134,842	101,110	93,830	120,000	120,000
Procurement of equipment developing new type of transformers and various switches	Surplus	Dec. 2022	343,845	70,075	54,686	73,084	73,000	73,000
Procurement of equipment developing the enhancement of self-manufacturing rate in various electronic products	Surplus	Dec. 2022	95,960	8,320	27,487	19,554	17,904	22,695
Procurement of equipment boosting auto-electric product capacity	Surplus	Dec. 2022	495,100	113,100	100,000	92,000	95,000	95,000

(2) Expected Benefits

I. Estimated increase in production, sales, and gross profits:

Unit：NT$ thousands

Year	Item	Quantity of Production	Quantity of Sales	Amount of Sales	Gross Profit
2020	Procurement of equipment developing new type of transformer	4,104	4,104	427,000	89,670
	Procurement of equipment developing new type of circuit breaker and various switches	200,000	200,000	50,000	10,000
	Procurement of equipment boosting the self-manufacturing rate of various electronic products	36,955	36,955	89,758	13,464
	Procurement of equipment boosting auto-electric product capacity	135,000	135,000	115,000	24,600

II. Other benefits

(1) Upgrade product quality and reach economic scale.

(2) Develop new products.

5 Reinvestment Policy in the Most Recent Years, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and investment plans for the Coming Year：

(1) Reinvestment policy

a. The long-term investment strategy of the company takes consideration of industry related vertical integration, horizontal strategic alliance, and future development trends, in addition to increasing corporate competition and profits through reinvestment.

b. The profits from reinvestment mainly come from the investment in overseas subsidiaries' proceeds.

(2) Future one-year investment plan

Take consideration of investment in industry related and future development of the company.

6. Risk Management and Assessment

(1) The impact of interest rate, exchange rate, and inflation rate changes on the Company's revenue, as well as corresponding actions：

a. Interest Rates: Due to uncertain prospects over international environment and pandemic impact, the monetary policy in the world mostly inclines to take urgent action to ease and the risk is relatively lower.

Response Action: The domestic rate is relatively stable. The future evaluation still maintains at level of low interest rate. The less rate change has limited effect on profit and loss; the subsidiaries in China also add local financing and external debt to reduce the capital cost.

2. Exchange rate: The international political and economic situations and the USD movement continue to trigger the rise and fall of global currencies. Particularly the various economic policies and attitudes of US Government can produce strong uncertainties towards the international currency market.

Response action: The foreign exchange of the company consists of USD, Japanese YEN and RMB. Hence the fluctuation in USD, Japanese Yen and RBM exchange rate will affect the profit/loss of the company. The operation of USD mainly follows the revenue/expense conditions with assessment on the fluctuations in foreign exchange rate to undergo immediate sale, pre-sale or exchange rate and rate exchange as well as other risk aversion practice. For Japanese YEN, the YEN remains at the correction stage and annual locking plan for YEN is currently adopted as major procurement strategy, where the company evaluates the Japanese YEN demand, safety stock level and market fluctuation, thereby conduct hedging strategy through forward exchange to control the buying costs of the company. For RMB, the company keeps close attention to the trend and basically adopts the natural hedging practice with balanced revenue and expenses.

3. Inflation: The 2019 annual increase rate of CPI remains nearly flat and only fluctuates slightly. Consolidated by the global economy, regional political and economic situation and impact of the epidemic, heavy metal and raw material costs hence fluctuates greatly. It is necessary to pay close attention to the development of market conditions.

Response actions:The company will apply technology R&D, processing optimization to lower manufacturing costs; the company will also adjust purchase and inventory quantity with flexibly to reduce the impact from inflation. For the key raw materials at favorable prices, vigorously to prepare materials. while closely paying attention to the fluctuations in relevant operating costs.

(2) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, and derivative trading policies, main reasons for profits or losses, and future response measures

The company does not engage in high-risk and extremely high leverage investment acts. The short-term idle fund is given priority in deposit or short-term saving. The company develops "Endorsement and Guarantee Procedures" to regulate the guarantee and endorsement operations. As of March 31, 2020, the amount of endorsement guarantee (including the endorsement guarantee between the company and subsidiaries) is NTD 2,212,104 thousands with object of guarantee consisting of subsidiaries and invested companies endorsed and guaranteed by shareholders by shareholding ratio due to the investment relations. The company in general will not engage in derivative commodity trading, except for the need for risk aversion and shall comply with the corporate "Procedures of Engaging in Derivative Financial Commodity Trading Process" due to operation requirement.

(3) Future Research & Development (R&D) Plans and Expected R&D expenses：

Unit：NT$ thousands

Future R&D Plan	Current Progress of Future R&D Plan	R&D Expenses to be reinvested	Estimated schedule for completing mass production	Main factors affecting R&D success in the future
Please refer to the new product development plan from P68~P69.	32%	354,815	December 2020	—

(4) Changes in important policies and the legal environment at home and abroad, and the effect on Company financial status and operation, and countermeasures:

The company will pay close attention and control the important financial operation policies and laws that could affect the company in addition to cooperating with the internal corporate regulation and rules. Assessment shows no major impact on the company.

(5) The technological and industrial changes, and their effect on the financial status and operation of the Company, and countermeasures:

As technologies are changing and upgrading so rapidly, the information security risks are mostly generated through the network environment and employee actions including hacking attacks, network traffic attacks, software (blackmail) viruses, phishing, spam, software updates, and access control. Potential impacts on the Company include theft or tampering of internal data, loss of accounting, affecting daily operations and damage to corporate goodwill. The Company has established internal security management regulations; regularly check to ensure the actual and practical implementation of system information security testing, security equipment with firewalls, examination of user actions, enhancement to anti-virus and encryption mechanisms, and personal data protection measures. Third-party units are conducting audits and employee education and training regularly to raise awareness of information security.

(6) The Impact of changes in corporate identity on Company crisis management, and countermeasures: N/A

(7) The expected benefits and possible risks of merger or acquisition, and countermeasures: N/A

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken：N/A

(9) The risks from centralized purchasing or selling, and countermeasures

(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken：N/A

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken：N/A.

(12) Litigation and non-litigation matters which might materially affect shareholder equity or the price of securities: N/A

(13) Other important risks, and mitigation measures being or to be taken：N/A.

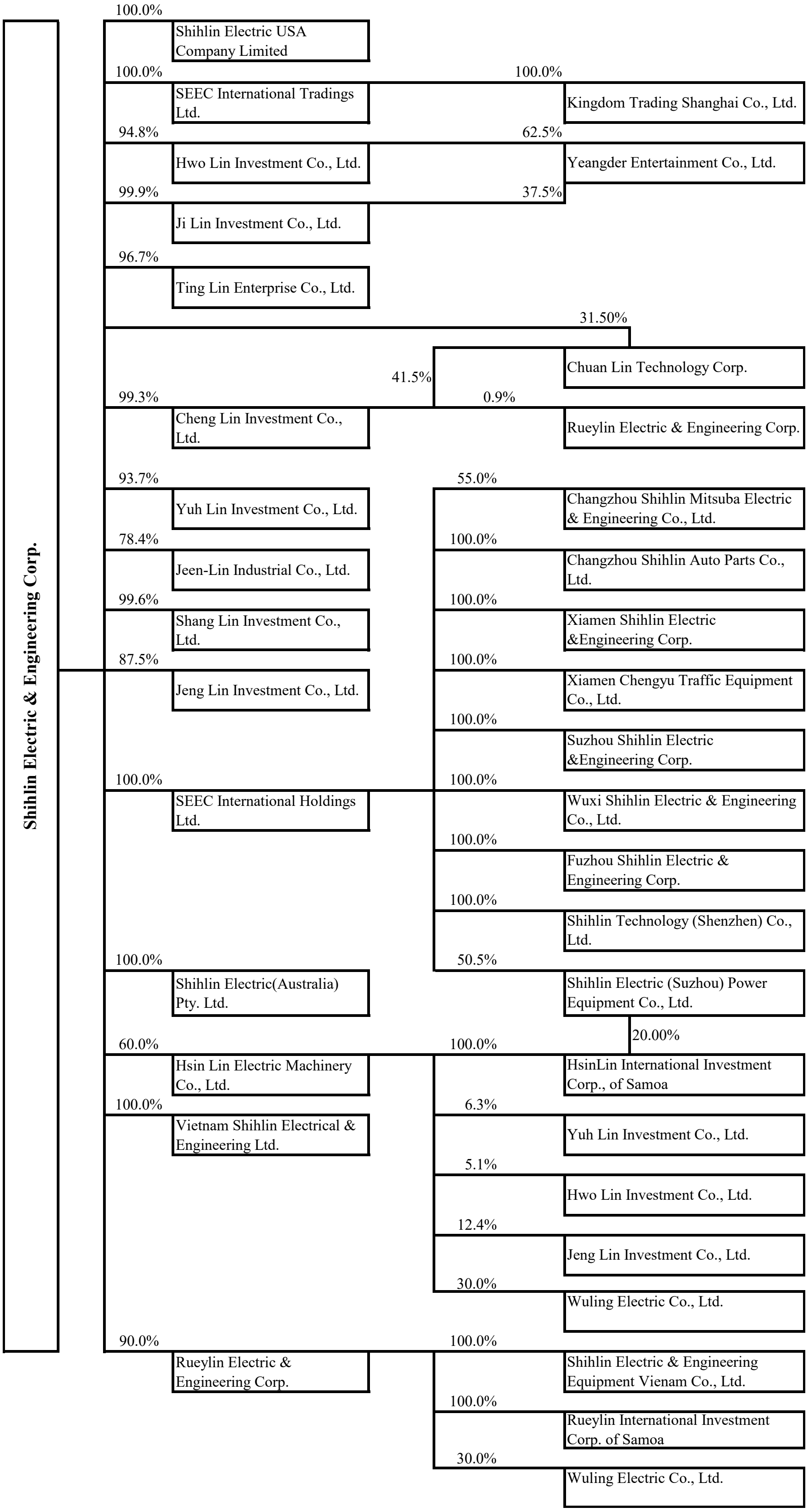
7. Other Important Matters：None.

VIII. Special Disclosure

1. Affiliated Companies

A. Affiliates Consolidated Business Report

(1) Organizational chart of affiliations



(2) The basic information of affiliated companies

unit: NT$ thousands, unless otherwise noted

Name of Company	Date of incorporation	Address	Paid-in capital	Main Business Items
Shihlin Electric USA Company Limited	2008/01/14	80 S Lake Ave Ste 780 Pasadena, CA 91101	USD2,500,000 (Note 12)	The heavy electrical equipment product marketing
SEEC International Tradings Ltd.	2006/10/03	P.O.BOX 438, Road Town, Tortola,British Virgin Islands.	USD4,000,000 (Note 1)	Investment
Kingdom Trading Shanghai Co., Ltd.	2006/11/02	Room 503-504 , Building B ,No.568 the west of TianShan road ,Shanghai,China.	USD4,000,000 (Note 2)	All kinds of switches, relays, circuit breakers and other product sales operations
Hwo Lin Investment Co., Ltd.	1998/08/26	16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City	527,000	Investment
Yeangder Entertainment Co., Ltd.	2007/07/25	13F., No.90, Sec.6, Zhongshan N. Rd., Taipei City	40,010	Engaged in competitive and recreational sports industry
Ji Lin Investment Co., Ltd.	2000/10/02	16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City	300,000	Investment
Rueylin Electric & Engineering Corp.	1993/12/06	No. 22, Siwei Rd., Hukou Township, Hsinchu County 303, Taiwan	114,100	Mechanical appliances and electrical manufacturing various components of the processing of trading business
Shihlin Electric & Engineering Equipment Vienam Co., Ltd.	2002/05/30	Lot II-17 Road 10, Ho Nai industrial zone,Ho Nai 3 Commune,Trang Bom District,Dong Nai Province,VietNam	USD2,500,000 (Note 13)	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
Ting Lin Enterprise Co., Ltd.	1994/12/21	3F, No.9, Sec.1,Chang'an E. Rd., Zhongshan Dist., Taipei City	126,000	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
Chuan Lin Technology Corporation	1992/02/07	No.23, Zhonghua Road, Hukou Township, Hsinchu County	13,000	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
Shihlin Electric (Australia) Pty. Ltd.	2009/05/18	Building 13, Omnico Business Park, 270, Ferntree Gully Rd., Notting Hill, Victoria 3168, Australia	AUD500,000 (Note 14)	Heavy power equipment production of trafficking in and marketing services
Cheng Lin Investment Co., Ltd.	1998/07/14	16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City	300,000	Investment
Yuh Lin Investment Co., Ltd.	2001/09/25	16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City	416,000	Investment
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	2013/05/31	No.9 Xin4Rd, Electronics Park, New District, Changzhou, Jiangsu, China	USD6,000,000 (Note 3)	Manufacturing and sales business of motorcycles starter, AC generator, starter switch
Changzhou Shihlin Auto Parts Co., Ltd.	2014/05/31	NO.7 Xin4Rd, Electronics Park, New District, Changzhou, Jiansu, China	USD8,500,000 (Note 17)	Manufacturing and sales business of motorcycles starter, AC generator, starter switch
Jeen-Lin Industrial Co., Ltd.	1997/04/21	No. 1, Ln. 428, Zhongxin St., Xinfeng Township, Hsinchu County 304, Taiwan	68,110	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
Shang Lin Investment Co., Ltd.	1998/07/14	16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City	600,000	Investment

Name of Company	Date of incorporation	Address	Paid-in capital	Main Business Items
Xiamen Shihlin Electric & Engineering Co., Ltd.	1995/07/06	No. 92-96, Sunban S. Rd., Northern Industry Area, Jimei,Xiamen,China. 361021	USD12,130,000 (Note 4)	All kinds of switches,relays,circuit breakers and other products and components of the production,trafficking technical advice and after sales service.
Jeng Lin Investment Co., Ltd.	2001/09/25	16F., No.88, Sec.6, Zhongshan N. Rd., Taipei City	217,000	Investment
Suzhou Shihlin Electric & Engineering Co., Ltd.	2001/03/26	No.88, Guangdong Street, Suzhou New District, Jiangsu, P. R. C. 215129, China.	USD12,990,000 (Note 5)	Manufacturing and sales business of power capacitor, power transformers, electric motors and other electronic components.
SEEC International Holdings Ltd.	1995/03/01	P.O. Box 71,Craigmuir Chambers,Road Town, Tortola,British Virgin Island	USD51,828,000 (Note 6)	Investment and trade business
Wuxi Shihlin Electric & Engineering Co., Ltd.	2001/11/05	No.88 Mei Yu Road,LotB Wuxi New District, Wuxi, JiangSu, 214028,China.	USD10,000,000 (Note 7)	Manufacturing and sales business of magneto and starter motor in locomotive transmission facilities,mobile and starter motors, power generator,and DC motor.
Fuzhou Shihlin Electric & Engineering Co., Ltd.	2001/10/23	Investment Area Qingkou,Minhou,Fuzhou,China.350 119	USD3,000,000 (Note 8)	DC motor, rotary pumps for liquids, motor vehicle fuel pumps and other electrical or power equipment manufacturing and sales business
Vietnam Shihlin Electrical Engineering Ltd.	1997/01/01	Lot 6. Ho Nai 3 Industrial Zone, Trang Born Dist, Dong Nai Province, Viet Nam.	USD4,168,000 (Note 9)	Electrical goods production
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	2004/06/08	No.16 Yongfang Road, Huangqiao Industrial Park, Xiangcheng District, SuzhoLi, 215009, China.	USD5,500,000 (Note 10)	High and low pressure switch, switchgear, digital meters, transformers, capacitors, reactors, bridge and related products manufacturing and sales business
Hsin Lin Electric Machinery Co., Ltd.	2004/02/26	3F, No.9, Sec.1,Chang'an E. Rd., Zhongshan Dist., Taipei City	48,000	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
(Samoa) Hsin Lin International Investment Corp.	2017/12/19	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD1,880,000 (Note 11)	Investment
Shihlin Technology (Shenzhen) Co., Ltd.	2010/06/18	No.258~259, Baoan District Minzhi Street (Longhua) Fairview Jiangnan B2 Building, Shenzhen, Guangdong Province, China.	USD1,000,000 (Note 15)	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
Xiamen Chen-Ieu Transportation Implements Co., Ltd.	1995/07/06	NO.122-126 (double), Jimei District Ying Yao Road, Xiamen City, Fujian Province, China.	USD2,500,000 (Note 16)	Manufacturing and motorcycle metal materials, electronic parts, all kinds of punch products parts, machine tools, machine tools, etc.
(Samoa) Rueylin International Investment Corp.	2017/12/19	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD1,200,000 (Note 18)	Investment
Wuling Electric Co., Ltd.	1986/06/16	No. 8, Gong 2th Road, Gong 2th Industrial Area, Linkou District, New Taipei City	50,000	Manufacturing and sales of mechanical and electrical parts, various power distribution equipment (copper, iron, aluminum wire), various non-fuse switch, leakage switch, motor switch.

Note 1：Converted according to the exchange rate of 31.11 at the time of capital contribution
Note 2：Converted according to the exchange rate of 31.09 at the time of capital contribution
Note 3：Converted according to the exchange rate of 32.14 at the time of capital contribution
Note 4：Converted according to the exchange rate of 32.25 at the time of capital contribution
Note 5：Converted according to the exchange rate of 30.90 at the time of capital contribution
Note 6：Converted according to the exchange rate of 32.17 at the time of capital contribution
Note 7：Converted according to the exchange rate of 32.26 at the time of capital contribution
Note 8：Converted according to the exchange rate of 33.73 at the time of capital contribution
Note 9：Converted according to the exchange rate of 30.59 at the time of capital contribution
Note 10：Converted according to the exchange rate of 31.75 at the time of capital contribution
Note10：Converted according to the exchange rate of 30.69 at the time of capital contribution
Note11：Converted according to the exchange rate of 31.95 at the time of capital contribution
Note 12：Converted according to the exchange rate of 33.51 at the time of capital contribution
Note 13：Converted according to the exchange rate of 28.01 at the time of capital contribution
Note 15：Converted according to the exchange rate of 32.00 at the time of capital contribution
Note 16：Converted according to the exchange rate of 29.07 at the time of capital contribution
Note 17：Converted according to the exchange rate of 30.66at the time of capital contribution
Note 18：Converted according to the exchange rate of 31.47 at the time of capital contribution

(3) Shareholders concluded as the existence of the controlling and subordinate company relation：None.

(4) Industries covered by all the affiliates

Industry	Company Name	Association with business operations of various related companies
Holding company	SEEC International Holdings Ltd.	Indirect investment in mainland China and overseas area
	SEEC International Tradings Ltd.	
	(Samoa) Hsin Lin International Investment Corp.	
	(Samoa) Rueylin International Investment Corp.	
Electrical Industry	Rueylin Electric & Engineering Corp.	Manufacturing and sales business of mechanical equipment, mechanical appliances
	Wuling Electric Co., Ltd.	
	Shihlin Electric & Engineering Equipment Vienam Co., Ltd.	
	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	
	Changzhou Shihlin Auto Parts Co., Ltd.	
	Xiamen Shihlin Electric & Engineering Co., Ltd.	
	Suzhou Shihlin Electric & Engineering Co., Ltd.	
	Wuxi Shihlin Electric & Engineering Co., Ltd.	
	Fuzhou Shihlin Electric & Engineering Co., Ltd.	
	Vietnam Shihlin Electrical Engineering Ltd.	
	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	
	Hsin Lin Electric Machinery Co., Ltd.	
	Jeen-Lin Industrial Co., Ltd.	
	Xiamen Chen-Ieu Transportation Implements Co., Ltd.	
	Shihlin Technology (Shenzhen) Co., Ltd.	
	Ting Lin Enterprise Co., Ltd.	
Trade Industry	Chuan Lin Technology Corporation	sales business of mechanical equipment
	Kingdom Trading Shanghai Co., Ltd.	sales business of Industrial control related products
	Shihlin Electric USA Company Limited	Promote heavy electricity products
	Shihlin Electric (Australia) Pty. Ltd.	Promote heavy electricity products
Entertainment Industry	Yeangder Entertainment Co., Ltd.	Diversified management
Investment	Cheng Lin Investment Co., Ltd.	
	Jeng Lin Investment Co., Ltd.	
	Yuh Lin Investment Co., Ltd.	
	Shang Lin Investment Co., Ltd.	
	Hwo Lin Investment Co., Ltd.	
	Ji Lin Investment Co., Ltd.	

(5) The profiles of Directors, Supervisors and Chairman of affiliates.

Unit: share; %

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	% (Investment Holding)
Jeen-Lin Industrial Co., Ltd.	Chairman	Ko, Ching-Li Legal Representative of Shihlin Electric & Engineering Corp.	5,346,364	78.4
	Director	Lo, Chun-Tien / Tung, Chi-Jen / Lee, Shui-Yuan / Chen, Tsung-Ming Legal Representative of Shihlin Electric & Engineering Corp.	5,346,364	78.4
	Supervisor	Chang, Kuei-Feng	-	-
	General Manager	Chen, Tsung-Ming	-	-
Rueylin Electric & Engineering Corp.	Chairman	Chang, Chin-Wen Legal Representative of Shihlin Electric & Engineering Corp.	10,274,053	90.0
	Director	Hsieh, Han-Chang / Lin, Yu-Liang / Liu, Zhun-Zhong / Kuo, Yueh-She Legal Representative of Shihlin Electric & Engineering Corp.	10,274,053	90.0
	Supervisor	Lin, Chen-Hua	-	-
	General Manager	Chang, Chin-Wen	158,006	1.4
Hsin Lin Electric Machinery Co., Ltd.	Chairman	Hsieh, Han-Chang Legal Representative of Shihlin Electric & Engineering Corp.	2,880,000	60.0
	Director	Yang, Tsun-Ching / Kuo, Yueh-She / Chang, Chin-Wen Legal Representative of Shihlin Electric & Engineering Corp.	2,880,000	60.0
	Director	Cheng, Chun-Ming	180,000	3.8
	Director	Peng, Yun-Po	84,000	1.8
	Director	Chiu, Chuang-Cheng	70,000	1.5
	Supervisor	Chou, Wei-Lin	-	-
	General Manager	Peng, Yun-Bo	84,000	1.8
Shang Lin Investment Co., Ltd.	Chairman	Wu, Chia-Hsin Legal Representative of Shihlin Electric & Engineering Corp.	59,807,000	99.7
	Director	Hsieh, Wen-Cheng / Lee, Ying-Chu Legal Representative of Shihlin Electric & Engineering Corp.	59,807,000	99.7
	Supervisor	Yao, Wen-Liang	-	-
Chuan Lin Technology Corporation	Chairman	Kuo, Yueh-She Legal Representative of Shihlin Electric & Engineering Corp.	410,000	31.5
	Director	Hsieh, Han-Chang / Yeh, Sung-Yuan / Chang, Chin-Wen / Wu, Ming-Yen Legal Representative of Shihlin Electric & Engineering Corp.	410,000	31.5
	Supervisor	Lin, Chen-Hua	-	-
	General Manager	Wu, Ming-Yen	10,000	0.8

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	% (Investment Holding)
Cheng Lin Investment Co., Ltd.	Chairman	Hsieh, Wen-Cheng Legal Representative of Shihlin Electric & Engineering Corp.	29,807,000	99.3
	Director	Wu, Chia-Hsin / Lee, Ying-Chu Legal Representative of Shihlin Electric & Engineering Corp.	29,807,000	99.3
	Supervisor	Yao, Wen-Liang	-	-
Hwo Lin Investment Co., Ltd.	Chairman	Shih, Chin-Yi Legal Representative of Shihlin Electric & Engineering Corp.	49,990,000	94.8
	Director	Wu, Chia-Hsin / Lee, Ying-Chu Legal Representative of Shihlin Electric & Engineering Corp.	49,990,000	94.8
	Supervisor	Yao, Wen-Liang Legal Representative of Hsin Lin Electric Machinery Co., Ltd.	2,700,000	5.1
Yuh Lin Investment Co., Ltd.	Chairman	Hsieh, Wen-Cheng Legal Representative of Shihlin Electric & Engineering Corp.	42,990,000	94.3
	Director	Wu, Chia-Hsin / Lee, Ying-Chu Legal Representative of Shihlin Electric & Engineering Corp.	42,990,000	94.3
	Supervisor	Yao, Wen-Liang Legal Representative of Hsin Lin Electric Machinery Co., Ltd.	2,600,000	5.7
Jeng Lin Investment Co., Ltd.	Chairman	Shih, Chin-Yi Legal Representative of Shihlin Electric & Engineering Corp.	22,990,000	89.5
	Director	Wu, Chia-Hsin / Lee, Ying-Chu Legal Representative of Shihlin Electric & Engineering Corp.	22,990,000	89.5
	Supervisor	Yao, Wen-Liang Legal Representative of Hsin Lin Electric Machinery Co., Ltd.	2,700,000	10.5
Ji Lin Investment Co., Ltd.	Chairman	Hsieh, Wen-Cheng Legal Representative of Shihlin Electric & Engineering Corp.	29,990,000	99.9
	Director	Wu, Chia-Hsin / Lee, Ying-Chu Legal Representative of Shihlin Electric & Engineering Corp.	29,990,000	99.9
	Supervisor	Yao, Wen-Liang	-	-
Yeangder Entertainment Co., Ltd.	Chairman	Emmet Hsu Legal Representative of Hwo Lin Investment Co., Ltd.	2,500,000	62.5
	Director	Hsieh, Han-Chang Legal Representative of Ji Lin Investment Co., Ltd.	1,500,000	37.5
	Director	Bryant Hsu Legal Representative of Hwo Lin Investment Co., Ltd.	2,500,000	62.5
	Supervisor	Cheng, Hsiang-Chih Legal Representative of Xin He Investment Corp.	1,000	0.0
	General Manager	Hsieh, Han-Chang	-	-

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	% (Investment Holding)
SEEC International Holdings Ltd.	Chairman	Emmet Hsu	-	-
	Director	Hsieh, Han-Chang / Lo, Chun-Tien	-	-
			Shihlin Electric & Engineering Corp. holds 51,828,287 shares	100.0
Vietnam Shihlin Electrical Engineering Ltd.	Chairman	Tung, Chi-Jen	-	-
	Director	Lo, Chun-Tien / Hsu, Chang-Chun / Ko, Ching-Li / Liu, Da-Wei	-	-
	General Manager	Liu, Da-Wei	-	-
	Supervisor	Chang, Kuei-Feng		
			Shihlin Electric & Engineering Corp. investment US$4,168,000	100.0
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	Chairman	Liu, Jun-Zhong	-	-
	Director	Ko,Ching-Li / Tung, Chi-Jen / Lin,Tai-Chen / Koji Mizuno / Hiroshi Nosue / Tomoyasu Nakayama	-	-
	General Manager	Liu. Jun-zhong	-	-
	Supervisor	Chang, Kuei-Feng / Take Nobuyuki	-	-
			SEEC International Holdings Ltd. investment US$3,300,000	55.0
Changzhou Shihlin Auto Parts Co., Ltd.	Chairman	Tung, Chi-Jen	-	-
	Director	Ko, Ching-Li / Ko,Ching-Li / Lee, Shui-Yuan / Liao, Feng-Liang	-	-
	General Manager	Liao, Feng-Liang	-	-
	Supervisor	Chang, Kuei-Feng	-	-
			SEEC International Holdings Ltd. investment US$8,500,000	100.0
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	Chairman	Peng, Yun-Po	-	-
	Director	Hsieh, Han-Chang / Yang,Tsun-Ching / Chang, Chin-Wen / Lee, Jun-chao / Lee, Chien-Ching / Cheng, Wen-Ming	-	-
	General Manager	Cheng, Wen-Ming	-	-
	Supervisor	Chou, Wei-Ling	-	-
			(Samoa) Hsin Lin International Investment Corp. investment US$816,000	20.0
			SEEC International Holdings Ltd. investment US$2,060,400	50.5

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	% (Investment Holding)
Xiamen Shihlin Electric & Engineering Co., Ltd.	Chairman	Cheng, Hsiang-Chih	-	-
	Director	Hsieh, Han-Chang / Yang,Tsung-Hsien / Fang, Yu-Jung / Yang, Tien-Shu	-	-
	General Manager	Yang, Tien-Shu	-	-
	Supervisor	Shih, Chin-Yi	-	-
			SEEC International Holdings Ltd. investment US$12,126,246	100.0
Suzhou Shihlin Electric & Engineering Co., Ltd.	Chairman	Yang, Tsung-Hsien	-	-
	Director	Yang, Tsun-Ching / Kuo, Yueh-She / Wang, Pai-Sung / Hua, Jian-Jie	-	-
	General Manager	Yang, Tsung-Hsien	-	-
	Supervisor	Shih, Chin-Yi		
			SEEC International Holdings Ltd. investment US$12,994,301	100.0
Wuxi Shihlin Electric & Engineering Co., Ltd.	Chairman	Tung, Chi-Jen	-	-
	Director	Ko, Ching-Li / Liao, Feng-Liang	-	-
	General Manager	Lin , Yong-Chong	-	-
	Supervisor	Chang, Kuei-Feng	-	-
			SEEC International Holdings Ltd. investment US$10,000,000	100.0
Fuzhou Shihlin Electric & Engineering Co., Ltd.	Chairman	Lee, Shui-Yuan	-	-
	Director	Lo, Chun-Tien / Ko, Ching-Li / Liao, Feng-Liang / Liu, Ta-Wei	-	-
	General Manager	Lee, Shui-Yuan	-	-
	Supervisor	Chang, Kuei-Feng	-	-
			SEEC International Holdings Ltd. investment US$3,000,000	100.0
Shihlin Electric & Engineering Equipment Vienam Co., Ltd.	Chairman	Chang, Chin-Wen	-	-
	Director	Kuo, Yueh-She / Lin, Yu-Liang / Lu, Wan-Sheng / Chen,Ming-Zhi	-	-
	General Manager	Lu, Wan-Sheng	-	-
	Supervisor	Lin, Chen-Hua	-	-
			Rueylin Electric & Engineering Corp. investment US$2,500,000	100.0
Kingdom Trading Shanghai Co., Ltd.	Chairman	Yang, Tsung-Hsien	-	-
	Director	Hsieh, Han-Chang / Lo, Jen-Yu	-	-
	General Manager	Lo, Jen-Yu	-	-
	Supervisor	Chou, Wei-Lin	-	-
			SEEC International Tradings Ltd. investment US$4,000,000	100.0

Name of Company	Job title	Name or Representative	Shareholding: Shares (Investment Amount)	Shareholding: % (Investment Holding)
SEEC International Tradings Ltd.	Chairman	Emmet Hsu	-	-
	Director	Hsieh, Han-Chang / Yang, Tsung-Hsien	-	-
			Shihlin Electric & Engineering Corp. holds 4,000,000 shares	100.0
Shihlin Technology (Shenzhen) Co., Ltd.	Chairman	Tien, Chia-Wen	-	-
	Director	Yang, Tsung-Hsien / Huang, Chin-Jen	-	-
	General Manager	Huang, Chin-Jen	-	-
	Supervisor	Chou, Wei-Lin	-	-
			SEEC International Holdings Ltd. investment US$1,000,000	100.0
Shihlin Electric USA Company Limited	Chairman	Steven S.K. Chen	-	-
			Shihlin Electric & Engineering Corp. holds 2,500,000 shares	100.0
Shihlin Electric (Australia) Pty. Ltd.	Chairman	Chiu, Ying-Pin	-	-
	Director	Pranjal Khisa / Lin, Chen-Hua	-	-
	General Manager	Chiu, Ying-Pin	-	-
			Shihlin Electric & Engineering Corp. holds 500,000 shares	100.0
Xiamen Chen-Ieu Transportation Implements Co., Ltd.	Chairman	Cheng, Hsiang-Chih	-	-
	Director	Yang, Tsung-Hsien / Fang, Yu-Jung	-	-
	General Manager	Fang, Yu-Jung	-	-
	Supervisor	Shih, Chin-Yi	-	-
			SEEC International Holdings Ltd. investment US$2,500,000	100.0
Ting Lin Enterprise Co., Ltd.	Chairman	Wu, Tsung-Ming Legal Representative of Shihlin Electric & Engineering Corp.	12,188,000	96.7
	Director	Shih, Chin-Yi / Chou, Wei-Lin Legal Representative of Shihlin Electric & Engineering Corp.	12,188,000	96.7
	Supervisor	Lin, Chen-Hua Legal Legal Representative of Jine De Sheng Co., Ltd.	132,000	1.0
	General Manager	Wu, Tsung-Ming	-	-

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	% (Investment Holding)
Wuling Electric Co., Ltd.	Chairman	Fan, Chen-Pi Legal Representative of Hsin Lin Electric & Engineering Corp.	1,500,000	30.0
	Director	Weng Bai-Qun / Chen, I-Hung Legal Representative of Hsin Lin Electric & Engineering Corp.	1,500,000	30.0
	Director	Cheng, Wuan-Ling	400,000	8.0
	Director	Cheng, Hsi-Pei	320,000	6.4
	Supervisor	Cheng, Yu-Fang	400,000	8.0
	Supervisor	Hsieh, Wen-Zheng Legal Legal Representative of Rueylin Electric & Engineering Co., Ltd.	15,000,000	30.0
(Samoa) Hsin Lin International Investment Corp.	Chairman	Hsieh, Han-Chang	-	-
			Hsin Lin Electric Machinery Co., Ltd. holds 1,880,000 shares	100.0
(Samoa) Rueylin International Investment Corp.	Chairman	Chang, Chin-Wen	-	-
			Rueylin Electric & Engineering Corp. holds 1,000,000 shares	100.0

(6) Overview of affiliates operation:

Currency unit: NT$ thousand, other than EPS, which shall be stated at NT$

Name of Company	Paid-in capital (Note 1)	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Net income	EPS (after Tax)
Jeen-Lin Industrial Co., Ltd.	68,110	189,217	65,697	123,521	161,768	20,684	17,568	2.58
Chuan Lin Technology Corporation	13,000	97,792	29,558	68,234	186,032	5,717	6,581	5.06
Rueylin Electric & Engineering Corp.	114,100	447,072	133,175	313,897	249,753	29,887	19,488	1.71
Shang Lin Investment Co., Ltd.	600,000	520,985	110	520,875	0	(228)	13,513	0.23
Cheng Lin Investment Co., Ltd.	300,000	211,984	110	211,874	0	(158)	8,648	0.29
Hwo Lin Investment Co., Ltd.	527,000	523,134	110	523,024	0	(189)	13,346	0.25
Jeng Lin Investment Co., Ltd.	217,000	326,908	31,448	295,459	0	(155)	6,197	0.29
Yuh Lin Investment Co., Ltd.	416,000	591,935	34,444	557,491	0	(155)	13,184	0.32
Ji Lin Investment Co., Ltd.	300,000	281,981	110	281,871	0	(154)	9,724	0.32
Ting Lin Enterprise Co., Ltd.	126,000	162,683	368	162,315	18,941	(457)	5,148	0.41
Hsin Lin Electric Machinery Co., Ltd.	48,000	1,056,850	716,925	339,926	1,742,604	55,928	39,865	8.31
Wuling Electric Co., Ltd.	50,000	114,714	26,799	87,916	57,326	4,469	3,927	0.79
Yeangder Entertainment Co., Ltd.	40,010	29,484	1,306	28,178	16,000	1,656	1,327	0.33
Kingdom Trading Shanghai Co., Ltd.	(Note 16) 124,355	234,317	98,339	135,978	368,223	459	(1,423)	(Note 3)
SEEC International Tradings Ltd.	(Note 4) 124,447	245,219	98,339	146,880	368,223	459	(1,423)	(0.11)
SEEC International Holdings Ltd.	(Note 5) 1,666,638	6,842,181	1,971,099	4,871,082	5,316,223	310,517	445,943	2.68
(Samoa) Hsin Lin International Investment Corp.	(Note 10) 57,693	69,770	0	69,770	0	0	(12,920)	(2.24)
(Samoa) Rueylin International Investment Corp.	(Note 21) 37,758	22,506	0	22,506	0	0	(18,148)	(4.81)
Vietnam Shihlin Electric & Engineering Co., Ltd.	(Note 13) 127,503	535,654	92,394	443,260	659,720	45,133	40,826	(Note 3)
Shihlin Electric USA Company Limited	(Note 14) 79,879	65,166	34,598	30,568	11,098	(9,139)	(5,555)	(0.70)
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	(Note 6) 192,835	640,176	239,396	400,780	999,284	80,491	67,900	(Note 3)
Changzhou Shihlin Auto Parts Co., Ltd.	(Note 20) 183,948	712,671	350,033	362,637	584,788	114,425	81,375	(Note 3)
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	(Note 11) 174,614	369,009	134,783	234,225	532,429	32,525	26,067	(Note 3)
Xiamen Shihlin Electric & Engineering Co., Ltd.	(Note 7) 391,115	1,080,118	215,107	865,011	1,344,446	62,131	71,674	(Note 3)
Fuzhou Shihlin Electric & Engineering Co., Ltd.	(Note 12) 101,192	217,222	50,035	167,187	158,131	585	2,344	(Note 3)
Wuxi Shihlin Electric & Engineering Co., Ltd.	(Note 8) 312,552	426,985	117,435	309,550	272,063	(38,917)	(27,009)	(Note 3)

Name of Company	Paid-in capital (Note 1)	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Net income	EPS (after Tax)
Suzhou Shihlin Electric & Engineering Co., Ltd.	(Note 9) 401,584	1,042,634	427,927	614,707	1,037,180	57,120	57,435	(Note 3)
Shihlin Electric & Engineering Equipment Vienam Co., Ltd.	(Note 15) 83,770	384,839	176,634	208,205	596,480	6,511	6,669	(Note 3)
Shihlin Technology (Shenzhen) Co., Ltd.	(Note 18) 32,000	472,270	436,185	36,085	351,748	8,281	5,463	(Note 3)
Xiamen Chen-Ieu Transportation Implements Co., Ltd.	(Note 19) 72,679	46,257	198	46,059	0	(2,903)	3,268	(Note 3)
Shihlin Electric (Australia) Pty. Ltd.	(Note 17) 14,003	5,220	2,713	2,507	22,659	2,275	2,075	1.48

Note 1：It ia paid-up capital

Note 2：If the related enterprise is a foreign company, the balance sheet is converted at the US dollar exchange rate of 29.980 as of December 31, 2019, and the profit and loss statement is the annual average US dollar exchange rate 30.912 as Year of 2019.

Note 3：It is a limited company; therefore, not applicable.

Note 4：Converted according to the exchange rate of 31.11 at the time of capital contribution

Note 5：Converted according to the exchange rate of 32.17 at the time of capital contribution

Note 6：Converted according to the exchange rate of 32.14at the time of capital contribution

Note 7：Converted according to the exchange rate of 32.25 at the time of capital contribution

Note 8：Converted according to the exchange rate of 31.26 at the time of capital contribution

Note 9：Converted according to the exchange rate of 30.90 at the time of capital contribution

Note 10：Converted according to the exchange rate of 32.69 at the time of capital contribution

Note 11：Converted according to the exchange rate of 31.75 at the time of capital contribution

Note 12：Converted according to the exchange rate of 33.73 at the time of capital contribution

Note 13：Converted according to the exchange rate of 30.59at the time of capital contribution

Note 14：Converted according to the exchange rate of 31.95 at the time of capital contribution

Note 15：Converted according to the exchange rate of 33.51 at the time of capital contribution

Note 16：Converted according to the exchange rate of 31.09 at the time of capital contribution

Note 17：Converted according to the exchange rate of 28.01 at the time of capital contribution

Note 18：Converted according to the exchange rate of 32.00 at the time of capital contribution

Note 19：Converted according to the exchange rate of 29.07 at the time of capital contribution

Note 20：Converted according to the exchange rate of 30.66 at the time of capital contribution

Note 21：Converted according to the exchange rate of 31.47 at the time of capital contribution

B. 2019 Consolidated financial statement of affiliates: Please refer to P.97-P.192.

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 do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SHIHLIN ELECTRIC & ENGINEERING CORP.

By

Emmet Hsu
Chairman

March 13, 2020

C. 2019 Affiliate Report: N/A

2. Private placement of securities over past year and up to the date of publication of the annual report: N/A

3. Status of company stock held or disposed of by subsidiaries over past year and up to the date of publication of the annual report: N/A

4. Any matters of material significance that could have affected shareholder equity or securities price last year and up to the date of publication of the annual report, pursuant to the regulation of article 36-3-2 of securities laws: N/A

5. Evaluation basis and foundation for the allowance practice of balance sheet valuation account

(1) Allowance for Bad Debts

Receivables means that it is necessary to evaluate whether there is any sign for impairment on balance sheet date. If there is objective evidence showing impairment as a result of one or more events that occurred after the initial recognition of the accounts receivable. The loss event (or events) having impact on the estimated future cash flows of financial asset shall be recognized as impairment loss. In case the future impairment of receivables exists through individual evaluation, the group basis shall be conducted to evaluate such impairment. The amount of the impairment loss as recognized is measured as the difference between the carrying amount of the asset and estimated future cash flows (having reflected the effect on collateral or financial guarantee) discounted at the financial asset's original effective interest rate.

(2) Allowance for Reduction of Inventory to Market

Allowance for Reduction of Inventory to Market is a method of the lower of cost and net realizable value on inventory valuation. Aside from the same inventory pool, the inventory valuation loss shall be compared between individual items of inventory.

(3) Warranty preparation

Warranty preparations are estimated based on sales contracts, historical experience and other known reasons, and are recognized in the period in which the products are sold, and the merged Company would regularly reviews the appropriateness of such estimates.

6. Key performance indicators of industry differentiation

Product Category	2019 Market Share (Domestic)
Heavy Electric Products	43%
Breaker Switchgear Products	45%
Automation Products	36%
Automobile Equipment Products	48%

7. Other matters that require additional description

(1) The acquisition of relevant certification instructed by competent authority for personnel related to financial information transparency

Unit: No. of People

Personnel \ Certification	Senior Securities Specialist	Securities Specialist	Stock Affairs Specialist	Others (Note 1)
Financial Specialist	2	1	0	1
Accountant	2	2	1	7
Stock Administration Specialist	0	1	4	0
Total	4	4	5	8

Note 1: others refer Securities Investment Trust and Consulting Professionals, futures specialist, banking trust specialist, financial plan specialist, internal banking control specialist, investment policy, personal insurance specialist, property insurance specialist, manufacturing manager, and accountant.

(2) The internal material information processing procedures have been developed and announced on the internal corporate website to notify all employees, managers, and directors to avoid violation and occurrence of insider trading.

SHIHLIN ELECTRIC & ENGINEERING CORP.

Chairman Emmet Hsu

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Changes For The Better, Create The Future

Shihlin Electric & Engineering Corp.

16F., No.88, Sec.6, Zhongshan N. Rd.,
Taipei City, Taiwan (R.O.C) Tel / (02) 2834-2662