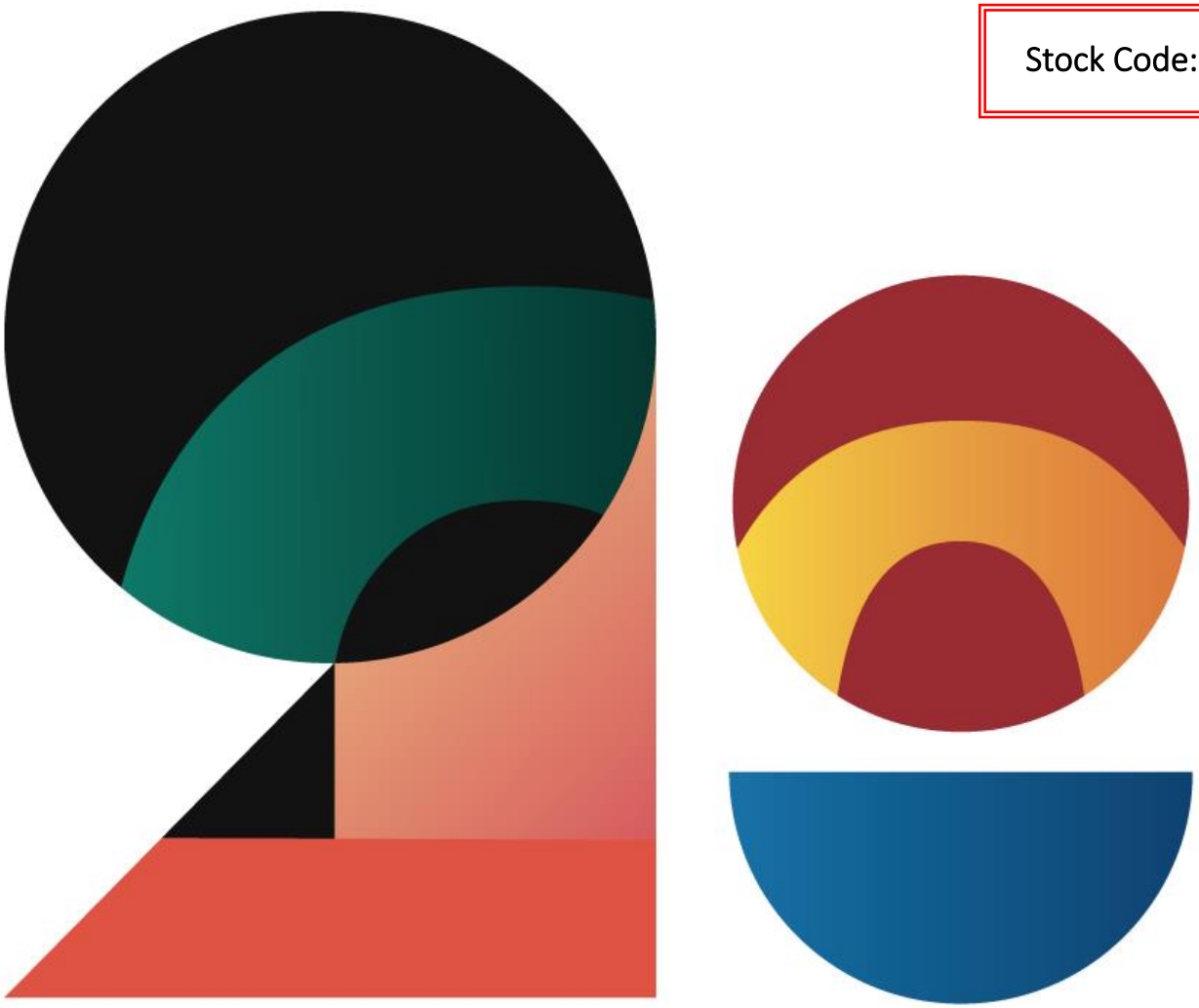
Stock Code: 3628



2019 Annual Report

2020

Printed on May 14, 2020
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Taiwan Stock Exchange Market Observation Post System: http://newmops.twse.com.tw

Ablerex
Experts in Power Conversion

Stock Code: 3628

Ablerex Electronics Co., Ltd.

2019 Annual Report

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.

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http://www.ablerex.com.tw
Printed on May 14, 2020

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N/A

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I. Letter to Shareholders

Dear Shareholders:

First of all, thank all shareholders for full support of the company in the past year. The operating performance in 2019 and the business plan for 2020 are reported as follows:

1. Operating Performance in 2019

The consolidated sales revenue of Ablerex is NTD 2,462,390 thousand in 2019, which decreased 2.70% comparing to the sales revenue NTD 2,530,613 thousand in 2018. The consolidated net income is NTD 40,555 thousand in 2019, which decreased 45.87% compared to the net income NTD 74,916 thousand in 2018. (As the following table)

Unit: NT$ thousands

Item	2019	2018	Growth Rate (%)
Sales Revenue	2,462,390	2,530,613	-2.70%
Gross profit	573,933	611,560	-6.15%
Operating income	25,864	84,632	-69.44%
Net income	40,555	74,916	-45.87%
Profit attributable to parenting company	39,500	73,156	-46.01%
EPS(NTD) – After tax	0.88	1.63	-46.01%

2. Implementation of business plan in 2019

Revenue, from sales and service in 2019 totaling NTD 2,462,390 thousand, decreased NTD 68,223thousand (2.70%), comparing to the annual revenue NTD 2,530,613 thousand in 2018. In comparison of sales revenue from the five main product categories in 2 years, except revenue from UPS and PV inverter and other products (components and battery, etc.) some percentage growth than in 2018. Among them, the others of revenue got the best growth rate, but the uninterrupted power system got the largest growth amount; APF and project revenues got declined, of which the project fell by more than NTD100 million, which mainly caused the revenue declined compared with it in 2018.

The operating costs in 2019 totaling NTD 2,436,526 thousand, decreased NTD 9,455 thousand (0.39%), comparing to NTD 2,445,981 thousand in 2018. Among them, the operating cost decreased by NTD 30,596 thousand along with the decrease of operating income, and the operating expenses increased by NTD 21,141 thousand compared with 2018. The increasing of operating expenses was mainly due to the increasing of sales expenses as well as management expenses.

The company's 2019 major business performance indicators are as follows:

Unit: NT$ thousands

Item	2019	2018	Growth Rate(%)
Return on Assets	1.62%	2.82%	-1.10 ppts
Return on Shareholders' Equity	2.69%	4.83%	-2.14 ppts
Operating Income to Capital Stock	5.75%	18.81%	-13.03 ppts
Profit before Tax to Capital Stock	9.63%	23.12%	-13.49 ppts
Net Profit Margin	1.65%	2.96%	-1.31 ppts
EPS (NTD)-after tax	0.88	1.63	-46.01%

Although the company's annual sales gross profit margin (23.31%) decreased slightly by 0.86% than in 2018 (24.17%), and the operating expense ratio increased by 1.44% than in 2018, resulting in a decrease in the overall business profit. It results in a decline in both the net profit and the net profit rate for the whole year, and the performance of related assets and management performance indicators were worse than in 2018.

3. Business Plan for 2020

A. Business guidelines

In the business, Ablerex continues to adopt a strategy tailored to local conditions, implement localized operations, strive to be close to the market, and quickly respond to customer needs. In product development, establish a materials database, strengthen the function of the R & D technology exchange platform, improve the effectiveness of the R & D team's experience inheritance and technology sharing, and accelerate the speed of product development. In manufacturing, optimize supply chain management, ensure that timely and compliant materials are obtained at reasonable prices, and improve inventory turnover; participate in product design and development to synchronize production process planning and shorten product transfer time; adjust production processes and increase the proportion of automation To improve production efficiency and product quality.

B. Sales Forecasts and basis

The company is a professional power electronics product and service provider. In addition to continuing to expand the ODM and OBM sales business of the international market of uninterruptible power systems, it is also actively participating in domestic uninterruptible power system project engineering bids and providing maintenance services, and selling its own brands Solar power converter. According to research by research institutes, there is room for growth in the global uninterruptible power system market and the domestic solar market. The company will aim to increase overall profitability, increase sales and sales of various products, and actively increase the sales of various products. market share.

C. Major production and sales strategy

1. Production strategy :

Optimize the management of the supply chain to ensure the quality of the supply, reduce the inventory of stock and meet the needs of flexible production; adjust the

production process, increase the proportion of automation, and improve production efficiency and product quality.

2. Sales strategy :
   Adopt strategies tailored to local conditions, implement localized operations, strive to be close to the market, strengthen potential customer development and relationship maintenance, and quickly respond to customer needs and strengthen after-sales service, improve customer satisfaction, and stabilize the market position.

D. Research and Development Status

Adhering to the belief of "technical independence", the company continues to invest in the application research and product design of three-phase, high-order, high-capacity power electronics technology. It has successively completed the improvement of power quality and efficiency, and the development of energy storage products; at this stage, it will strengthen internal Technology exchange platform function, complete knowledge management (KM) function, to shorten the development time, improve the efficiency of research and development, and then reduce product costs, in order to quickly respond to market trends and meet customer needs.

4. The impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

A. External Competitive Environment

UPS is a mature and highly competitive industry. The middle and high-end product market is monopolized by a few large European and American brands and continues to consolidate its market position through mergers and acquisitions. The low-end product market is a highly competitive Red Sea market; As for PV Inverter, due to the vast advantages of the application market, mainland manufacturers have risen rapidly in recent years, and have become a powerful force in the market. They have led to continued decline in product prices and intensified market price competition. However, product applications and follow-up services are highly local, so It is difficult for international manufacturers to operate in multinational markets if they cannot conduct localized operations in the target market.

B. Regulatory Environment

The company follows national policies and laws and international norms, executes various operating activities, and does grasp changes in important policies, laws, and regulations. It adjusts the company's internal systems and operating activities in a timely manner to meet the specifications and ensure the smooth operation of the company. At present, the company has no significant impact on finances and business due to changes in domestic and foreign regulations.

C. Macroeconomic Conditions

At the end of 2019, New Crown Pneumonia broke out in China. As of the writing date (end of March 2020), the epidemic has spread to all countries in the world, casting a shadow on the global economic outlook. Enterprises are not only facing the impact from

the supply chain, The impact of reduced consumer demand has prompted many international organizations and financial institutions to lower their global economic growth estimates for this year. It is even more worrying that if the epidemic is not controlled in the short term, the global economy may postpone recovery.

The Organization for Economic Cooperation and Development (OECD) in March has lowered its global growth forecast for 2020 to 2.4%, which is 0.5 percentage point lower than the previous forecast.

The impact of enterprises on the epidemic mainly comes from two aspects. One is the supply chain shock from factory closures, worker isolation and component shortages. In addition, delays in public activities and heightened panic have led consumers to reduce travel, eat out and shop around, which has caused a sharp drop in demand. The combination of the two effects is likely to push the global economy into a downward vicious cycle of self-reinforcement and will lead to increased market turbulence.

5. Development Strategy

Facing the new crown pneumonia epidemic, in the short term, Ablerex will prioritize stability. Under the premise of ensuring a win-win situation, the company will discuss with customers measures to mitigate the operational impact caused by the epidemic as much as possible to survive the storm . In the long run, the company will continue to optimize mature products and provide cost-effective products to customers; and demonstrate long-term rooted R & D strength and application experience in the power electronics field, complying with "open source (multiple sources) throttling (improving use efficiency)) "Trend, providing products such as renewable energy power generation equipment (light energy, wind power converters), monitoring systems, energy storage systems (ESS).

Looking forward to 2020, Ablerex's management team will continue to uphold: (1) focus on the industry and customers first; (2) research and development innovation, technological independence; (3) benefit shareholders and care for employees; (4) strengthen corporate governance and pursue sustainable development, The four major beliefs, focusing on the development and production of power electronics products for power conversion applications, and related service provision; pursuing reasonable operating profits, taking care of employees and giving back to shareholders, and taking into account the interests of various stakeholders, and fulfilling corporate social responsibility, The foundation of the company's sustainable development is laid, and it continues to move towards the goal of "Ablerex, Experts in Power Conversion".

All the best,

Chairman and CEO

Wen Hsu

II. Company Profile

2.1 Date of Incorporation: Apr. 27, 1998.

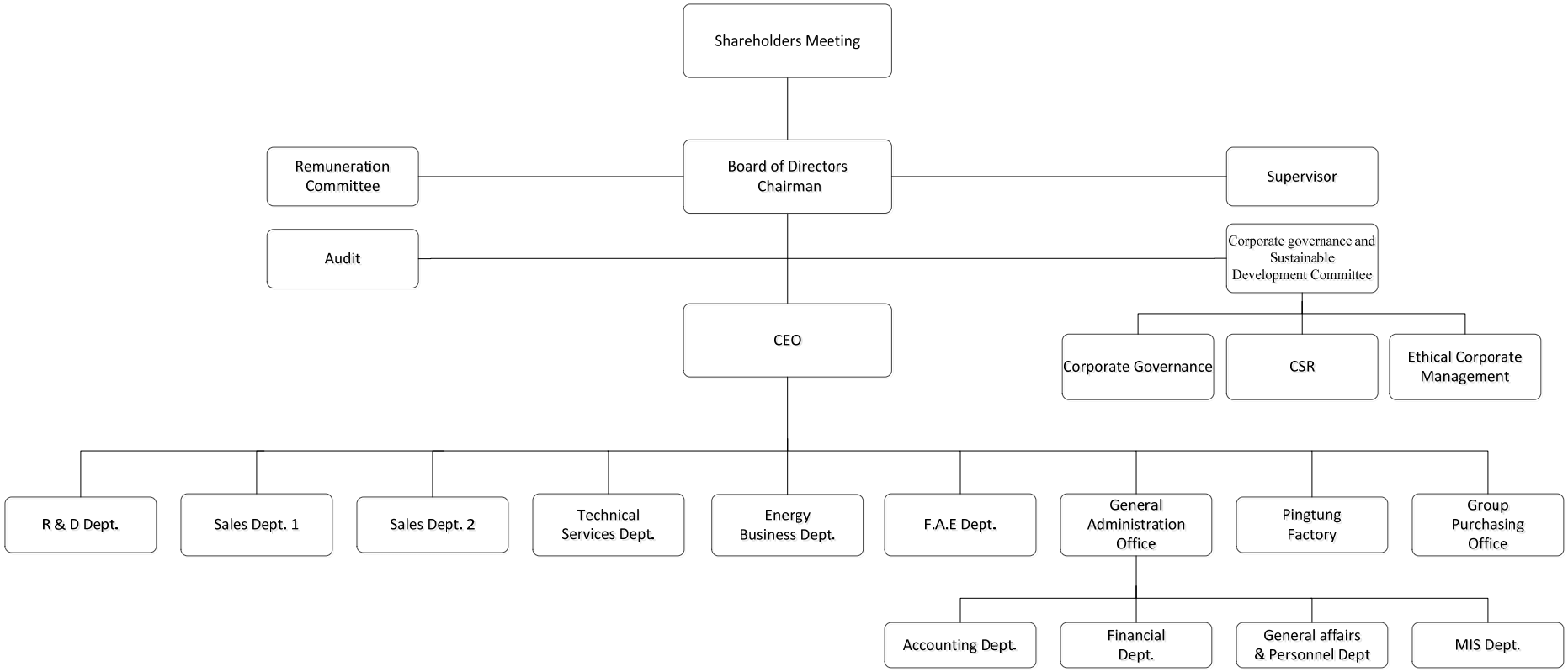
2.2 Company History

2018	Set up Ablerex Latam Corp. in US for Latin America market
2017	Invest Ablerex Electronics (Thailand) Co., Ltd. for own branded products in Thailand
2016	Set up Wada Denki Co., Ltd. in Japan
2016	Invest New Office for Xinchu office
2013	Set up New Building for U.S. Office
2012	New Factory at Pingtung Taiwan for 3 phase product.
2010	Public Listed on OTC market
	Increased Capital to USD 15M (NTD450M)
2009	Set up Beijing office and Italy office
	Listed on Emerging Stock Market
2008	Set up RD center in Kaohsiung
	Invest Singapore Company
	Set up 2nd-owned Factory in Suzhou, China
	Public offering in Taiwan Stock Market
2006	Set up USA office.
2005	Set up 1st-owned Factory in Suzhou, China.
2004	Increased Capital to USD 10 M (NTD 310 M)
2002	Merged with UIS Abler Electronics Co., Ltd. and rename Ablerex Electronics Co., Ltd.
2001	Start to set up Production facility in Suzhou, China
1994	Set up PEC TECHNOLOGY CO., LTD

III. Corporate Governance Report

3.1 Organization

A. Organization Chart



B. Major Corporate Function

Department	Main Function
HQs	1. Setup Chairman, General Manager, Special assistant to Chairman and Stock affairs 2. Follow the Corp. policy, business development and operation of mid/long term plan. 3. Relative process for Stock affairs
Corporate governance and Sustainable Development Committee	1. Regularly review the implementation of various businesses and issue reports to the board of directors. 2. According to government decrees, the competent authorities, and relevant management regulations within the company, plan, coordinate and track the implementation status of each task, and issue the duties of relevant departments according to the functional nature. 3. Regularly report the results of the annual plan implementation before the end of the year and prepare the next annual plan.
Audit Office	1. All audit of finance, Sales and Accounting 2. Trace the internal procedure and review operation for internal control system 3. Amend the system document and promote the audit management
R & D Dept.	1. The development of new technology and new product 2. Setup specification of new product 3. Internal technical transference and training 4. Filing and management of technical document and application for all intelligent right
Sales Dept. 1	1. Sales and promotion of own branded product in Big China market 2. Sales management and business development 3. Offer the service to promote sales and customer services
Sales Dept. 2	1. Sales and promotion of own branded product in world-wide market 2. Sales management and business development 3. Offer the service to promote sales and customer services 4. To update the catalog and web site
Technical Services Dept.	1. To offer services of Installation, inspection and warranty 2. Create business for maintenance, parts and components
Energy Business Dept.	1. Sales and promotion of own branded energy relative product and services in local market 2. Sales management and business development 3. Offer the service to promote sales and customer services
F.A.E Dept.	1. Support to customers for all own branded product 2. Backup of sales promotion 3. Support for all claim
Pingtung Factory	1. Plan and management for all Production, schedule, inventory, raw material, packing. 2. Support and plan for all OEM 3. Delivery, lead time control and after sales services.
Group Purchasing Office	1. Setup of supply chain 2. Out sourcing for R&D, raw material and parts 3. Control of purchasing cost
General Administration Office	<u>Accounting Dept.</u> 1. Accounting, tax process and preparation of finance report 2. Analysis and control of summary of annual budget <u>Financial Dept.</u> 1. A/P, finance plan and management analysis 2. Management and plan of funds <u>General affairs & Human Resource Dept.</u> 1. General affairs for operation 2. Maintenance and management of Fix assets 3. Attendance management <u>MIS Dept.</u> 1. Installation, maintenance and management of IT system 2. Internal net working installation and maintenance 3. Plan, integration of ERP on-line system 4. Development for process automation and function

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

A. Directors and Supervisors

2020.4.30, Unit: Shares; %

Title	Nationality/ Country of Origin	Name	Gender	Date elected	Term (Years)	Date of first elected (MM-DD-YY)	Shareholding when elected		Current shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
				(MM-DD-	(Years)		Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relati	
Chairman	Taiwan	Steven Hsu	M	06-19-17	3	05-08-02	9,477,177	21.06%	9,638,177	21.42%	219,973	0.49%	0	0	National Kaohsiung university of applied science/Honor Ph.D/Master of electronic engineering (MEE) Chairman & President of PEC Technology Co., Ltd.	Note 1	N/A	N/A	N/A	Note 10
Director	Taiwan	Y.A. Chen	M	06-19-17	3	05-08-02	2,485,763	5.52%	2,485,763	5.52%	0	0	0	0	National Chiao Tung University/Master of Institute of Traffic & Transportation President of United Integrated Services Co., Ltd. Chairman of UIS Abler Electronics Co., Ltd. Chairman of Ablerex Electronics Co., Ltd.	Note 2	N/A	N/A	N/A	
Director	Taiwan	UIS Co., Ltd.	M	06-19-17	3	05-08-02	14,986,502	33.30%	14,986,502	33.30%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
		C.S. Chen					-	0.00%	-	0.00%	0	0	0	0	National Chiao Tung University/Bachelor of Institute of Communications Engineering ,	Note 3	N/A	N/A	N/A	
Director	Taiwan	UIS Co., Ltd.	M	06-19-17	3	09-23-15	14,986,502	33.30%	14,986,502	33.30%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
		B.C. Chen					-	0.00%	-	0.00%	0	0	0	0	National Chiao Tung University/Bachelor of Institute of Communications Engineering	Note 4	N/A	N/A	N/A	
Director	Taiwan	Tim Sung	M	06-19-17	3	06-19-17	244,921	0.54%	242,921	0.54%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE) Sales Manager of PEC Technology Co., Ltd. Ablerex Electronics FAE V.P.	Note 5	N/A	N/A	N/A	
Ind. Director	Taiwan	Y.J. Ding	M	06-19-17	3	11-17-09	0	0.00%	0	0.00%	0	0	0	0	Indiana University/Doctor of Philosophy. President of Fubon Securities Investment Trust Co., Ltd. Chairman of Waterland Securities Co., Ltd.	Note 6	N/A	N/A	N/A	
Ind. Director	Taiwan	S.G. Wang	M	06-19-17	3	06-23-14	0	0.00%	0	0.00%	0	0	0	0	Chung Yuan Christian University/Bachelor of Civil Engineering Chief of team leader of Engineering Division, Taipei	Note 7	N/A	N/A	N/A	
Supervisor	Taiwan	James Ho	M	06-19-17	3	11-17-09	0	0.00%	0	0.00%	0	0	0	0	University of Pittsburgh/Doctor of Economics Vice Executive Secretary of National Development	Note 8	N/A	N/A	N/A	
Supervisor	Taiwan	Z.M. Yen	M	06-19-17	3	06-23-14	0	0.00%	0	0.00%	0	0	0	0	Soochow University/Master of Economics The director of Hsin-chu Science-Based Industrial Park	Note 9	N/A	N/A	N/A	
Supervisor	Taiwan	S.H. Chen	F	06-19-17	3	05-22-08	700,482.00	1.56%	700,482.00	1.56%	0	0	0	0	Kun Shan University/Bachelor of International Trade	N/A	N/A	N/A	N/A	

Note 1.	Wen Hsu	Chairman and CEO, Ablerex Electronics Co.,Ltd., CEO, Ablerex Electronics (Suzhou) Co., Ltd., Director, Joint rewards trading corp. Director, Ablerex corporation, Ablerex International Corp. Ltd.. Ablerex Electronics (S) PTE Ltd. Director, Ablerex Electronics U.K. Ltd. Director, Ablerex Electronics Italy s.r.l. Director, Ablerex Electronics (Beijing) Co., ltd.
Note 2.	Y.A. Chen	Chairman, Ablerex Electronics Co.,Ltd., Chairman,Ablerex Electronics (Suzhou) Co., Ltd., Director, Ablerex Electronics (Samoa) Co., Ltd. Director, Ablerex Overseas Corp Ltd. Director Ablerex Electronics (Beijing) Corp Ltd., Director, Z-COM, incl., Director of JG Environmental Technology Co., Ltd. Director, Eco Energy Corporation
Note 3.	C.S. Chen	Director and chairman of United Integrated Services co., Ltd., Director of Jiangxi United Integrated Services Company, Director of Suyuan Trading (Shanghai) Company, Director of Suzhou Hantai System Integration Company, Director of Hitpoint Co. Ltd, The incorporated representative of the director of Ablerex Electronics Co., Ltd., Supervisor of Jiangxi Construction Engineering (Group) Co., Ltd, Director of Brainchild Electronics Co., Ltd.
Note 4.	B.C. Chen	Director and president of United Integrated Services Co., Ltd., The Legal representative of the Director of Ablerex Electronics Co., Ltd., Chairman of Jiangxi United Integrated Services Company, Director of Jiangxi Construction Engineering (Group) Co., Ltd, Chairman of Suyuan Trading (Shanghai) Company, Chairman of Suzhou Hantai System Integration Company, Chairman of Beijing Hanhe Tang Medical Devices Company, Chairman of United Integrated Services Company (Singapore)., The Legal representative of the Director of Wholetech System Hitech Limited., The Legal representative of the Director of JG Environmental Technology Co., Ltd, Director of Gallant Micro. Machining Co., Ltd., The Legal representative of the Director of United Information Systems (BVI) Co., Ltd.
Note 5.	J.K. Sung	None
Note 6.	Y.J. Ding	Chairman & CEO, Waterland Securities Co., Ltd., Chairman, Waterland Futures Co., Ltd., Chairman, Paradigm Asset Management Co., Ltd., President & CEO, Fubon Asset Management Co., Ltd., Chairman & CEO, Fubon Securities Investment, Services Co., Ltd., Chief Economist, Fubon Financial Holding Co., Ltd.
Note 7.	S.G. Wang	Honorary President of Chinese Taipei Society for Trenchless Technology, Procurement Committee Member of Public Construction commission, Executive Yuan
Note 8.	J.H. Ho	Chairman of Hwa-Sun Asset Management Co., Ltd., Director of Chen-Yin International Development Co., Ltd., Director of Hotran Resource Development Ltd., Director of Andes Technology Corporation, Director of AMPACS Corporation, Senior V.P. of CDIB Capital Management Corporation, Chairman of CDIB Capital Healthcare Ventures Limited, Director of CDIB Private Equity (China) Corporation
Note 9.	Z.M. Yen	Senior Consultant of Wholetech System Hitech Limited, Director of HsinChu Kuang-Fu high school., Ind. Director of Machvision Inc. Co., Ltd.
Note 10		The Chairman of the company, Wen Hsu, is one of the founders and has extensive industry experience. In order to do decision-making and business management more closer and efficient, the chairman of the board is also the CEO. The company has seven directors on the board of directors, including two independent directors. Majority of the directors are not employees or managers. There are three supervisors, and a remuneration committee and a Corporate Governance Sustainable Development Committee are set up under the board of directors to strengthen directors and supervisors. Functions and protection of shareholders' rights and interests. The company has been in the top 5% record of TPex listed companies for four consecutive years (2015-2018) and top 6-20% in 2019, and its directors and supervisors have performed their functions so well and the Corporate Governance has achieved remarkable results. For sustainable operation, the company creates shareholders' interests, actively recruits talents and trains business executives, in order to take the job of the CEO in the future.

B. Major shareholders of Institutional Shareholders

Apr. 30, 2020

Name of Institutional Shareholders	Major shareholders of Institutional Shareholders
UIS Co., Ltd.	Yuanta Taiwan High Dividend Fund Account (5.95%), Fubon Life Insurance Co., Ltd. (5.23%), H.W.Lee (4.63%), Lian-Yi Investment Co. (3.76%), Vaucluse Capital Management Limited . (3.67%), Deutsche Bank Deutsche Bank Taipei Branch is entrusted with the custody of Fubon Modern Life Insurance Co., Ltd.-SA Investment Account (2.16%), G.Y.Wang (2.02%), Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Norwegian Central Bank Bank Investment Account (2.01%), G.W.Wang (1.99%), American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Robeco Capital Growth Fund Investment Account (1.80%)

Data source: United Integrated Services Corp. [Stock code: 2404]

C. Major shareholders of the company's major institutional shareholders

Apr. 30, 2020

Name of Institutional Shareholders	Major shareholders
Yuanta Taiwan High Dividend Fund Account	Yuanta (100%)
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance Co., Ltd.(100%)
Lian-Yi Investment Co.	G.Y.Wang (22.76%)
Vaucluse Capital Management Limited	H.J.Sung(2.36%)
Deutsche Bank Taipei Branch is entrusted with the custody of Fubon Modern Life Insurance Co., Ltd.-SA Investment Account	Deutsche Bank (100%)、
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Norwegian Central Bank Bank Investment Account	City Bank (100%)
American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Robeco Capital Growth Fund Investment Account	JPMorgan Chase Bank (100%)

Data source: United Integrated Services Corp. [Stock code: 2404]

D. Professional qualifications and independence analysis of directors and supervisors

2020.4.30

Criteria / Name	With over 5 years of job experience and the following business qualification			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Directo
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Wen Hsu			V				V		V	V	V	V	V	V	V	0
Y.A. Chen			V				V		V	V	V	V	V	V	V	0
UIS legal person director : C.S. Chen			V	V	V	V	V		V	V	V	V	V	V		0
UIS legal person director : B.C. Chen			V	V	V	V	V		V	V	V	V	V	V		0
J.K. Sung			V			V	V	V	V	V	V	V	V	V	V	0
Y.J. Ding	V		V	V	V	V	V	V	V	V	V	V	V	V	V	0
S.G. Wang			V	V	V	V	V	V	V	V	V	V	V	V	V	0
J.H. Ho			V	V	V	V	V	V	V	V	V	V	V	V	V	1
Z.M. Yen			V	V	V	V	V	V	V	V	V	V	V	V	V	0
S.H. Chen			V	V	V		V	V	V	V	V	V	V	V	V	0

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not employed by the company or its affiliates
2. Directors and supervisors of non-companies or their affiliated companies (except those who serve as independent directors established by the company and its parent company, subsidiary company, or subsidiary company of the same parent company in accordance with this law or local laws and regulations).
3. Non-onself and his spouse, minor children, or natural person shareholders holding more than 1% of the total issued shares of the company or holding the top ten shares in the name of others
4. Managers who are not listed in (1) or spouses, second relatives, etc. of the persons listed in (2), (3), or immediate family members within the third family.
5. Directors, supervisors, or corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or are designated as corporate directors or supervisors in accordance with Article 27 (1) or 2 of the Company Law Employed persons (but this does not apply if the company and its parent company, a subsidiary company, or a subsidiary company of the same parent company have independent directors established by each other in accordance with this law or local laws and regulations).
6. More than half of the shares that are not with the company's directors or voting rights are directors, supervisors or employees of other companies controlled by the same person (but if the company or its parent company, subsidiary or a subsidiary of the same parent company Independent directors established by laws or local laws and regulations shall not be limited.
7. Directors (directors), supervisors (supervisors) or employees of other companies or institutions who are not the same person or spouse as the company's chairman, general manager or equivalent The company or its subsidiaries that belong to the same parent company in accordance with this law or local laws and regulations set up independent directors concurrently, not limited to this).
8. Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a particular company or institution that does not have financial or business dealings with the company (but if a particular company or institution holds 20% of the company's total issued shares The above, not more than 50%, are independent directors established by the company or its parent company, subsidiary company or subsidiary company in accordance with this law or local laws and regulations, and this does not apply.
9. Non-professionals, sole proprietorships, partnerships, corporate or institutional business owners, partnerships who provide auditing or affiliated enterprises with a total remuneration of less than NT $ 500,000 in the past two years, and are professionals, sole proprietorships, partnerships, companies or institutions People, directors (directors), supervisors and supervisors), managers and their spouses. However, members of the salary and remuneration committee, the public acquisition review committee, or the special committee on mergers and acquisitions that perform their functions in accordance with the relevant laws of the Securities Exchange Law or the Corporate M & A Law are not limited.
10. No spouse or second-kind relationship with other directors.
11. Non one of the circumstances of Article 30 of the Company Act
12. No Article 27 of the Company Act provides for election by the government, legal person or its representative

3.2.2 General manager, deputy general manager, associate manager, supervisors of each department and branch:

2020.4.30 / Unit: Share, %

Title	Nationality / Country of Origin	Name	Gender	Date Effective (MM-DD-YY)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman/ CEO	Taiwan	Wen Hsu	M	06-09-11	9,638,177	21.42%	219,973	0.49%	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE) Chairman & President of PEC Technology Co., Ltd.	Note 1	N/A	N/A	N/A	Note 5
CSO	Taiwan	Y.A. Chen	M	06-09-11	2,485,763	5.52%	0	0	0	0	National Chiao Tung University/Master of Institute of Traffic & Transportation President of United Integrated Services Co., Ltd. Chairman of UIS Abler Electronics Co., Ltd. Chairman of Ablerex Electronics Co., Ltd.	Note 2	N/A	N/A	N/A	
V.P. (Administration office)	Taiwan	Z.C.Xiao	M	07-01-11	102,085	0.23%	79	0.00%	0	0	Tamkang University/Bachelor of Electronic Engineering Manager of Fu Pin Industry Co., Ltd. Deputy Manager of UIS Abler Electronics Co., Ltd. Factory Manager of Ablerex Electronics Co., Ltd.	Note 3	N/A	N/A	N/A	
V.P.(FAE)	Taiwan	J.K. Sung	M	01-01-15	242,921	0.54%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE) Sales Manager of PEC Technology Co., Ltd. Manager of FAE Department of PEC Technology Co., Ltd.	N/A	N/A	N/A	N/A	
Executive V.P./RD	Taiwan	J.H. Lee	M	08-01-19	9,000	0.01%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE)	N/A	N/A	N/A	N/A	
Chief Eng./RD	Taiwan	G.F. Hwang	M	08-01-19	642	0.001%	0	0	0	0	National Kaohsiung university of applied science/Master of electronic engineering (MEE)	N/A	N/A	N/A	N/A	
Corporate Governance Officer	Taiwan	Damon Chao	M	08-05-19	2,000	0.004%	0	0	0	0	Tamkung University Applied Chemistry RD Manager of Hold Key Electric Wire & Cable Co., Ltd. CEO of Wonderful Hi-Tech Co., Ltd.	N/A	N/A	N/A	N/A	
Manager of Sales Dept. 1	Taiwan	S.M. Huang	M	07-01-17	20,000	0.04%	0	0	0	0	Department of Electrical Engineering, St. John's University Sales Rep of Ablerex Electronics Co., Ltd.	N/A	N/A	N/A	N/A	
Manager of Sales Dept. 2	Taiwan	W.J. Ho	M	01-01-18	6,400	0.01%	0	0	0	0	Tunghai University, Dept. of Animal Science and Biotechnology	N/A	N/A	N/A	N/A	
Financial Manager	Taiwan	Z.F. Lin	M	03-03-08	14,000	0.03%	0	0	0	0	National Taiwan University/Bachelor of Economics Deputy Manager of Taipei Fubon Commercial Bank Co., Ltd.	Note 4	N/A	N/A	N/A	
Accounting Manager	Taiwan	M.H. Liao	F	07-01-06	665,800	1.48%	31,000	0.07%	0	0	National Taipei University of Business/Bachelor of Accounting Deputy Manager of Accounting Department of PEC Technology Co., Ltd.	N/A	N/A	N/A	N/A	

Note 1.	Wen Hsu	Chairman and CEO, Ablerex Electronics Co.,Ltd., CEO, Ablerex Electronics (Suzhou) Co., Ltd., Director, Joint rewards trading corp. Director, Ablerex corporation, Ablerex International Corp. Ltd., Ablerex Electronics (S) PTE Ltd. Director, Ablerex Electronics U.K. Ltd. Director, Ablerex Electronics Italy s.r.l. Director, Ablerex Electronics (Beijing) Co., ltd.
Note 2.	Y.A. Chen	Chairman, Ablerex Electronics Co.,Ltd., Chairman,Ablerex Electronics (Suzhou) Co., Ltd., Director, Ablerex Electronics (Samoa) Co., Ltd. Director, Ablerex Overseas Corp Ltd. Director Ablerex Electronics (Beijing) Corp Ltd., Director, Z-COM, incl., Director of JG Environmental Technology Co., Ltd. Director, Eco Energy Corporation
Note 3.	Z.C.Xiao	Ablerex Electronics Co., Ltd. V.P., Ablerex Electronics (Beijing) Co., ltd. Supervisor
Note 4.	Z.F.Lin	Supervisor of Wada Denki Co., Ltd., Supervisor of Ablerex Electronics (Suzhou) Co., Ltd.

Note 5

The Chairman of the company, Wen Hsu, is one of the founders and has extensive industry experience. In order to do decision-making and business management more closer and efficient, the chairman of the board is also the CEO. The company has seven directors on the board of directors, including two independent directors. Majority of the directors are not employees or managers. There are three supervisors, and a remuneration committee and a Corporate Governance Sustainable Development Committee are set up under the board of directors to strengthen directors and supervisors. Functions and protection of shareholders' rights and interests. The company has been in the top 5% record of TPex listed companies for four consecutive years (2015-2018) and top 6-20% in 2019, and its directors and supervisors have performed their functions so well and the Corporate Governance has achieved remarkable results. For sustainable operation, the company creates shareholders' interests, actively recruits talents and trains business executives, in order to take the job of the CEO in the future.

3.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

3.3.1 Remuneration of Directors, Ind. Directors and Supervisor

A. Remuneration of Directors and Independent Directors

Unit: NTD thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Base Compensation (E)		Severance Pay (F)		Bonus to Employee (G)				Base Compensation (A)		
																The company		All companies in the				
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements s	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The company	All companies in the consolidated financial statements	
Chairman	Wen Hsu	0	0	0	0	435	435	174	174	1.54%	1.54%	7,944	7,944	186	186	171	0	171	0	22.56%	22.56%	0
Director	Y.A. Chen																					
Director	C.S. Chen																					
Director	B.C. Chen																					
Director	Tim Sung																					
Ind. Director	Y.J. Ding	0	0	0	0	174	174	66	66	0.61%	0.61%	0	0	0	0	0	0	0	0	0.61%	0.61%	0
Ind. Director	S.G. Wang																					

Note :

1. Please describe the policy of remuneration, criteria and packages, rules and procedures related to the remuneration, and its relation to business performance and future risks for Independent Directors : .Please refer P.21 of the annual report
2. Other than the disclosure in the table above, the remuneration received by the Directors of Ablerex in the latest year from providing services, such as being consultant that is not the employee of the company, to all the companies listed in the financial report: None

Remuneration Bracket

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Less than 1,000,000	Wen Hsu, Y.A. Chen、UIS Co (Legal person director C.S. Chen, B.C. Chen), J.K. Sung, Y.J. Ding and S.G. Wang.	Wen Hsu, Y.A. Chen、UIS Co (Legal person director C.S. Chen, B.C. Chen), J.K. Sung, Y.J. Ding and S.G. Wang.	UIS Co (Legal person director C.S. Chen, B.C. Chen), Y.J. Ding and S.G. Wang.	UIS Co (Legal person director C.S. Chen, B.C. Chen), Y.J. Ding and S.G. Wang.
1,000,000~2,000,000	None	None	J.K. Sung	J.K. Sung
2,000,000~3,500,000	None	None	None	None
3,500,000 ~ 5,000,000	None	None	Wen Hsu, Y.A. Chen	Wen Hsu, Y.A. Chen
5,000,000 ~ 10,000,000	None	None	None	None
10,000,000 ~ 15,000,000	None	None	None	None
15,000,000 ~ 30,000,000	None	None	None	None
30,000,000 ~ 50,000,000	None	None	None	None
50,000,000 ~ 100,000,000	None	None	None	None
More than100,000,000	None	None	None	None
Total	7	7	7	7

Note : The remuneration disclosed on the above chart is not the same as the income in Income Tax Act. The purpose of the chart is for information disclosure instead of tax basis.

B. Remuneration of Supervisors

Unit: NTD thousand, %

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Compensation (B)		Allowances (C)				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
Supervisor	S.H. Chen	0	0	261	261	102	102	0.92%	0.92%	0
Supervisor	J.H. Ho									
Supervisor	Z.M. Yen									

Remuneration Bracket

Remuneration to supervisors	Name of Supervisors	
	Total of (A+B+C)	
	The company	Companies in the financial statements
Less than 1,000,000	S.H. Chen, J.H. Ho and Z.M. Yen	S.H. Chen, J.H. Ho and Z.M. Yen
1,000,000~2,000,000	None	None
2,000,000~3,500,000	None	None
3,500,000 ~ 5,000,000	None	None
5,000,000 ~ 10,000,000	None	None
10,000,000 ~ 15,000,000	None	None
15,000,000 ~ 30,000,000	None	None
30,000,000 ~ 50,000,000	None	None
50,000,000 ~ 100,000,000	None	None
More than100,000,000	None	None
Total	3	3

* The remuneration disclosed on the above chart is not the same as the income in Income Tax Act. The purpose of the chart is for information disclosure instead of tax basis.

C. Remuneration of President and Vice Presidents

Unit: NTD thousand, %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Wen Hsu	9,672	9,672	392	392	3,242	3,242	247	0	247	0	34.31%	34.31%	0
CSO	Y.A. Chen													
V.P	Z.C.Xiao													
V.P	J.K. Sung													
V.P	J.H. Lee													
Chief Engineer	G.F. Hwang													

Remuneration Bracket

Remuneration of President and V.P	Name of President and V.P	
	The company	Companies in the consolidated financial statements
Less than 1,000,000	None	None
1,000,000~2,000,000	Z.C.Xiao, J.K. Sung, G.F. Hwang	Z.C.Xiao, J.K. Sung, G.F. Hwang
2,000,000~3,500,000	Wen Hsu, Y.A. Chen, J.H. Lee	Wen Hsu, Y.A. Chen, J.H. Lee
3,500,000 ~ 5,000,000	None	None
5,000,000 ~ 10,000,000	None	None
10,000,000 ~ 15,000,000	None	None
15,000,000 ~ 30,000,000	None	None
30,000,000 ~ 50,000,000	None	None
50,000,000 ~ 100,000,000	None	None
More than100,000,000	None	None
Total	6	6

＊The remuneration disclosed on the above chart is not the same as the income in Income Tax Act. The purpose of the chart is for information disclosure instead of tax basis.

D. Remuneration of Executive Officers

Unit: NTD Thousand

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	CEO	Wen Hsu	0	352	352	0.89%
	Chief Strategy Officer	Y.A. Chen				
	V.P of Administration Office	Z.C.Xiao				
	V.P of FAE Dept.	J.K. Sung				
	Executive V.P. of RD	J.H. Lee				
	Corporate Governance Officer	Damon Chao				
	Manager of Sales Dept. 1	S.M. Huang				
	Manager of Sales Dept. 2	W.J. Ho				
	Chief Engineer of RD	G.F. Hwang				
	Assistant Manager of Accounting Dept.	M.H. Liao				
	Manager of Financial Dept.	Z.F. Lin				

The term of Executive V.P. J.H. Lee of RD dept. is from Aug 1, 2019

The term of Chief Engineer G.F. Hwang of RD dept. is from Aug 1, 2019.

The term of Corporate Governance Officer Damon Chao/Special Assistant to Chairman is from Aug 5, 2019.

3.3.2 Compare and state the ratio of total remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents by the Company and the companies in the consolidated financial statements to net income in the last 2 years; also, describe the policy, standard, and combination of remuneration paid; moreover, the procedure of defining remuneration and its relation to business performance:

A. Analyze the ratio of the total remuneration paid to the company's Directors, Supervisors, President, and Vice Presidents in the last 2 years to net income:

Unit: NTD Thousand, %

Year / Title	2018		2019	
	The company	Companies in the financial statements	The company	Companies in the financial statements
Remuneration to Directors	1,650	1,650	609	609
Ratio of total remuneration paid to Directors to net income (%)	2.26%	2.26%	1.54%	1.54%
Remuneration to Supervisors	707	707	261	261
Ratio of total remuneration paid to Supervisors to net income (%)	0.97%	0.97%	0.66%	0.66%
Remuneration to President and V.P	10,403	10,403	13,552	13,552
Ratio of total remuneration paid to President and V.P to net income (%)	14.22%	14.22%	34.31%	34.31%

B. The policy of remuneration, criteria and packages, rules and procedures related to the remuneration, and its relation to business performance and future risks.

Title / Description	Remuneration to Directors(includes Independent Directors) and Supervisor	Remuneration to President and V.P
Policy of Remuneration	The directors and supervisors of the Company currently do not have fixed remuneration, and only if the company has a surplus at the end of its operating year, the company can provide within 2% of the profit for the current year according to the provisions of Article 25 of the Articles of Association. Remuneration for the supervisors of the current year. The procedures for the determination of remuneration are based on the Company's "Board Performance Evaluation Method" as a review. Except for the overall operating performance, industrial operating risks and development trends of the company, the individual and overall performance of the board members and the company's operations are also considered. Situation, and given a reasonable remuneration, relevant performance appraisal and remuneration rationality are subject to review by the Compensation Committee and the Board of Directors, and based on changes in the relevant laws, a timely review of the remuneration system in order to balance the company's sustainable management and risk control.	The remuneration of Managers is paid based on Staff Remuneration Management Principles. Bonus is paid according to Bonus and Profit Sharing Principles of Ablerex in the years of surplus.
Criteria and Packages	Based on the responsibility of undertakings and guarantees of individual Directors or Supervisors	Salary, duty allowances, meal allowances, bonus from evaluation, and subsidies.
Rules and procedures related to the remuneration	1. The remuneration to Directors from Ablerex's earning is stipulated by the Articles of Incorporation. The amount is proposed by the Remuneration Committee, resolved by the Board of Directors and Shareholders' Meeting before allocation. 2. The allocation of remuneration to Directors and Supervisors is advised by the Remuneration Committee, and allocated after the consent of Board of Directors.	1. The rule of remuneration is stipulated in Staff Remuneration Management Principles, reviewed by the Remuneration Committee, and approved by the Board of Directors. 2. The bonus from annual performance and compensation is proposed according to the annual performance evaluation and related internal regulations, reviewed by the Remuneration Committee, and approved by the Board of Directors.
Relation to business performance and future risks	The remuneration is determined based on each individual's participation and contribution, as well as the level of remuneration paid by peers. And the criteria of remuneration are regularly reviewed by the Remuneration Committee.	The remuneration is determined based on the contracted salary and the performance and profit of each business unit. The remuneration is regularly reviewed by the Remuneration Committee.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

7 Board Meetings in 2019 and 9 (A) Board Meetings up to the date of annual report printed. The attendance of Directors for the 9 Board Meetings:

Title	Name	Attendance in Person (B)	Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Wen Hsu	9	0	100%	
Director	Y.A. Chen	8	0	88.89%	
Director	UIS Co. Rep. C.S. Chen	9	0	100%	
Director	UIS Co. Rep. B.C. Chen	9	0	100%	
Director	J.K. Sung	9	0	100%	
Independent Director	Y.J. Ding	9	0	100%	
Independent Director	S.G. Wang	8	1	88.89%	

Note 1: Independent Board Directors' Attendance Status in 2019

◎:take part in person;☆:letter of Authorization;＊:absent

2019	1st	2nd	3rd	4th	5th	6th	7th
Y.J. Ding	◎	◎	◎	◎	◎	◎	◎
S.G. Wang	◎	◎	◎	◎	☆	◎	◎

Note 2: Where the director from a legal person, he/she shall disclose the name of the legal person shareholder and the name of the representative.

Note 3:

(1) There are directors who leave the job before the end of the year, it shall indicate the date of departure in remarks, and the actual attendance rate (%) is calculated based on the number of times of board attendance and actual attendance during his term of office.

(2) The directors are to be re-elected before the end of the year, the new and former directors shall be identified and the directors shall be indicated in remarks as the old, new or re-election date. Actual attendance percentage is calculated for the number of meetings held by the Board during its term of office and its actual attendance.

Other mentionable items:

1. If there are any of the following situations in the operation of the board of directors, the date, period, content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors should be stated.
   (1) referred to in Article 14-3 of the Securities and Exchange Act
   (2) resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and

the company's response should be specified : As per note (Page 25)

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
   (1) On Aug 5, 2019, the Board of Directors reviewed the distribution of managerial staff bonuses for the year 2018. During the voting for the review, due to Chairman Wen Hsu, Director Y.A. Chen/CSO, and Director J.K. Sung/V.P. are the managers of the company, they resolved to issue their own interests in accordance with the regulation and avoided discussion and did not participate in the discussion. Vote and appoint Y.J. Ding as the sole director to vote on the matter. The chairman consulted the remaining attending the three directors and agreed to pass the case.

   (2) On Aug 5, 2019, the Board of Directors discussed and verified the Corporate Governance Officer of the company. During the voting to approve the Corporate Governance Officer of the company, Damon Chao resolved to issue his own interests and did not participate in the discussion. The chairman consulted all directors and agreed to pass the proposal.

3. Information on the evaluation cycle and period, evaluation scope, method, and evaluation content of the board's self (or peer) evaluation should be disclosed, and the board's evaluation of the board should be completed.

Cycle time (Note1)	Peiod (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year (by end of the fiscal year)	Evaluation of the performance of the Board of Directors from January 1- December 31, 2019	includes the performance evaluation of the board of directors, individual director members and functional committees	Internal self-evaluation by the board of directors and comes out by collects all evaluations.	Board performance evaluation, individual director member performance evaluation and functional committee performance evaluation

Note 1: Fill in the execution cycle of the board evaluation, for example: once a year

Note 2: Fill in the period covered by the evaluation of the board of directors, for example: evaluate the performance of the board of directors from January 1, 2019 to December 31, 2019

Note 3: The scope of evaluation includes performance evaluation of the board of directors, individual director members and functional committees.

Note 4: The evaluation methods include internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, appointment of external professional organizations, experts, or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the evaluation scope:

(1) Evaluation of the performance of the board of directors: At least including the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board of directors, the

selection and continuous training of directors, internal control, etc.

(2) Performance evaluation of individual director members: At least including the grasp of company goals and tasks, the professional and continuous training of directors, internal control, etc.

(3) Functional Committee Performance Evaluation: Participation in company operations, functional committee responsibilities, quality of functional committee decisions, functional committee composition and selection of members, internal control, etc.

4. Measures taken to strengthen the functionality of the board: (Ex. The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.)

(1) Goal of strengthening the functionality of the board: Ablerex established “Rules of Procedure for Board of Directors Meetings and Management Procedures for the Operation of Board Directors Meetings”, which regulates the managerial systems of the board of Ablerex and strengthens the board’s function of supervision and management, to let the procedures of board’s meeting to follow.

(2) Implementation evaluation: The convention and process of board of directors’ meeting of Ablerex is fully followed the regulation of “Rules of Procedure for Board of Directors Meetings and Management Procedures for the Operation of Board Directors Meetings”. Remuneration Committee exercises its duty of review the remuneration of directors, supervisors, and managers, and provides evaluations and suggestions about the relevant policies and internal regulations for the reference of board of directors.

(3) Referring to “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and related regulations, the amendment of “Corporate Governance Best Practice Principles” has been approved by board of directors and by shareholders’ meeting. The amendment states that it adopts he candidate nomination system for election of directors (including independent directors) and supervisors. The composition of the board of directors shall be determined by taking diversity into consideration and should include, but not limited to, gender, age, culture and professional

(4) The Company refer to the “Corporate Governance Best-Practice Principles” and ahead of deadline of regulation, the Board of Directors had passed the proposal to appoint Corporate Governance Officer on Aug 5, 2019. The officer shall be in charge of the matters for Corporate Governance and strengthen Board of Directors function.

(5) The company's board of directors passed the "Audit Committee Charter" and " Management of Operation of Audit Committee" on Aug 5, 2019. In order to prepare the establishment and operation of the Audit Committee after the company's director re-election in 2020, so as to strengthen the functions of the Board of Directors and improvement of the Corporate Governance.

Note : Independent Director's opinion

Date	Term	motion	Independent Director's opinion	Follow up
Nov 11, 2019	the 6th Board meeting in 2019	Report items	S.G. Wang/Independent Director: All events about Asset lending, return, transfer, and scrapped must be recorded and tracked.	The company will follow the advice.
Dec 26, 2019	the 7th Board meeting in 2019	Discussion items	Y.J. Ding/Independent Director: If there is a proposal for promotion of managers in future, it shall be formally announced after being approved by the remuneration committee and the board of directors.	The company will follow the advice.

3.4.2 Audit Committee Operations or Supervisors' Participation in Board Operations:

1. Audit Committee implementation : The company has yet set up an audit committee.
2. Supervisors' participation in the operation of the board of directors: Listed on the following page.

Attendance of supervisors at the board meeting

7 Board Meetings in 2019 and 9 (A) Board Meetings up to the date of annual report printed.

The attendance of Directors for the 9 Board Meetings:

Title	Name	Attendance on Person (B)	Proxy	Attendance Rate(%) (B/A)	Remarks
Supervisor	J.H. Ho	9	0	100%	
Supervisor	S.H. Chen	9	0	100%	
Supervisor	Z.M. Yen	8	0	88.89%	

Other matters for records:

1. Composition and responsibility of Supervisors: Ablerex currently set up 3 Supervisors who attend the Board Meeting periodically.
   (1) Communication between the company's supervisors and employees and shareholders:
   The company employees or shareholders, stakeholders and the major shareholder may contact supervisor by letter or phone. The supervisors will be in attendance the shareholders meeting, and shareholders may communicate with supervisor in the shareholders' meeting. The Company has set up a dedicated window as spokesman of external communication, employees and shareholders to monitor for to communicate with people, you can convey to supervisors through a spokesman.
   (2) Communication between the company's supervisors and internal chief director and CPA:
   1. The audit will present internal audit report to supervisors and independent directors next month of the completion of the audit projects, and report in the Board meetings. Besides attendance of Board meetings, supervisors may monitor the company's financial, business execution status, if there are questions related to the company's operations, supervisors can communicate with the relevant unit

heads and review improvements.

2. CPAs will communicate with supervisors about aspects of the audit plan before execution of audit. If any questions about the Company's financial condition, business, etc., the supervisors may have direct communication with the CPAs about the audit result.

2. For the opinions of the supervisors stated in the board meeting, the date, term, the content of the case, the resolution reached, and the company's response to the supervisor's opinion must be stated in details: None

3.4.3 Corporate Governance Implementation Status and Deviations and reason from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" ?	✓		Ablerex has established the "Corporate Governance Best-Practice Principles" and has been approved by the Board of Directors on 2013.3.22 and revised a few times once upon regulation revised to build an effective corporate governance structure, to protect the rights of shareholders, to enhance the power of the Board of Directors, to empower the Supervisors, to respect the welfare of the stakeholders, and to improve transparency of information disclosure. It was disclosed on http://www.ablerex.com.tw/ch/about_8-2.php and annual report.	In compliance with "Corporate Governance Best Practice Principles" Article 1.
2. Shareholding structure & shareholders' rights				
(1).Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1).Ablerex has appointed spokesperson and deputy spokesperson to deal with shareholders' suggestions, doubts, and disputes. The contact information on web site : http://www.ablerex.com.tw/ch/about_8-7-3.php. Besides that, legal consultant was contracted to provide legal advice.	In compliance with "Corporate Governance Best Practice Principles" Article 13.
(2).Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2).Ablerex and the shareholder services agent collect the information of major shareholders and the list of ultimate owners of those shares on the regular basis and report the shares owned by Directors, Supervisors, Managers, and the major shareholders who possess over 10% of Ablerex's shares.	In compliance with "Corporate Governance Best Practice Principles" Article 19.
(3).Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3).The management authorization and obligations are clearly divided between Ablerex and the affiliates. The financial and business relationships within the conglomerate structure follow the regulations and "Business Management Procedures with Specified Stakeholders and Affiliates". Ablerex also established "Supervision and Management of Subsidiaries" as the	In compliance with "Corporate Governance Best Practice Principles" Article 14 to Article 17.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			management and firewall system.	
(4).Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4).The Company has formulated the "Internal Major Information Processing and Insider Trading Management Measures", which are disclosed on the corporate governance area of the company's website to establish a good internal major information processing and disclosure mechanism of the Company. Norms shall not be allowed to buy or sell the company's stocks or other securities of equity nature within 18 hours after the news is unpublished or made public when it is informed that the company has materially affected its stock price. And in order to make insiders follow and refer to, the insider trading of insiders (directors, supervisors, managers, employees, consultants, etc.), Insider trading, insider equity related laws, regulations, and matters needing attention, etc. are referred to the competent authority's propaganda manual in The company's website is guided by information (path: http://www.ablerex.com.tw/ch/csr_2_1.php).	In compliance with "Corporate Governance Best Practice Principles" Article 10 Paragraph 3.
3. Composition and Responsibilities of the Board of Directors (1).Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1).The Company has established a code of corporate governance practice that specifies the diversity of board members. Currently there are 7 directors, including 2 independent directors, who have the knowledge, skills and requisites to perform their duties. He is a member of the seventh board of directors of the company. He is good at business management, leadership decision-making, and industrial knowledge. There are Wen Hsu, Y.A.Chen, C.S. Chen, B.C. Chen, J.K. Sung and S.G. Wang. Y.J. Ding is Good at financial affairs. The board of directors formulates diversified policies on membership and exposes them on the company's website http://www.ablerex.com.tw/ch/csr_2_1_5.php in Chinese	In compliance with "Corporate Governance Best Practice Principles" Article 20.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			language and public information observatories. (Note 2)	
(2).Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2).Ablerex has established the Remuneration Committee and exercised the due care of a good administrator to propose the suggestions to the Board of Directors for discussion. In order to comply with the law, the company will be re-elected and set up an audit committee when the term of the current directors and supervisors expires in 2020.	In compliance with "Corporate Governance Best Practice Principles" Article 28-1.
(3).Does the company establish a standard to measure the performance of the Board, and implement it annually and report the results of the performance evaluation to the board of directors, and use it as a reference for individual directors' salary, remuneration and nominate renewal ?	✓		(3).The company has established a performance appraisal method for the board of directors in 2017, which will be implemented annually for the board of directors and each member. The Company completed the assessment of the board of directors and board members in December of 2018. In the Board of Directors held in January, 2019, the evaluation results will keep improving the report. The performance evaluation of the board of directors of the company includes the following five aspects: (1).The degree of participation in the company's operations. (2).Improve the quality of the board's decision. (3).Board composition and structure. (4).Selection of Directors and Continuing Education. (5).Internal control. The measurement items for the performance evaluation of board members include the following items: (1). Understanding of the company and its responsibilities. (2).The degree of participation in the company's operations. (3).Internal relationship management and communication. (4).Directors' professionalism and continuing education. (5).Internal control. The company completed the evaluation of the board of directors	Not in accordance with "Corporate Governance Best Practice Principles" Article 37 Paragraph 4, yet this is an optional item.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			and directors in December, 2019, and reported the evaluation results and the direction of continuous strengthening to the board of directors held in January, 2020. The evaluation was conducted using an internal questionnaire. Based on the results of the performance evaluation of the board of directors in 2019, the overall operation of the board of directors is excellent and can be used as a reference for individual directors' salary, remuneration and nominate renewal. The above disclosure is on the company's website and public information observation station. (Path http://www.ablerex.com.tw/ch/csr_2_1.php)	
(4).Does the company regularly evaluate the independence of CPAs?	✓		(4).The company evaluates the independence and the adequacy of the independent auditors at least once a year. Based on the size and reputation of the accounting firm, it continuously provides the number of years of auditing services, the nature and extent of non-audit services provided, the fee for auditing, peer review, and whether No legal proceedings or cases corrected or investigated by the competent authority, audit service quality, whether there is regular education, and management The indicators such as the interaction of the hierarchy and the internal auditor are requested. The accountant and his firm are required to provide relevant information and declarations. The verification and assessment of the contents of the information conducted by the Administration Office has resulted in the results of the most recent biannual assessment on Jan 29, 2018, Jan 21, 2019 and Jan 20, 2020 and passed after deliberation. The independent auditor of the company has withdrawn from the appointment and the person who has a direct or indirect interest in it, and has no relationship with the company and the supervisor. The certification is independent. The company's evaluation results are also disclosed on the company's website and annual report. (Note 3)	In accordance with "Corporate Governance Best Practice Principles" Article 29.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
4. Does the company set up a competent and appropriate number of Corporate Governance persons, and designate a Corporate Governance Officer responsible for corporate governance-related matters (including but not limited to providing directors, supervisors with the information needed to perform business, assisting directors, supervisors to follow Decrees, handling matters related to board and shareholder meetings in accordance with law, handling company registration and change registration, making minutes of board and shareholder meetings, etc.)	✓		(1).The company passed the resolution of the board of directors on August 5, 2019, and appointed Mr. Damon Chao to be the Corporate Governance Officer to strengthen the functions of the board of directors and protect the interests of shareholders. This member has been in charge of legal affairs and corporate governance for public issue companies for more than five years. (2).The main function of the Corporate Governance Officer is to handle board and shareholder meeting related matters in accordance with the law, assist in the production of the board and shareholder meeting records, assist directors and supervisors in their appointments and continuing education, provide directors and supervisors with the information needed to perform their business, assist directors, Supervisors follow laws, etc. (3).The detail information for implementation and training record in 2019 as Note.4	In compliance with "Corporate Governance Best Practice Principles" Article 3-1.
5. Does the company establish a communication channel and build a designated section on its website for stakeholders includes but not limited share holders, staffs, customers and suppliers, as well as to handle all the issues they care for in terms of corporate social responsibilities?	✓		The company has established a special zone for stakeholders such as banks and other creditors, employees, customers, manufacturers and shareholders on the company's website (detailed on the company's website http://www.ablerex.com.tw/ch/csr_3.php) All have unveiled open communication channels such as telephones and e-mails, and respect their legitimate rights and interests. Another spokesperson and deputy spokesperson is set up as a communication channel with stakeholders. When necessary, they can communicate through the company's network, telephone, letter and fax. (Details on our website http://www.ablerex.com.tw/ch/csr_3_5.php)	In compliance with "Corporate Governance Best Practice Principles" Article 51 and Article 52.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates Fubon Securities Corporation Limited to deal with shareholder affairs.	In compliance with "Corporate Governance Best Practice Principles" Article 7 Paragraph 1.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
7. Information Disclosure (1).Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1).The company's website is http://www.ablerex.com.tw/ch/index.php . It regularly and irregularly exposes the company's financial, corporate social responsibility and business information on the website and introduces the company on the website. Operational status, including products, technical data and certifications, and company profile. You can also query the company's related financial and business related information through the "public information observation station".Market Observation Post System (MOPS).	In compliance with "Corporate Governance Best Practice Principles" Article 57.
(2).Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences) ?	✓		(2).The company has a special person responsible for the disclosure of major information and implements the spokesperson system in accordance with regulations. Stakeholders who invest in the public can query the company's relevant financial and business information through the Chinese and English versions of the company's Chinese and English websites or public information observation stations.	In compliance with "Corporate Governance Best Practice Principles" Article 55 to Article 58.
(3).Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and operating conditions of each month as early as possible before the dead line ?			(3).Although the company did not announce and report the annual financial report within two months after the end of the fiscal year, they all announced and reported the first, second, and third quarter financial reports and the operating conditions of each month within the prescribed period, which is in compliance with the regulations. In addition to the provisions of the decree, will try our best to reduce the operation time and achieve the goals of advance announcement and declaration.	In compliance with Article 55, Paragraph 1 of the "Code of Practice for Corporate Governance of TWSE/TPEX".
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness,	✓		(1).Status of employee rights: Ablerex has been always honest and trust to employees, and their legal rights are all protected under the Labor Standards Act. (2).Employee wellness: Ablerex has established the Employees' Welfare Committee, implemented pension fund and group	In compliance with "Corporate Governance Best Practice Principles" Article28-2 and Article 51 to Article 54.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			insurance for employees, and held regular health examination. Ablerex also encourages employees to attain all kinds of training and conferences. (3).Investor Relationships: Ablerex disclosed information according to the regulations to protect the rights of investors as the responsibilities to shareholders. (4).Supplier Relationships: Ablerex has always communicated well with the suppliers. (5).Rights of stakeholders: Ablerex set communication channels for stakeholders to make suggestions as protecting the legal right of the stakeholders. (6).Directors' and Supervisors' training records: The Directors and Supervisors all possess of professional background knowledge and also attaining training sessions. Note 5 is the Directors' and supervisors' training records recently. (7).Managers' and Auditors' training records: Note 6 (8).The implementation of risk management policies and risk evaluation measures: Ablerex has established internal regulations according to the laws to manage and evaluate all kinds of risks. (9).The implementation of customer relations policies: Ablerex maintains good and stable relationships with the customers to create the profits. (10).Purchasing insurance for directors and supervisors: The proposal of purchasing insurance for directors and supervisors has been discussed and been unanimously approved on the Board meeting of 2020.3.19. The insurance for directors and supervisors was purchased as Note 7. (11).According to the Corporate Governance evaluation indicators, the special integration and planning of the information security and risk management in 2019 and will be initially integrated and continue improving in the future. (Note 8)	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Corporate Governance Center in the last year of the Taiwan Stock Exchange Co., Ltd. and provide priority measures and measures for those who have not yet improved. (1). The efforts of Ablerex in Corporate Governance have been ranked as TOP 5% company from 2015 to 2018 and top 6-20% in 2019 Corporate Governance Evaluation Results in Taiwan. (2). Adjusting the 6th Corporate Governance Evaluation Indicators 1.15 to disclose the specific situation of the implementation of prohibiting insider trading on the company's website (3).Adjusting the 6th Corporate Governance Evaluation Indicators 2.15 to Disclose the communication between independent directors, internal audit and CPA on the company website. (4).Improving the 6th Corporate Governance Evaluation Indicators 2.21. Earlier than the stipulations of the regulation, the board of directors passed the Corporate Governance Officer on August 5, 2019. The Officer who shall be responsible for Corporate Governance related matters, and described the terms of reference, business execution priorities and further training on the company 's website and annual report. (5).Improve the 6th Corporate Governance Evaluation Indicator 2.22 The prescribed performance self-evaluation practice for the board of directors and functional committees are approved by the board of directors, and self-evaluation shall be carried out at least once a year, and the evaluation results to be disclosed on the company's website or annual report. (6). Adjusting the 6th Corporate Governance Evaluation Indicators 4.12. To Formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management.				

Note 1: Regardless of whether the check box is "Yes" or "No", it should be stated in the summary description field.

Note 2:Board diversity goals and implementation

Professionalism and independence of the board of directors:
The Company set forth “Corporate Governance Best-Practice Principles” and “Procedures for Election of Directors and Supervisors”. The selection of directors of a company shall take into consideration the overall configuration of the board of directors. In order to achieve the ideal goal of corporate governance, the members of the board of directors should generally have the knowledge, skills and accomplishments necessary to perform their duties. Their overall capabilities should be as follows:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Directors shall have majority seats and shall not have a kinship relationship such as a spouse or second relative. The company may set up more than two independent directors in accordance with the articles of association, and it shall not be less than one fifth of the number of directors.

Board diversity Goals

Article 20 of the "Corporate Governance Best-Practice Principles" and Article 3 of the "Procedures for Election of Directors" states that the composition of the board of directors should consider diversity and formulate an appropriate diversification policy based on its own operations, operating patterns and development needs, should include but not limited to the following two major aspects:

1. Basic conditions and values: gender, age, nationality and culture.
2. Professional knowledge and skills : such as professional background (law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.

The company set up its goals based on the board's diversification policy. It hopes that the background of future board members will include one seat for female directors, one-third for independent directors, one-third for directors with employee background, and one for legal or scientific professionals so as to improve board diversity and

corporate governance.

The company currently has 7 seven directors, including three employee directors (42.9% of the directors 'seats) and two independent directors (28.6% of the directors' seats). The members have extensive experience in business management, industrial knowledge, financial accounting, and environmental protection. Hope to realize the diversity goals of female directors and board of directors with a major in law and risk management in future. Please refer the table below :

Diversity situation for Board members

Core item / Name of Directors	Basic conditions							Management and industry experience			Professional competence		
	Nationality	Gender	Age range			employee	terms of Independent director	Manage	strategy	Industry	Finance and Accounting	Law/Risk	Environmental Protection
			50	60	70								
Wen Hsu	Taiwan	Man	**V**			**V**		**V**	**V**	**V**			
Y.A. Chen	Taiwan	Man		**V**		**V**		**V**	**V**	**V**			
C.S. Chen-UIS legal person	Taiwan	Man		**V**				**V**	**V**		**V**		
B.C. Chen-UIS legal person	Taiwan	Man		**V**				**V**	**V**	**V**			
C.K. Sung	Taiwan	Man	**V**			**V**		**V**	**V**	**V**			
Y.J. Ding	Taiwan	Man		**V**			**3**	**V**	**V**		**V**		
S.G. Wang	Taiwan	Man			**V**		**2**			**V**			**V**

Note 3 : Evaluation of the independence of CPA

Evaluation Items/CPA	Result Y/N
1. Whether or not to pass the CPA exam and have an accountant certificate and obtain an accountant qualification.	Y
2. Whether there has been fraud, breach of trust, misappropriation, falsification of documents, or criminal acts in business, is determined by the declaration of imprisonment of more than one year.	N
3. Whether Guardianship or Auxiliary Declaration has not been revoked.	N
4. Whether the bankruptcy declaration has not been restored.	N
5. Whether he was a civil servant and was dismissed from office, the period of his suspension has not yet expired.	N
6. When the accountant is entrusted with the company's business, whether the overall manpower, time and risk level required for the entrusted case are taken into consideration, and reasonable remuneration will be charged. Do not use unfair methods to attract business.	Y
7. Whether the accountant continues to pursue professional training as required by the competent authority.	Y
8. Does the accountant have the following behavior: (1) Agree that others use their own name to perform business. (2) Perform business in the name of another accountant. (3) Employed by persons not qualified as an accountant to perform the accounting business. (4) Utilize the status of an accountant and engage in unfair competition in industry and commerce. (5) Perform business on events that are of interest to him/herself. (6) To use the name of an accountant as a guarantor outside the accountant business. (7) Acquisition of movable or immovable property managed in business. (8) Require, contract or accept unlawful benefits or remuneration. (9) To solicit business improperly. (10) Propaganda advertisements other than those introduced by accounting firms for opening, relocation, merger, commissioned by clients, and accounting firms. (11) Secrets of business are leaked without the permission of the appointing authority, the principal or the auditee. (12) Other competent authorities have determined that they can influence the credibility of the accountant.	N
9. Does the accountant have the following behavior: (1) Being employed by the company for regular work, providing fixed salary or serving as director and supervisor. (2) A former director, supervisor, manager of a company or a staff member who has a significant influence on a visa case while leaving the company Two years. (3) The relationship with the company's person-in-charge or manager who has a spouse, a direct lineage, a direct in-law or a second parent, etc. system. (4) I or my spouse or underage child has a relationship with the company to invest in or share financial benefits. (5) I or my spouse, underage children and the company have funds to borrow. (6) Enforce management advice or other non-visa business enough to affect independence. (7) Inconsistent with business events, the competent authority deals with accounting rotations, handles accounting transactions on behalf of others, or otherwise affects independence The norms of sex.	N

Note 4：The implementation of Corporate Governance Officer in 2019 is as follows :

Although the company is not required in the list to set up a corporate governance officer, based on strengthening corporate governance and other management matters, a comprehensive corporate governance organization was arranged. The company newly set up a Corporate Governance and Sustainable Development Committee in 2017 ahead of the regulation and it is stipulated that the Chairman 's special assistant be appointed as the Corporate Governance Officer to serve as the convener of the committee, the company's Corporate Governance, Corporate Social Responsibility and ethical management teams shall be organized to respond to the increasing number of governance-related matters.

To comply with the statutory requirements, the company passed the board of directors 'resolution on August 5, 2019 to appoint the special assistant to chairman as the corporate governance officer to protect shareholders' rights and strengthen the board's functions. Damon Chao, special assistance to Chairman, has possessed more than three years of experience in legal affairs and corporate governance in public listed companies, which meets the requirements and regulation.

Eligible conditions are detailed on our website: http://www.ablerex.com.tw/ch/csr_2_7_1.php ，
In compliance with the legal training requirements in 2019, as detailed on our website: http://www.ablerex.com.tw/ch/csr_2_7_3.php

The main function of the corporate governance officer are to handle board and shareholder meeting related matters in accordance with the law, produce board and shareholder meeting records, assist directors and supervisors in their appointments and continuing education, provide directors and supervisors with information needed to perform business, assist directors, and monitor People follow statutes, etc.

The implementation in 2019 is as follows :

1. Assist independent directors and general directors in performing their duties, provide required information and arrange directors' further education:
   (1) For the revision of the company's business areas and the latest laws and regulations related to corporate governance, provide board members when they take office and update them regularly.

(2) Review relevant information confidentiality levels and provide company information required by directors to maintain smooth communication and communication between directors and business executives.

(3) Independent directors, in accordance with the Code of Corporate Governance Practice, assist in arranging relevant meetings when the internal audit supervisor or visa accountant meets individually to understand the needs of the company's financial business.

(4) Assist independent directors and general directors to formulate annual training plans and arrange courses in accordance with the company's industrial characteristics and director's academic and experience background.

2. Assist the board of directors and shareholders in meeting procedures and resolutions and compliance matters:

(1) Report to the board of directors, independent directors, audit committee or supervisors the status of the company's corporate governance operations, and confirm whether the company's shareholders meeting and the board of directors are in compliance with relevant laws and corporate governance codes.

(2) Assist and remind directors of the laws and regulations to be followed when carrying out business or making a formal resolution of the board of directors, and make suggestions when the board of directors will make an illegal resolution.

(3) After the meeting, it is responsible for checking the release of important information on important resolutions of the board of directors, ensuring the legality and correctness of the content of the heavy news, and ensuring the equality of investor transaction information.

3. The board of directors shall be informed of the drafting of the agenda of the board of directors seven days in advance, and the meeting shall be convened and the meeting materials shall be provided. If the issue of interest is to be avoided, a reminder shall be given in advance, and the minutes of the board meeting shall be assisted to be completed within 20 days after the meeting.

4. Assistance with the pre-registration of shareholders' meetings in accordance with the law, preparation of meeting notices within the statutory deadline, the proceedings of the meeting, the proceedings, the integration of the contents of the annual report, and the amendment of the articles of association or the election of directors for change registration.

5. Preparation for the establishment of Audit Committee and related matters, gradually improving the establishment of the English version of Corporate Governance regulations, implementation of performance evaluation assessment of the board of directors, continuous and regular or irregular training and education to colleagues, preparation and uploading of the 2018 CSR report.

Corporate Governance Officer's training records in 2019 :

Date (MM-DD-YY)		Organization	Training Course	Hours	Total hours of study during the year
From	To				
04-16-19	04-16-19	Securities & Futures Institute	How to replace the supervisor system with an audit committee	3	18
05-14-19	05-14-19	Securities & Futures Institute	How directors and supervisors of non-financial accounting background review financial reports?	3	
06-12-19	06-12-19	Securities & Futures Institute	Early warning analysis of service crisis	3	
06-20-19	06-20-19	Securities & Futures Institute	Interpretation of corporate performance information	3	
06-20-19	06-20-19	Securities & Futures Institute	On Securities Supervisors' Liability	3	
11-12-19	11-12-19	Securities & Futures Institute	Fraud investigation implements whistle mechanism to strengthen corporate governance	3	

Note 5: Directors' and supervisors' training records in 2019 :

Title	Name	Year of Training	Organization	Training	Hours	Qualified "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/ TPEx Listed Companies"
Ind. Director	Y.J.Ding	2019	Taiwan Securities Association	Equity planning of listed company and re-election of directors and supervisors	3	Yes
Supervisor	S.H.Chen	2019	Securities & Futures Institute	Things to note for 2019 Board meeting and Shareholders' meeting	3	Yes
Director	Y.A.Chen	2019	Securities & Futures Institute	Corporate Governance and Securities Regulations	3	Yes
Director	B.C.Chen	2019	Securities & Futures Institute	Corporate Governance and Securities Regulations	3	Yes
Director	Wen Hsu	2019	Taiwan Corporate Governance Association	Looking at the impact of corporate governance, internal control and directors' supervision from the latest corporate law amendments	3	Yes
Director	Wen Hsu	2019	Taiwan Corporate Governance Association	Audit Committee Operation Practice	3	Yes
Director	B.C.Chen	2019	Securities & Futures Institute	How directors and supervisors of non-financial accounting background review financial reports	3	Yes
Director	C.S.Chen	2019	Taipei Exchange	Climate Related Financial Disclosure (TCFD) Promotion Forum	3	Yes
Director	C.S.Chen	2019	Taipei Exchange	ESG Investment Promotion Forum	3	Yes
Supervisor	Z.M.Yen	2019	Securities & Futures Institute	Analysis and decision-making of corporate financial information	3	Yes
Supervisor	Z.M.Yen	2019	Securities & Futures Institute	Discussing the Legal Risks and Countermeasures of Directors and Supervisors from the Major Enterprise Malpractice Cases	3	Yes
Ind. Director	S.G.Wang	2019	Taipei Exchange	Insider equity briefing	3	Yes
Director	J.K. Sung	2019	Taipei Exchange	Insider equity briefing	3	Yes

Title	Name	Year of Training	Organization	Training	Hours	Qualified “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/ TPEx Listed Companies”
Director	Y.A.Chen	2019	Taiwan Securities Association	The latest tax decree that companies and high-assets should be concerned about	3	Yes
Ind. Director	Y.J.Ding	2019	Securities & Futures Institute	Things to note for 2019 Board meeting and Shareholders' meeting	3	Yes
Supervisor	J.H. Ho	2019	Taiwan Corporate Governance Association	Intellectual property rights and business secrets	3	Yes
Supervisor	J.H. Ho	2019	Taiwan Corporate Governance Association	Intellectual Property Protection and Countermeasures in Mainland China	3	Yes
Director	J.K. Sung	2019	Taiwan Corporate Governance Association	International Forum on Corporate Governance-Implementation of the Independent Director System.	3	Yes
Ind. Director	S.G.Wang	2019	Taiwan Corporate Governance Association	International Forum on Corporate Governance-Implementation of the Independent Director System.	3	Yes
Supervisor	S.H.Chen	2019	Taiwan Securities Association	Economic sanctions and export control laws and the Sino-US trade war	3	Yes

Note 6: training records of Managers and Auditors:

Title	Name	Year	Organization	Training Course	Hours
Chairman	Wen Hsu	2019	Taiwan Corporate Governance Association	Looking at the impact of corporate governance, internal control and directors' supervision from the latest corporate law amendments	3
Chairman	Wen Hsu	2019	Taiwan Corporate Governance Association	Audit Committee Operation Practice	3
CSO	Y.A. Chen	2019	Securities & Futures Institute	Corporate Governance and Securities Regulations	3
CSO	Y.A. Chen	2019	Taiwan Securities Association	The latest tax decree that companies and high-assets should be concerned about	3
V.P.	J.K. Sung	2019	Taipei Exchange	Insider equity briefing	3
V.P.	J.K. Sung	2019	Taiwan Corporate Governance Association	International Forum on Corporate Governance-Implementation of the Independent Director System.	3
Corporate Governance Officer	Damon Chao	2019	Securities & Futures Institute	How to replace the supervisor system with an audit committee	3
Corporate Governance Officer	Damon Chao	2019	Securities & Futures Institute	How directors and supervisors of non-financial accounting background review financial reports	3
Corporate Governance Officer	Damon Chao	2019	Securities & Futures Institute	Interpretation of corporate performance information	3
Corporate Governance Officer	Damon Chao	2019	Securities & Futures Institute	Early warning and type analysis of corporate financial crisis	3
Corporate Governance Officer	Damon Chao	2019	Securities & Futures Institute	Discussing Directors and Supervisors' Liabilities from the Cases of Securities Market Illegal Cases	3
Corporate Governance Officer	Damon Chao	2019	Securities & Futures Institute	Fraud investigation implements whistle mechanism to strengthen corporate governance	3
Accounting	M.H. Liao	2019	Accounting Research and Development Foundation	Analysis of Legal Liabilities and Practice Cases of "Inside Trading" in the Securities Market from the Perspective of Judicial Adjudication	3
Accounting	M.H. Liao	2019	Accounting Research and Development Foundation	Fiscal and Taxation Thinking of Taiwanese Businessmen Transferring Production Capacity to Other Countries	3
Accounting	M.H. Liao	2019	Accounting Research and Development Foundation	"Intangible assets evaluation" practice and case analysis	3
Accounting	M.H. Liao	2019	Accounting Research and Development Foundation	Analysis of IFRS16 "Lease" Practice Issues	3
Auditor	Y.D. Teng	2019	The Institute of Internal Auditors-Chinese	Pre-service training workshop for first-time auditors of enterprises	6

Title	Name	Year	Organization	Training Course	Hours
Auditor	Y.D. Teng	2019	The Institute of Internal Auditors-Chinese	Pre-service training workshop for first-time auditors of enterprises	6
Auditor	Y.D. Teng	2019	The Institute of Internal Auditors-Chinese	Pre-service training workshop for first-time auditors of enterprises	6

Note 7 : Purchasing insurance for directors and supervisor

Insured	Insurance Company	Insured Amount (US$)	Insurance Period
All Directors and Supervisors	Tokio Marine Newa Insurance Co., Ltd.	5,000,000	2020.4.12~2021.4.12

Note 8 :

Information security risk management

The company's sustainable development has always valued the rights and interests of stakeholders such as investors, shareholders, customers, suppliers, employees, financial institutions, government organizations, and community residents. In addition to guiding good corporate governance, due diligence in corporate social responsibility, and auxiliary to the appropriate internal control system, operational management and daily operation to achieve the targets of the efficiency of the company's operations, correct and properly financial reporting and follow the regulation.

Along with the advancement of the times and the extension of the development network of information, the security risk is also raising or even affecting operation of the corporate or the loss of finance and business. To face the information security risks, the company shall build up information security risk for operational management accordingly, such as “Internal Control-Information circulation ", “major internal information processing and insider trading management”, “protection of personal information management” and "computer processing management” etc. to provide for all employees to follow, in order to guarantee that all stakeholders of interests, the company operating performance.

Information Security Management

The company set up information security risk management policy for the sustainable development, it will go through via information security governance, compliance and technology applications. From system to application or from a part to whole, the full implementation of information security management and control mechanisms, to ensure that information and The communication is correct, complete and safe, to achieve information security risk management, and to protect the company's operating results.

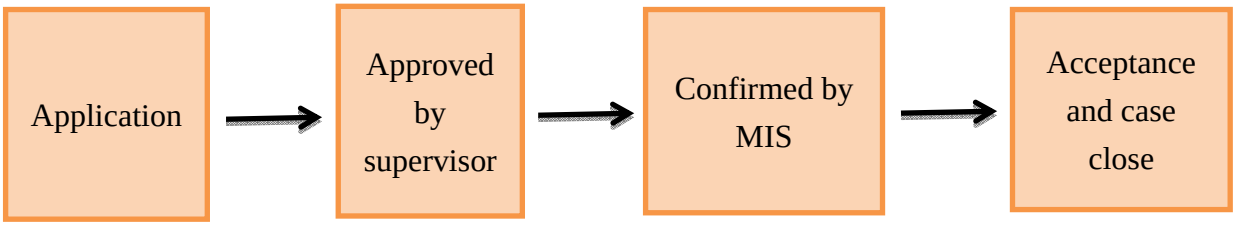
Owned information security full policy		
Security governance	Optimize management mechanism Risk reduction and prevention	Optimize the management mechanism timely, strengthen education and training, implement and implement information security and management.
Regulation compliance	Establish a cycle mechanism to comply with regulation Regular review / revision	Establish a cycle mechanism to comply with regulation of International Information criteria and review and revise regularly.
Technology application	Optimize system security applications Firewall, anti-virus software	Lawfully authorized software , equipment configure firewall and anti-virus software, remote replication and All applications for security authority are to be applied in accordance with the provisions of powers and responsibilities.

Security Management Unit

The information management unit under the Administrative office is responsible for examining information governance strategy, plan, monitoring and information management implementation of each territory. They shall keep an eye on every information security. Once major security risk events, report to the CEO in time.

Information Service Process Management

All information application or change for software, system, mail and networking etc. resource. It shall be required to apply via Electronic application flow, upon approved by the relevant supervisor, it will be in the process after confirmation.



Information Security Management Solution

Via risk identification and risk assessment, after the company's viewing information security risks, it is to clarify the degree of impact for information security risks, take appropriate management measures, planning and information security management program as follows :

(1) Network firewall settings

(2) Antivirus software settings

(3) System program data access control
(4) Email management control
(5) Information system disaster recovery plan

Information security management resources

Unit : NTD

project	2019	2018
Antivirus software	58,500	58,500
Maintenance costs	808,077	88,145
Computer room gate control fee	0	0
Equipment and software upgrade fees	2,262,090	15,400
total	3,128,667	162,045

Security event and insurance

In accordance with the provisions of the implement, the Company information security governance, operation and management of the mechanism properly, not any serious information security event happened. So, the overall information security risk management properly as expectations. The company has assets in the insurance entity, and the main file data under off-site backup, cum information systems disaster recovery plan, such as the future decree specifications, information security management needs to be insured information security risks, then the company will assess the understanding of the relevant rules and supporting measures to decide again.

Review and Improvement of Security Risk Management

The management of the company conducts internal security control and risk supervision and management based on the scope of its function, conducts internal security control and risk supervision and management, and implements an internal risk control system based on annual self-inspection operations, conducts information cycle internal control self-inspection operations, and evaluates security Manage implementation. In addition, the audit unit tracks the execution status, and the annual audit plan is included in the audit line to ensure the implementation and effectiveness review or improve the reference basis.

Information management unit carry out the whole company -owned -pass safety inspection check control once a year, to review company information security policy, risk management mechanism, the implementation or execution needs improvement at. And to keep pace with the times, in response to legal updates or operational needs, revise the information security management scheme mechanism, compile information security risk management needs resources or allocation, to provide management reference or improvement basis.

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Condition / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Ind. Director	Y.J. Ding			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓
Ind. Director	S.G. Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓
Others	C.S. Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	✓

The Committee shall consist of 3 members appointed by resolution of the board of directors. One of the members shall serve as convener. The professional qualifications and degree of independence of the members of the Committee shall meet the requirements set out in Articles 5 and 6 of the Regulations.

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the board of directors for discussion. However, recommendations regarding compensation for supervisors may be submitted to the board of directors for discussion only when the board of directors is expressly authorized to resolve on that matter by the articles of incorporation or by a resolution of the shareholders meeting; and regularly review the charter, performance and remuneration.

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not employed by the company or its affiliates
2. Directors and supervisors of non-companies or their affiliated companies (except those who serve as independent directors established by the company and its parent company, subsidiary company, or subsidiary company of the same parent company in accordance with this law or local laws and regulations).
3. Non-onself and his spouse, minor children, or natural person shareholders holding more than 1% of the total issued shares of the company or holding the top ten shares in the name of others
4. Managers who are not listed in (1) or spouses, second relatives, etc. of the persons listed in (2), (3), or immediate family members within the third family.
5. Directors, supervisors, or corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or are designated as corporate directors or supervisors in accordance with Article 27 (1) or 2 of the Company Law Employed persons (but this does not apply if the company and its parent company, a subsidiary company, or a subsidiary company of the same parent company have independent directors established by each other in accordance with this law or local laws and regulations).
6. More than half of the shares that are not with the company's directors or voting rights are directors, supervisors or employees of other companies controlled by the same person (but if the company or its parent company, subsidiary or a subsidiary of the same parent company Independent directors established by laws or local laws and regulations shall not be limited.
7. Directors (directors), supervisors (supervisors) or employees of other companies or institutions who are not the same person or spouse as the company's chairman, general manager or equivalent The company or its subsidiaries that belong to the same parent company in accordance with this law or local laws and regulations set up independent directors concurrently, not limited to this).
8. Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a particular company or institution that does not have financial or business dealings with the company (but if a particular company or institution holds 20% of the company's total issued shares The above, not more than 50%, are independent directors established by the company or its parent company, subsidiary company or subsidiary company in accordance with this law or local laws and regulations, and this does not apply.
9. Non-professionals, sole proprietorships, partnerships, corporate or institutional business owners, partnerships who provide auditing or affiliated enterprises with a total remuneration of less than NT $ 500,000 in the past two years, and are professionals, sole proprietorships, partnerships, companies or institutions People, directors (directors), supervisors and supervisors), managers and their spouses. However, members of the salary and remuneration committee, the public acquisition review committee, or the special committee on mergers and acquisitions that perform their functions in accordance with the relevant laws of the Securities Exchange Law or the Corporate M & A Law are not limited.
10. Non one of the circumstances of Article 30 of the Company Law

Operations of the Remuneration Committee

1. The number of the Remuneration Committee : 3
2. Period of the term : 06-19-17 to 06-18-20. There are 3 meetings in 2019. The attendance of Committee for the 3 meetings:

Title	Name	Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Note
Convener	Y.J. Ding	3	0	100%	N/A
Committee	S.G. Wang	2	0	67%	N/A
Committee	C.S. Lin	3	0	100%	N/A

Major resolutions of the Compensation and Remuneration Committee in current year (2019)

Date	Term	Issue	Opinion	Follow up
2019.03.21	The first Remuneration Committee meeting in 2019	Review the company's 2018 annual employee compensation and the compensation and distribution of directors and supervisors.	The proposal was approved by whole committee.	--
2019.08.05	The second Remuneration Committee meeting in 2019	Review the case of the distribution of the amount of compensation for managers in 2018	The proposal was approved by whole committee.	--
2019.12.26	The third Remuneration Committee meeting in 2019	Review the 2019 year-end manager's year-end bonus.	The proposal was approved by whole committee.	--

Other Notice：

1. In the event the Board of Directors does not adopt or revise the recommendation proposed by Remuneration Committee, the agenda shall indicate the date of Board Meeting, term, agenda content, outcome of board resolution, and the company actions to opinions brought by Remuneration Committee (For compensation approved by the Board of Directors surpassing the recommendation brought by the Remuneration Committee, provide explanation of the discrepancy and reason): No such incidence found.
2. In the event the member oppose and reserve opinions against the matters resolved by the Remuneration Committee with records or written declaration, describe the date of Board Meeting, term, agenda content, outcome of board resolution, and the company actions to opinions brought by Remuneration Committee: No such incidence found.

3.4.5 Corporate social responsibility and Best-practice implementation status deviation and reason for TWSE/TPEx Listed Companies:

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
1. Does the company conduct risk assessments of environmental, social and Corporate Governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?			In order to improve and implement the management functions for the operating environment, society and Corporate Governance, the company has set up a "Corporate Governance Sustainable Development Committee", which has Corporate Governance teams, corporate social responsibility teams and integrity management teams to promote and evaluate related affairs. Developed the "Code of Corporate Governance Practices", "Code of Corporate Social Responsibility Practices" and "Code of Supplier Social Responsibility" as the basis for Corporate Governance and performance of social responsibilities, and tracked the implementation situation. Annual audit plans are included in the audit Times to ensure implementation and effectiveness review or improvement of reference basis.	In accordance with Article 1, 5, 6 and 9 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."
2. Does the company establish Full-Time (or Part-Time) units, which are authorized by and report to the Board of Directors, to be in charge of proposing and enforcing the corporate social responsibility policies?	V		Under the supervision of the Board of Directors, the Company set up the "Corporate Governance and Sustainable Development Committee" in accordance with the Corporate Governance Evaluation Indicators on 2018.5.2. The Company set up a Corporate Governance Officer from 2018.12.1 and approved by Board of Directors and the officer shall be in charge of all relative provision amendment of "Corporate Social Responsibility Best-Practice Principles" and all promotion of the relevant business. After the implementation of the announcement,	In accordance with Article 7 and 9 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
			the previous tasks will continue to arrange education training or promotion operations, so as to promote the implementation of corporate social responsibility policies for all employees and related parties, and continue to report the results of compliance in the board of directors every year, so as to implement corporate social responsibility.	
3. Environmental issues (1).Does the company establish an appropriate environmental management system based on its industrial characteristics?	V		(1).The company establishes and obtains ISO14000 environmental management system certification according to industry characteristics, strengthens the management of environmental and environmental protection in the plant area, and implements management and treats the environment with actions. In addition, wastes, scraps, and waste generated during the production process are subject to relevant regulations and the competent recyclers are required to recycle the waste. And issue the supplier/outsourcer's social responsibility commitment letter to reply, in order to invite the upstream manufacturers to jointly establish and coordinate the implementation of environmental protection, and move toward the green concept.	In accordance with Article 13 and 14 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(2). Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	V		(2). The company is committed to the production and development of energy-saving products. In 2018, Yingzheng Yushun estimated two main products, a single-phase uninterruptible power system and a three-phase uninterruptible power system, which can help customers save 268,797 kWh in total, which can reduce about 148.91 Tons of greenhouse gas emissions. In addition, since the solar inverter introduced in 2018 is an initial product, and there is no internationally recognized regulatory energy efficiency standard, it is not possible to quantify energy efficiency; however, this model (ES7200HC) is a new product developed to meet the market's solar template specifications. Based on the 320W solar template, the overall module matching rate is nearly 98%, which can improve the matching loss caused by specifications, voltage and capacity restrictions of other models, and effectively improve the efficiency of solar power generation. In addition to the inability to quantify the energy savings of solar inverters, the number of products and shipments of three-phase uninterruptible power systems in 2018 were lower than in the previous year, which was the main reason for the reduction in energy conservation contributions this year. (For specific practices and environmentally friendly products, please refer to the 2018 CSR report of the company P.40. ~ 47.)	In accordance with Article 12 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take measures to respond to climate-related issues?	V		(3). Corporate sustainable development and social responsibility have always been our commitments and obligations since the company was founded. For the potential risks and opportunities of climate change, the company introduced greenhouse gas inventory operations in 2018, and formulated response measures such as greenhouse gas inventory, wastewater and waste management, and compliance with environmental regulations to analyze the status of greenhouse gas generation and analyze The data is used for subsequent setting of greenhouse gas reduction performance.	No major deviation
(4) Does the company statistical analysis the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	V		(4). The company introduced greenhouse gas inventory operations in 2018, and formulated response measures such as greenhouse gas inventory, wastewater and waste management, and compliance with environmental regulations. For the past two years, greenhouse gas emissions, water consumption, and total weight of waste can be found in the company's 2018 Annual CSR Report P.53 ~ P.54) In order to cooperate with the promotion of energy conservation and carbon reduction policies, the Company has focused and implemented a number of energy conservation and carbon reduction measures. Example: The office controls the temperature of the air conditioner. Male colleagues do not wear a tie. In summer, the company issues short-sleeved breathable clothing and encourages colleagues to wear the same type of clothing.	No major deviation

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
			It is required to turn off the lights at hand, replace water-saving shower faucets, use energy-saving lamps, and implement the concept of garbage classification and publicity for the earth. Specific improvement targets will also be developed in accordance with relevant regulations and actual conditions. In 2018, a greenhouse gas inventory operation was introduced to analyze the status of greenhouse gas generation and analyze the data for the purpose of setting the greenhouse gas reduction performance in the future.	
4. Social issues (1). Does the company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(1). The company establishes rules of work such as "Working Rules" and "Corporate Social Responsibility Codes of Practice" based on the Labor Standards Law and related labor laws, providing management units and employees to follow, and providing stable and preferential treatment and complete educational training., promote the development system, and create a safe and healthy working environment to protect the legitimate rights and interests of employees. In the "Supplier's Social Responsibility Code", it has been stipulated that suppliers and contractors should abide by the relevant human rights provisions of the Labor Standards Law, include the prohibition of illegal employment of child labor, forced labor, inhuman treatment and discrimination, and follow relevant laws and regulations to formulate relevant management policies.	In accordance with Article 18 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(2). Does the company formulate and implement reasonable employee welfare measures (including compensation, vacation and other welfare, etc.), and appropriately reflect operating performance or results in employee compensation?	V		(2). The company has formulated the "Working Rules" in accordance with the Labor Law, which summarizes the chapters on salary, bonuses, working hours, vacations, attendance and assessment, and welfare measures, as well as the company's articles of association. If the company's annual profit is obtained, it should be based on that year. The performance situation provides 6% to 10% for employee compensation. In addition, the salary and remuneration committee considers the company's relevant policies, employee performance evaluation system and corporate social responsibility policy, and considers the salary and remuneration policies, systems, standards and structures into the salary and remuneration policy.	In accordance with Article 21 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."
(3). Does the company provide safe and healthy work environments for its employees, and organize training on safety and health for its employees on a regular basis?	V		(3). The company has set labor safety and health objectives and implementation plans, regularly organize employee health checks in accordance with regulations, and provide sports and leisure rooms and nursing rooms for employees. The production workshop regularly checks the noise intensity. It involves wearing safety shoes, labor safety propaganda, fire drills and drills in the heavy object area, and places relevant safety guidelines in the work environment, and provides protective equipment and emergency medicine to maintain employees. Safe. (For details, please refer to page 126 of the 2019 Annual Report)	In accordance with Article 20 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(4). Does the company have an effective career development training program for employees?	V		(4). The company provides professional training and timely adjustment of work content according to the nature of the employees' work, so as to increase their experience in applying what they have learned, and requires them to participate in external continuing or qualified refresher courses in accordance with laws and regulations to obtain relevant certificates or professional skills and strengthen their career Development capabilities. In addition, in the personnel evaluation and promotion, we also refer to the training and performance of employees, and actively encourage self-study and function enhancement to enable further integration between individuals, families, and work, and to cultivate talents, retain talents, and grow personally. Get a virtuous circle.	In accordance with Article 21 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(5). Regarding the health and safety of customers of products and services, customer privacy, marketing and labeling, does the company comply with relevant laws and regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V		(5). The laboratory established by the company's research and development center cooperates with certification units to meet international energy efficiency standards to ensure that products can be legally sold in various regions around the world and meet customer and market energy-saving product specifications. Because the laws and regulations of different countries are different, the access methods of various electronic products must submit test reports or certificates in accordance with relevant local regulations. The company has established customer complaint processing procedures to provide transparent and effective consumer complaint procedures for products and services. In addition, the Corporate Social Responsibility Area is set up on the company's website, which includes the establishment of a stakeholder communication channel to facilitate consumer complaints and opinions expressed by various stakeholders. From 2016 onwards, the English Corporate Social Responsibility Area website is also available for foreign language stakeholders to think of a platform for further understanding of the company's business situation and providing complaints. Each year, we regularly implement customer satisfaction surveys, analyze and improve the results of the investigations, and conduct internal audits on these operations to ensure the implementation of this policy and related operations.	In accordance with Article 23 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(6). Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations and issues regarding environmental protection, occupational safety and health, or labor rights?	V		(6). The company originally planned to have procedures such as "Supplier Evaluation Operating Procedures" and "Supplier Environmental Impact Operating Procedures", to evaluate the quality and environmental impact situation before trading with suppliers, and to confirm the actual situation. Separately set the "Corporate Social Responsibility Code" and "Supplier Social Responsibility Code", and evaluate new suppliers in accordance with regulations to determine whether they have affected the society in the past, and follow-up planning will further increase manufacturers' impact on environmental and social assessment bonus items(ISO -9001 & 14001, OHSAS18001, etc.), as an important reference for business dealings. By cooperating with suppliers and partners to build a green value chain, the company will jointly improve environmental protection, safety and health performance, and further establish a harmonious relationship of environmental sustainability and co-prosperity. Note 3	In accordance with Article 26 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."
5. Does the company refer to internationally-used reporting standards or guidelines, and compile reports such as corporate social responsibility reports that disclose the company's non-financial information? Did the previous disclosure report obtain the assurance or assurance of a third-party verification unit?			Corporate sustainable development and social responsibility have always been our commitments and obligations since the company was founded. Since 2015, the Company has proactively issued the annual publication "Corporate Responsibility Report of Ablerex Electronics Co., Ltd.". In order to fully improve the quality of the report disclosure and be in line with international trends, the company's 2018 CSR report follows the guidelines of the Global Sustainability Reporting (GRI) Global Sustainability Report issued by the Global Reporting Initiative (GRI) in 2016 Compiled with rule. It is hoped that by adopting	In accordance with Article 29 of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
			the "GRI Standards" (hereinafter referred to as the GRI Standards) program, the information disclosed in the report can better meet the expectations of stakeholders, and fully demonstrate the company's efforts to achieve sustainable development. Note 2	

6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation:

Ablerex has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and no discrepancy between the principles and their implementation.

7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:

(1).Ablerex payout dividends in consecutive 9 years from 2010-2018 in pursuing the maximum interest of shareholders.
(2).Ablerex provides employee benefits package including holding and subsidizing domestic and foreign company trips every year, holiday bonus for three traditional Chinese festivals, and offering health examinations for employees every 3 years.
(3). The efforts of Ablerex in Corporate Governance have been ranked as TOP 5% company from 2015 to 2018 and top 6-20% in 2019 Corporate Governance Evaluation Results in Taiwan.
(4).Ablerex has arranged external consultation and established a team in structuring the relevant system. The CSR report of Ablerex had been disclosed for 3 years from 2015.
(5).Formulate and reaffirm the human rights policy. (Note 3)

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(6).Social participation (6.1) industry-academia cooperation/collaboration project In addition to provide quality products and services, the company is actively pursuing various social welfare activities in addition to the global pursuit of better green energy quality. In recent years, through the combination of core technology and social welfare, the company has actively invested human and financial resources in environmental energy education and fostering talents for green energy. In 2019, it invested more than NT$1 million to support a number of research projects in production and education, and sponsored the research on the application of stacked power converters and micro grid technology in KUAS of Applied Sciences, and related to the solar power generation system of the National Kaohsiung University of Marine Science and Technology. The research of conversion technology has enabled the company's product R&D and university academic practice to develop mutually beneficial above-mentioned cooperation between industry and universities, a total of 4 supervisors joined in 2019, benefiting 23 students and with a total of 3,434 hours. (6.2) Sunpower Energy and TRENA to light up the Changbin and Kirin tribes Sunpower Energy and the Taiwan Renewable Energy Promotion Alliance (TRENA) promote the green energy charity project of the rural tribes, calling for joint renewable energy, Ablerex Electronics and JHAO-SIN TECHNOLOGIES.CO.LTD to jointly complete the total 6KW photovoltaic power generation system for Taitung Changguang and Zhongren Presbyterian Church. Let green energy to grow in Taitung and light up the tribe. Improve tribal energy autonomy and reduce the burden of tribal people's electricity costs to achieve the goals of creating energy, saving energy and using energy. (6.3) Sunpower Energy and alliance companies work together to build up a green energy home for stray dogs The Taiwan Renewable Energy Promotion Alliance calls on Reed Technology, Sunpower Energy Technology, Ying Fa Tec. Co., LTD, Ablerex Electronics, Kaimao Technology, Tiantai Energy and other companies to support Mrs. Zhuo 's love with actions. The company in April 2019 and In July, they participated in the second and third phases of the project. After the third phase, a total of 9 KW of solar modules and 7 KW of energy storage equipment were built. Let Mrs. Zhuo no longer be afraid, and no longer feed the stray dogs in a dark way, and provide a proper and clean environment and good health care for the stray dogs in an energy self-sufficient way. Looking forward to bringing a better future to society, Taiwan can be a country that respects life, is friendly to animals, and values environmentally friendly green energy. (6.4) Indonesian Mulandali Tua District Health Care Support Program The agenda of the 2030 Sustainable Development Goals signed by the United Nations in September 2015 was officially launched on January 1, 2016, and 17 sustainable development goals succeeded the Millennium Development Goals (MDGs) This project aims to ensure health and promote well-being and goals for all ages. 4. Ensure that there is no education, fairness and high quality education, and that lifelong learning is the goal. Assist in cultivating the basic health care ability of local school teachers and community health care providers, improve the basic equipment of local health education, and improve the basic health awareness of school children in the local community. The company also sponsors more than NTD800,000 and NTD640,000 funds in 2018 and 2019 to support provide Indonesian Medan. Delitoa District Health Care Support Program.				

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(6.5) Sharing empirical evidence of smart converter serial IV curve detection Ablerex's full range of smart converter products are equipped with patented serial performance detection and analysis technology. It uses front-end converter serial IV curve detection and background cloud intelligent calculation to analyze the solar power module serial power generation performance online and detect performance in real time. Low or abnormal series not only greatly reduces labor costs, but also guarantees the safe operation of the system and the best power generation efficiency. All series of smart converter products have built-in patented technology for serial performance detection and analysis. Together with the solar photovoltaic intelligent cloud management platform, it has been connected to more than 1,600 cases and accumulated management capacity of more than 280MW. The best helper for evaluation and acceptance. (7) Set up the Corporate Governance Sustainable Development Committee, which has a Corporate Governance Team, a Corporate Social Responsibility Team and a Corporate Ethical corporate management Team. Note 4 (8) The issues of concern, communication channels and communication situations between the Company and its stakeholders are attached as follows. Note 1 (9) Corporate responsibility reports over the years are available on the company's website at http://www.ablerex.com.tw/ch/csr_3_7.php, which can be viewed or downloaded.				
8. If the corporate social responsibility reports have received assurance from external institutions, they should state as below: N/A				

Note 1 : The plan and implement of CSR has been on 2018/2019 Chinese version annual report or on the company web site :

http://www.ablerex.com.tw/ch/images/CSR%E6%8E%A8%E5%8B%95%E8%A8%88%E5%8A%83%E8%88%87%E5%AF%A6%E6%96%BD%E6%88%90%E6%95%88.pdf

Note 1

Concerns, communication channels and communication with stakeholders :

Stakeholder	Focus on issues		Communication channels, response methods and communication frequency	Communication in 2019
Employee	Environmental compliance Customer health and safety Customer privacy Occupational safety and health	Socio-economic regulations compliance Labor & Labor / Management Relations Product marketing label	Corporate website and internal irregular announcements of various welfare matters Staff welfare committee information irregular announcement Labor management meeting to communicate information on various management tasks and education and training courses	Internal company announcements and email notifications for smooth information
Government agencies	Environmental compliance Customer health and safety Occupational safety and health Greenhouse gas and air pollution emissions	Socio-economic regulations compliance Labor & Labor / Management Relations Product marketing label	The company website is required to cooperate with the competent authority to supervise and check and correct the information disclosure. The contact office of official documents interacts with the competent authority from time to time to do a good job of Corporate Governance and legal compliance	Good communication with the competent authority, no violations
client	Environmental compliance Customer health and safety Customer privacy	Socio-economic regulations compliance Customer relationship management Product marketing label	Customer satisfaction survey as the focus of the company's internal management There is a special person inside the company to provide customer complaint channels to handle related matters to protect the rights of consumers	Implementation of customer satisfaction surveys as a basis for management improvement
Supplier or contractor	Environmental compliance Supplier Social Assessment	Local purchase	Actively invite suppliers to sign CSR commitments	New supplier highly affirmed and co-signed
Shareholder or investor	Economic performance Customer health and safety Customer privacy	Socio-economic regulations compliance Customer relationship management	Corporate website instantly reveals relevant information on Corporate Governance, business development, operating performance, etc. Shareholders' Mailbox for Investor Communication Annual shareholders' meeting is held and published in Chinese and English	Provide information disclosure and follow regulations to serve shareholders or investors
bank	Environmental compliance Customer privacy Product marketing label Customer health and safety	Socio-economic regulations compliance Supplier Environmental Assessment Economic performance	Corporate website instantly reveals relevant information on Corporate Governance, business development, operating performance, etc. Maintain smooth communication with banks and do company financial and operational work	Communicate well with correspondent banks and comply with regulations to serve correspondent banking matters

Note 2: Set up the operation and implementation of the unit

Year	Stage	Work projects	period	Scheduled completion date	Execution progress
2020	Planning Phase	1. Identify major topics	Jan	1/31	Completion
		2. Report optimization direction discussion	Jan	1/31	Completion
	Implementation phase	3. 2019 CSR workshop: performance goal setting & Sustainable Supply Chain + Climate Change	Feb	2/27	Completion
		4. Update report outline structure	Mar	3/31	Completion
		5. Take stock of 2019 performance and gather information	Mar~May	5/25	
		6. Calculate product energy savings and greenhouse gas emissions	Apr~May	5/29	
		7. drafting CSR report	May~Jun	6/30	
	Confirmation phase	8. CSR report draft final	July~Aug	8/14	
		9. Report editorial	Aug~Sept	9/7	
		10. Release of 2019 CSR Report	Sept	9/11	

* The date is tentative, the company can adjust the project according to the project progress

Note 3

Human rights policy

In order to promote the promotion of labor and business ethics policies, the company has adopted the principles and spirit of the Global Reporting Initiative's (GRI) Global Responsibility Report's 4th Generation Program (GRI G4). In addition to the implementation of human rights related policies, and in accordance with the government's "Labor Standards Act" and other related laws and regulations, the "work rules" are established to regulate the company's rights and obligations related to the human rights of employees. In order to protect the basic human rights and related rights and interests of employees, it is believed that every employee should be treated with fair humane treatment and respect, and established “control measures and punitive measures against sexual harassment” and provided a complaints pipeline to safeguard the rights and interests of female employees. This labor force's human rights policy is formulated so that the entire company will follow the principles of social responsibility and labor conditions of the relevant labor human rights. In addition, in order to fulfill its social responsibilities, we work hand-in-hand with our partners and set out the “Code of Supplier Social Responsibility” to expand our influence.

Comply with relevant local government regulations and international guidelines

The company has a detached ethical standard and must comply with relevant local government regulations and international standards and regulations. When implementing business activities, it should adopt standards that can provide employees with the greatest guarantees.

Normal employment relationship

The dismissal and disbursement of all employees of the company must comply with the relevant laws or regulations of the local country. No one may be forced to employ, crush, or hire involuntary prisoners, nor may one-sidedly release the employment contract. Before the supplier's employees are hired, they should provide explanations of employment conditions such as salary, and pay details during the payment period. They should not be considered as a means to punish employees. In overseas areas, wage payments should meet or exceed the laws of the local country.

Prohibit overtime work

The company's standard working hours are in accordance with the laws of the local country and the standards set by the industry it belongs to, and employees who are more favorable to the employees are employed. They are not allowed to ask their employees to

work overtime regularly. The employees should work overtime should be voluntary and should provide equal value. make up.

Child labor

The company must not illegally employ child labor, and it is absolutely prohibited that child workers work from 8 p.m. to 6 a.m. or engage in heavy and dangerous work in order to comply with the norms of the ILO Convention No. 138 and the UN Convention on the Rights of the Child. .

No discrimination

The company shall implement equality policies for all employees in accordance with their local laws and regulations, prohibiting any employment due to differences in race, social status, nationality, religion, age, disability, gender, marital status, sexual orientation, union, or political party for differences in salary, training, promotion, reappointment, or retirement.

Inhuman treatment is prohibited

The company prohibits personal injury, improper physical punishment, threats of physical, sexual and other harassment, verbal violence, or any other form of intimidation.

Respect employees' freedom of association and right of collective bargaining

The company respects the freedom of assembly and association of employees and the right to collective bargaining. According to China's trade union law, employees have the right to organize and join trade unions.

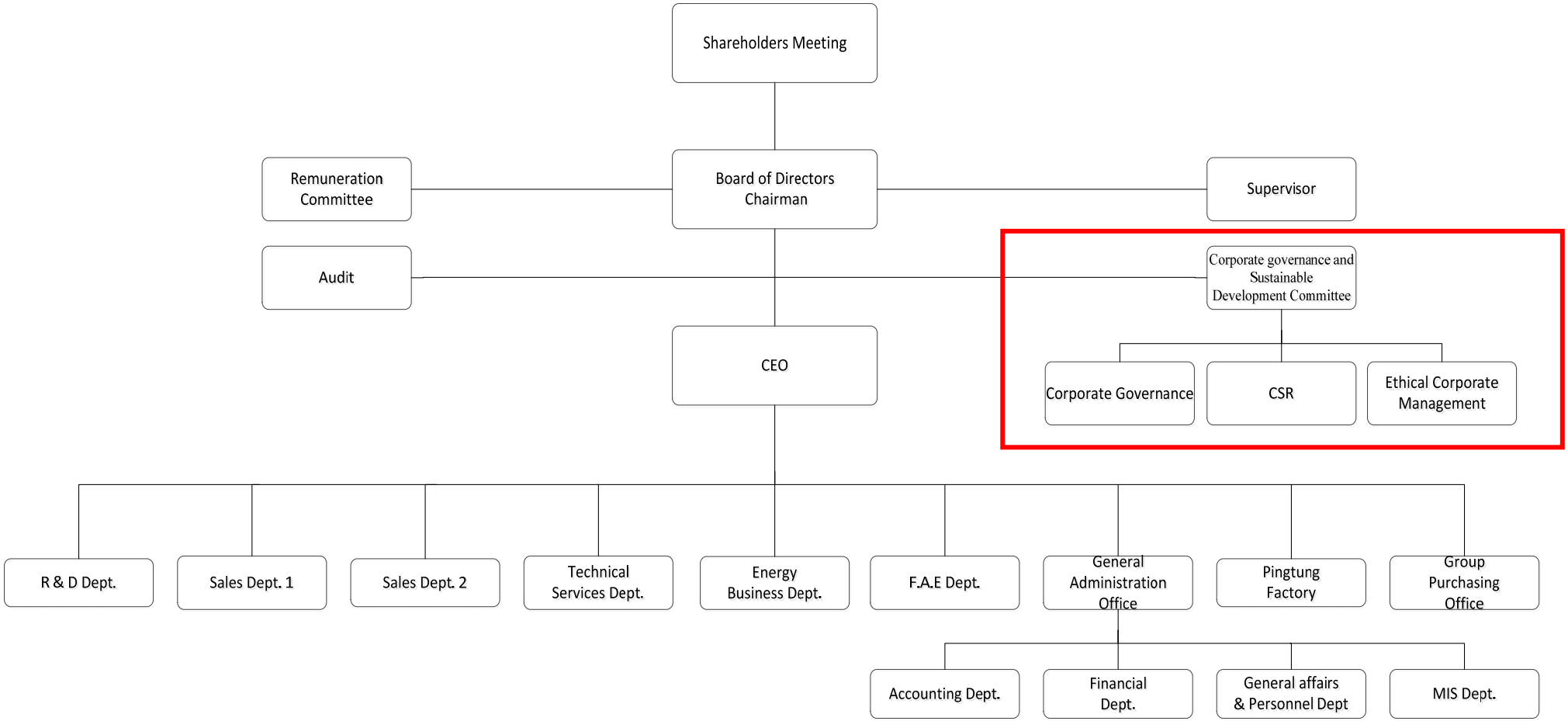
Note 4:

In order to improve and implement the company's management functions for environmental, social and Corporate Governance, the company has established the “Corporate Governance Perpetual Development Committee”, which includes the “Corporate Governance Group”, “Corporate Social Responsibility Group” and “Corporate Ethical corporate management Team”. .

committee	member	requirements	Functional team	Primary authority	Implementation Plan in 2020
Corporate Governance and Sustainable Development Committee (The organization Chart of the Committee as note 5.)	Chairman: Chairman Convener: Corporate Governance Officer/ Special Assistant to Chairman Members: Each department head of the company is an ex officio member	The Corporate Governance and Sustainable Development Committee is supervised by the board of directors and the chairman of the board of directors. The internal audit periodically reviews the implementation of each business year and issues a report to the board of directors. The Corporate Governance and Sustainable Development Committee plans, coordinates, and tracks the execution status of each task according to the government decrees, the announcement of	Corporate Governance team	Ensure the enhancement of shareholders' rights, assistant directors and supervisors' functions, and protect the interests of stakeholders, and timely and fully improve information transparency. Strengthen colleagues' compliance with laws and regulations, continue to improve corporate governance and internal control systems, and conduct regular and irregular self-inspections. The contents of corporate governance evaluation indicators for the year are the key points for implementation. Based on the implementation schedule of each indicator, continuous progress tracking and management are conducted.	Executive board performance evaluation operations. Gradually improve the establishment of the English version of the corporate governance rules. The ranking of the seventh corporate governance appraisal was maintained at 5% of the top company. Prepare for setting up audit committee
			Corporate Social Responsibility team	According to the relevant indicators of corporate social responsibility in corporate governance evaluation, related operations and activities are executed, and the implementation status is continuously improved and tracked. We will do our best to fulfill corporate social responsibilities and promote the balance between economic, social and environmental ecology and sustainable development, and effectively manage environmental social risks and impacts. Identification, statistics, and compilation of corporate social responsibility report.	The corporate governance evaluation index "implemented corporate social responsibility" was used as the index, and the self-evaluation score will be over 17 points. Assist the relevant departments of renowned domestic universities in understanding the company's operating industry and promote the cooperation between industry and education. Prepare and upload 2019 Corporate Social Responsibility Reports to public information observatories or company websites. Enhance the linkage between the company's core business activities and the United Nations Sustainable Development Goals (SDGs). Enhance the synergy of socially weak care or active development activities

committee	member	requirements	Functional team	Primary authority	Implementation Plan in 2020
		the competent authority, and the relevant internal management rules of the company. According to the nature of the function, each task of the relevant department is assigned. The Corporate Governance and Sustainable Development Committee regularly report the implementation results of the annual plan to the board of directors before the end of the year, and sets the implementation plan for the next year.	Ethical Corporate Management team	According to the relevant indicators of the ethical corporate management in the corporate governance evaluation, relevant operations and activities are executed, and the implementation status is continuously improved and tracked. Ethical corporate management policy and prevention plan formulation and supervision. Assist the board of directors and management to check and evaluate the effective operation of the preventive measures established by the implementation of the ethical corporate management, and to evaluate the relevant business processes and follow the conditions to create a report	Continuously or irregularly conduct advocacy and education training with colleagues. Statistics and analysis of dishonest conduct, number of reported cases, and case status, and improvement of internal control related operations. Fixed at the end of the year to check and evaluate the implementation of the integrity of the business, and report to the board of directors on the relevant content. Encourage colleagues to use the annual leave of the year and implement the agent system. Strengthen the supervision and verification frequency of overseas subsidiaries

Note 5 : Organization Chart of Corporate Governance and Sustainable development Committee



3.4.6 Ethical corporate management implementation status deviation and reasons of Ethical corporate management for TWSE/TPEx companies :

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs (1). Does the company formulate an ethical corporate management policy approved by the board of directors, and clearly state the policies and practices of Ethical Corporate management in the regulations and external documents, and the commitment of the board of directors and management to actively implement the business policy?	V		(1). The first version of the Ethical Corporate Management Best-Practice Principles of Ablerex has been approved by the Board of Directors in 2014.5.12. during which time the relevant provisions have been amended in accordance with the changes in the regulations of the competent authorities, and the Corporate Governance and Development Committee has been evaluated in accordance with the Corporate Governance Evaluation in 2018.12.1. It is responsible for coordinating relevant indicators to reveal the implementation situation in the company's webpage corporate governance zone, annual report and report in the board of directors. It is implemented in internal management and external business activities in a transparent and fully exposed manner, in line with the operation of the company's ethical corporate management code. The website of the Corporate Governance Zone in English will be continuously improved to fully expose the company's operating conditions, so that overseas stakeholders can understand the company's implementation strategies and specific measures.	In accordance with Article 4, 5, 8, 18, and 21 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
(2). Does the company establish an evaluation mechanism for the risk of unethical, regularly analyze and evaluate business activities with a higher risk of unethical in the business scope, and formulate a plan to	V		(2). The Company passed the "Ethical Corporate Management Best-Practice Principles" at the Board of Directors at 2014.5.12 and formulated the "Procedures for Ethical Management and Guidelines for Conduct" at 2016.11.09 to consider concrete measures for risk assessment and prevention of integrity management and dishonesty. In 2018.12.1, the Corporate Governance Development Committee is responsible for coordinating and preventing the occurrence of any illegal situations	In accordance with Article 7 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
prevent unethical, at least listed activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?			based on the corporate governance evaluation indicators, and setting up external communication channels for stakeholders to prevent dishonesty. And track the implementation situation, the annual audit plan is included in the audit items to ensure implementation and effectiveness review or improve the reference basis.	
(3). Does the company clearly set out the operating procedures, behavior guidelines, punishment and appeal system for violations in the prevention of unethical behavior, implementation, and regularly review and revision of the plan before it is revealed?	V		(3). In accordance with the provisions of the "Ethical Management Best-Practice Principles" and relevant laws and regulations, the Company has formulated "Procedures for Ethical Management and Guidelines for Conduct" and has a "Code of Ethical Conduct for Directors, Supervisors and Managers" and "Code of Ethical Conduct for Employees". Defining dishonest behaviors, and regulating the company's personnel should pay attention to, prohibit and deal with operating procedures when performing business. To effectively implement the aforementioned normative content, the company's website has an investor connection platform, stakeholder contact information, and customer service pages. For all kinds of information demanders and information feedback personnel to contact the relevant responsible personnel of the company. And track the implementation situation, the annual audit plan is included in the audit items, and the Corporate Governance Development Committee reports the implementation of the board of directors to ensure implementation and effectiveness review or improve the reference basis.	In accordance with Article 2, 6, 10-17 and 26 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
2. Fulfill operations ethical corporate management policy (1). Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1). When the company conducts business activities, it is always observing trades in the industry and paying attention to the necessary objects in financial and other aspects to assess whether there is a record of dishonesty and to establish as much as possible integrity in the signed contracts. Penalties related provisions to avoid losses due to dishonest conduct and to ensure the integrity of the company's claims and transaction process. Although it has not yet been fully incorporated into	In accordance with Article 9 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			the two parties' sales contracts, it has since 2016 urged new supplier suppliers to sign the "Supplier/Subcontractor's Social Responsibilities Letter of Commitment" and announced "Operational Procedures and Conduct Guidelines for Honest Business Operation". "The Code of Conduct for Employees and Ethics," and other specifications to assist with compliance.	
(2) Does the company set up a dedicated unit to promote corporate ethical management under the board of directors, and regularly (at least once a year) report to the board of directors on its ethical corporate management policy and plans to prevent unethical and monitor implementation?	V		(2) Under the supervision of the Board of Directors, the Company established the "Corporate Governance Development Committee" in accordance with the Corporate Governance Evaluation Indicators at 2018.5.2, and set up a full-time staff to undertake the revision of the Code of Integrity Code after 2018.12.1, and the promotion of related business. After the implementation of the announcement, it will continue to arrange education training or publicity operations for the previous tasks, so as to promote the implementation of the ethical corporate management policy for all employees and related parties, and continue to report the results in the board of directors every year to ensure the implementation of corporate integrity.	In accordance with Article 17 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) To avoid conflicts of interest, Ablerex has stipulating "Procedures for Ethical corporate management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors and Managers", "Guidelines for the Adoption of Codes of Ethical Conduct for Employees", and "Rules of Procedure for Board of Directors Meetings and Management Procedures for the Operation of Board Directors Meetings", which clearly stated the managerial procedures and communication channels. The website provides the stakeholder area, the investor area, etc., and also informs the stakeholders of the presentation and communication in the Corporate Social Responsibility Report (page 22-23 of the 2018 CSR Report). The Directors, Supervisors, and Managers are also highly self-discipline that they express opinions and answer questions while absent in discussion and voting when the discussion issues are related to their own interests.	In accordance with Article 19 and 23 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Whether the company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the results of the assessment of the risk of unethical behavior, draws up relevant audit plans, and checks the compliance with the plan to prevent unethical, or commission a CPA to perform the audit?	V		(4). The Company has established an effective accounting system and internal control system. It conducts self-evaluation of the internal control system on a regular basis every year to confirm the design, implementation and implementation of internal control. In order to review the implementation of integrity management, the annual audit plan is included in the audit items, and the Corporate Governance and Development Committee reports the implementation of the board of directors to ensure implementation and review or improve the reference basis.	In accordance with Article 20 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
(5). Does the company regularly hold internal and external educational trainings on ethical corporate management policy ?	V		(5). The company actively sends personnel to participate in external education training and advocacy meetings related to external related integrity operations. Internally, it promotes and guides the annual newcomers education with totally 30 people and people-hours training, and actively promotes employees in various meetings (labor-management conferences, etc.) from time to time. Foster a clean, honest, fair and responsible attitude.	In accordance with Article 22 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
3. Operation of the impeachment channel (1) Does the company establish both a reward system and an impeachment hotline, as well as pointing an appropriate person to follow-up for the accused?	V		(1). The Company has stipulated in the "Guidelines for Operational Procedures and Conduct in Honest Business Operations" that the reporting and reward system and special personnel are responsible. The Company's website also discloses corporate liaisons, spokespersons, and internal auditors' contact information and e-mail addresses. (Path: http://www.ablerex.com.tw/en/about_8-4-5-5.php) If anyone found that the company's personnel violated the integrity of the act, it can be reported.	In accordance with Article 23 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(2) Has the company established standard operating procedures for investigations to receive reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	V		2. Ablerex has established a reporting system in Article 21 of the "Guidelines for the Operational Procedures and Conduct of Honest Business Conduct", which describes the prosecution channels, information that should be provided, and the handling procedures after receiving the reports. Upon receipt of the report, the designated personnel will follow the prescribed procedures. Processing, written statements keep the identity of the prosecutor and the contents of the prosecution confidential. If the investigation is true, the prosecutor is immediately required to stop the relevant actions, and after the confirmation, it is appropriate to dispose of articles 21 to 23 of the code, and if necessary, seek compensation for damages through legal proceedings. Will be punished according to relevant company regulations	In accordance with Article 23 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
(3) Does the company take measures to protect prosecutors from improper disposition due to the report?	V		3. The "Code of Conduct for the Employee's Ethical Behavior" stipulates that Tongren has the reporting responsibilities and obligations. If any violation of laws, regulations, or the Code is discovered, it should be reported and reported to the supervisor. During the investigation of the company's handling of the report, it will Full confidentiality and protection of the parties' privacy rights and their personal interests, and promised to protect the prosecutors from improper treatment due to the prosecution. The personnel participating in the investigation shall be responsible for the confidentiality of the content of the complaint. Violators shall be transferred by the competent authority to the Personnel Supervisor for discussion.	In accordance with Article 23 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		Ablerex discloses the status of Ethical Corporate Management and the related measures in the "Corporate Governance" session on the website and in ther annual report. (web site: http://www.ablerex.com.tw/ch/about_8-4.php) The company's chapters on "Corporate Governance" under the "Corporate Social Responsibilities" section of the company's website and the section on corporate governance of annual reports disclose the implementation of credit management and related measures. The efforts of Ablerex in corporate governance have been ranked as TOP 5% company in 2015 to 2018 and top 6-20 in 2019 Corporate Governance Evaluation	In accordance with Article 25 of "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			Results in Taiwan.	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. Ablerex stipulated "Procedures for Ethical corporate management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct for Directors, Supervisors and Managers" based on "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", the related regulations, and the mission statement of honesty, transparency, and responsibility as the regulations of daily operations for all employees. There is no discrepancy between regulations and implementations.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies Ablerex stipulated "Operational Procedures for Handing Material Inside Information and Preventing Insider Trading" which stated the directors, managers, employees, and consultants to exercise the due care of a good administrator and signed the confidential agreements as the requests of the Ethical Corporate Management Best-Practice Principles. Directors, managers, employees, and consultants, who are aware of the inside information, shall not reveal the inside information. Directors, managers, employees, and consultants shall not ask or collect the undisclosed inside information which is not relevant to their duties. In order to enable insiders to follow and refer to, the relevant insiders (directors, supervisors, managers, employees, consultants, etc.), insider trading and insider equity-related laws and regulations and applicable precautions, etc., are referred to the competent authority's publicity manual in this manual The company's website (path: http://www.ablerex.com.tw/ch/csr_2_1.php) is subject to advocacy.				

3.4.7 Corporate Governance Guidelines and Regulations : Please refer to Ablerex's website: http://www.ablerex.com.tw/ch/about_8-4.php

3.4.8 Other Important Information Regarding Corporate Governance : N/A

3.4.9 Enforcement of internal control shall reveal the following items:

1. Declaration of Internal Control: Please refer to Page 156.
2. If the company is requested by the SEC to retain CPA's service for examining internal control system, the Independent Auditor's Report must be disclosed: None.

3.4.10 The punishment delivered to the company and the staff of the company, or, the punishment delivered by the company to the staff for a violation of internal control system, the major nonconformity, and the corrective action in the most recent years and up to the date of the annual report printed: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings up to the date of the annual report printed.

A. Major Resolutions of Shareholders' Meeting

<table>
<tr><th>Date</th><th>Shareholders' Meeting</th><th>Major Resolutions</th><th>Follow up</th></tr>
<tr><td>2019/6/18</td><td>General Shareholders Meeting</td><td>
Matter to be Approved
1. Adoption of the 2018 Business Report and Financial Statement
<table>
<tr><th>Attendance to vote</th><th>Affirmative vote</th><th>Against vote</th><th>Abstention vote</th></tr>
<tr><td>29,432,948</td><td>29,386,280</td><td>42,040</td><td>4,628</td></tr>
<tr><td>100%</td><td>99.84%</td><td>0.14%</td><td>0.02%</td></tr>
</table>
2. Adoption of the Proposal for Distribution of 2018 Profits
<table>
<tr><th>Attendance to vote</th><th>Affirmative vote</th><th>Against vote</th><th>Abstention vote</th></tr>
<tr><td>29,432,948</td><td>29,386,280</td><td>42,040</td><td>4,628</td></tr>
<tr><td>100%</td><td>99.84%</td><td>0.14%</td><td>0.02%</td></tr>
</table>
Matter to be Discussed
1. Amendment to the Article of Incorporation
<table>
<tr><th>Attendance to vote</th><th>Affirmative vote</th><th>Against vote</th><th>Abstention vote</th></tr>
<tr><td>29,432,948</td><td>29,384,270</td><td>44,050</td><td>4,628</td></tr>
<tr><td>100%</td><td>99.83%</td><td>0.14%</td><td>0.03%</td></tr>
</table>
2. Amendment of "Procedures of Election of Directors and Supervisors"
<table>
<tr><th>Attendance to vote</th><th>Affirmative vote</th><th>Against vote</th><th>Abstention vote</th></tr>
<tr><td>29,432,948</td><td>29,386,280</td><td>42,040</td><td>4,628</td></tr>
<tr><td>100%</td><td>99.84%</td><td>0.14%</td><td>0.02%</td></tr>
</table>
3. To review and approve the amendment of the "Procedure for Governing the Acquisition or Disposal of Assets" of the Company
<table>
<tr><th>Attendance to vote</th><th>Affirmative vote</th><th>Against vote</th><th>Abstention vote</th></tr>
<tr><td>29,432,948</td><td>29,386,280</td><td>42,040</td><td>4,628</td></tr>
<tr><td>100%</td><td>99.84%</td><td>0.14%</td><td>0.02%</td></tr>
</table>
</td><td>1. The resolutions of the 2019 shareholders' meeting of the Company have been fully executed.
2. The earnings distribution recognized by the shareholders 'meeting of the company, the shareholders' cash dividend distribution was completed on Sept 5, 2019.</td></tr>
</table>

B. Major Resolutions of Board Meetings

Item	Date	Shareholders' Meeting and Board Meetings	Major Resolutions
1	2019.1.21	Board Meeting	【the 13th meeting of the 7th term 】 1. Approved the assessment of the independence of the auditors. 2. Discussed and approved the amendments to "Corporate Governance Best Practice Principles" of the Company. 3. Discussed and approved the amendments to "Self-Evaluation of the Board of Directors" of the Company. 4. Approved the motion on the application for the renewal of credit limits.

Item	Date	Shareholders' Meeting and Board Meetings	Major Resolutions
			5. Approved the proposal for providing guarantee for Ablerex International Corp. Ltd.
2	2019.3.21	Board Meeting	【the 14th meeting of the 7th term 】 1.Approved annual consolidated financial statements and the business report of the Year 2018. 2. Approved the declaration of internal control system of Year 2018. 3. Approved the directors', supervisiors' and employees' compensation of Year 2018. 4. Approved the earning distribution of the Year 2018. 5. Approved the amendments to the "Articles of Incorporation" of the Company. 6. Approved the amendments to the "Procedures for Election of Directors" of the Company. 7. Approved the date and agenda of the Year 2019 Annual Shareholders' Meeting. 8. Approved the proposal of taking out D&O liability insurance. 9. Other matters and Extemporary motions: approve the proposal of the Remuneration Committee to amend the company's articles of association, and adjust the rate of employee remuneration distribution to 6-10%.
3	2019.5.6	Board Meeting	【the 15th meeting of the 7th term 】 1. Acknowledged the Q1 consolidated financial statements of Year 2019. 2. Approved the amendments to the "Articles of Incorporation" of the Company. 3. Approved the motion on the application for the renewal of credit limits. 4. Proposed investment in new shares of Eco Energy Corp. in cash
4	2019.6.28	Board Meeting	【the 16th meeting of the 7th term 】 1. Approved the new added regulation of the " Standard work for directors" of the Company.
5	2019.8.5	Board Meeting	【the 17th meeting of the 7th term 】 1. Acknowledged the Q2 consolidated financial statements of Year 2019. 2. Approved the distribution of managers' employee remuneration of the Year 2018 proposed by the Remuneration Committee. 3.Discussed and Approved to set up Corporate Governance Officer. 4. Approved the amendments to the " Ethical Corporate Management Best-Practice Principles" of the Company. 5. Approved the amendments to the " Audit Committee Charter" of the Company. 6. Approved the amendments to the " Management of Operation of Audit Committee" of the Company. 7. Approved the motion on the application for the renewal of credit limits.

Item	Date	Shareholders' Meeting and Board Meetings	Major Resolutions
			8. Approved the proposal for providing guarantee. 9. Approved Ablerex Corporation to make a loan to Ablerex Latam Corporation. 10. Approved Ablerex-HK to make a loan to Ablerex-SZ。
6	2019.11.11	Board Meeting	【the 18th meeting of the 7th term 】 1. Acknowledged the Q3 consolidated financial statements of Year 2019. 2. Approved the appointment of the new audit supervisor. 3. Approved the amendments to the Procedures for Endorsement and Guarantee. 4. Approved the amendments to the Procedures for Operational Procedures for Loaning Funds to Others. 5. Approved the motion on the application for the renewal of credit limits. 6. Approved the proposal for providing guarantee.
7	2019.12.26	Board Meeting	【the 19th meeting of the 7th term 】 1. Approved the company's budget and business plan of 2020. 2. Discussed and approved the Year 2020 Audit Plan. 3. Approved the 2019 manager performance bonus determination proposed by the Remuneration Committee. 4. Approved the amendments to the " Rules and Procedures of Shareholders' Meeting" of the Company. 5. Approved the motion on the application for the renewal of credit limits.
8	2020.1.20	Board Meeting	【the 20th meeting of the 7th term 】 1. Approved the assessment of the independence of the auditors. 2. Approved the report of Self-Evaluation of the Board of Directors and remuneration of the company. 3. Approved the motion on the application for the renewal of credit limits. 4. Approved the proposal for providing guarantee.
9	2020.3.19	Board Meeting	【the 21st meeting of the 7th term 】 1.Approved annual consolidated financial statements and the business report of the Year 2019. 2. Approved the declaration of internal control system of Year 2019. 3. Approved the directors', supervisiors' and employees' compensation of Year 2019. 4. Approved the earning distribution of the Year 2019. 5. Approved to review and approve the distribution of cash dividend from Capital Surplus 6. Approved the amendments to the " Amendment to Rules and Procedures of Shareholders' Meeting" of the Company. 7. Approved the amendments to the "Corporate Governance Best-Practice Principles" of the Company. 8. Approved the amendments to the "Procedures for Ethical Management and Guidelines for Conduct" of the Company.

Item	Date	Shareholders' Meeting and Board Meetings	Major Resolutions
			9. Approved the amendments to the " Corporate Social Responsibility Best-Practice Principles" of the Company. 10. Approved the amendments to the "R&D cycle" internal control of the Company. 11. Approved the proposal of The 8th Election of Directors 12. Approved the date and agenda of the Year 2020 Annual Shareholders' Meeting. 13. Approved the proposal of taking out D&O liability insurance. 14. In considering the COVID-19 epidemic, the companies need to take action for precautionary measures.

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor or Dissenting to Important Resolutions Passed by the Board of Directors: As per Page 25

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D Manager in the most recent years and up to the date of the annual report printed:

Summary of Resignation and Dismissal of Related Persons

Apr 30, 2020

Title	Name	Date of appointment	Termination date	Reason for resignation or dismissal
Internal audit	S.F.Lu	Aug 10, 2015	Oct 1, 2019	resignation

Note: The company's relevant persons refer to the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance officer and R & D supervisor.

3.5 Information Regarding the Company's Audit Fee, Replacement and Independence

3.5.1 CPAs Fee

Unit : NTD in thousand

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
PwC	Zoe Chou	Philine Lee	fiscal year 2019	Financial statements Audits and Tax Return Certification

Amount bracket \ The term of CPAs fee		Auditing fees	Non-auditing fees	Total
1	Below 2,000 thousand		✓	
2	2,000 thousand (included) ~ 4,000 thousand			
3	4,000 thousand (included) ~ 6,000 thousand	✓		✓
4	6,000 thousand (included) ~ 8,000 thousand			
5	8,000 thousand (included) ~ 10,000 thousand			
6	Over 10,000 thousand (included)			

3.5.2 The non-auditing fees paid to CPAs, CPA firm, and the CPA firm's related part accounted for over a quarter of the total auditing fees, the auditing amount and non-auditing amount; also, the non-auditing service must be disclosed:

Unit: NTD thousand

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others (Note)	total		
PwC	Zoe Chou/ Philine Lee	4,580	0	0	0	0	0	2019.1.1~ 2019.12.31	
	Zoe Chou	0	0	0	0	170	170	2019.1.1~ 2019.12.31	Translation of Document
	Lily Hsu	0	0	0	0	550	550	2019.1.1~ 2019.12.31	TP Project
	Eliza Li	0	0	0	0	270	270	2019.1.1~ 2019.12.31	CSR Report

(1). If the auditing fee paid in the year retaining service from another CPA Firm is less than the auditing fee paid in the year before, the amount of auditing fee before and after the change of CPA Firm and the reasons for the said change must be disclosed: None.

(2). If the auditing fee paid in the year retaining service from another CPA Firm is over 15% less than the auditing fee paid in the year before, the amount of auditing fee before and after the change of CPA Firm and the reasons for the said change must be disclosed: None.

3.6 CPA's information :

3.6.1 Due to the internal rotation of PwC Taiwan, the CPAs have been changed from 2016 Q1.

3.6.2 Latest CPAs of the company:

Year	CPA Firm	CPAs
2016 ~ 2019	PwC Taiwan	Zoe Chou, Philine Lee

3.7 The Chairman, CEO, and Financial or Accounting Managers of the Company who had worked for the independent Auditor or the related party in the most recent years: None

3.8 Information on Net Change in Shareholders and Net Change in Shares Pledged by Directors, Supervisors, Department Heads, and Shareholders of 10% shareholding or more

3.8.1 Information on Net Change in Shareholding of Directors, Supervisors, and Managers and Major Shareholdings :

Unit : Share

Title	Name	2,019		As of Apr. 30, 2020	
		Net Change in Shareholding	Net Change in Share Pledged	Net Change in Shareholding	Net Change in Share Pledged
Director/Chairman(over 10%)	Steven Hsu	8,000	0	22,000	0
Director and over10% shareholder	UIS Co., Ltd	0	0	0	0
UIS Co., Ltd-Legal Rep.	C.S. Chen	0	0	0	0
UIS Co., Ltd-Legal Rep.	B.C. Chen	0	0	0	0
Director	Y.A. Chen	0	0	0	0
Director	Tim Sung	0	0		0
Supervisor	James Ho	0	0	0	0
Supervisor	Z.M. Yen	0	0	0	0
Supervisor	S.H. Chen	0	0	0	0
V.P.(Group Purchasing)	Hank Xiao	0	0	0	0
V.P.(RD)	J.H. Lee	0	0	0	0
Chief Engineer	G.F. Hwang	0	0	0	0
Corporate Governance Officer	Damon Chao	0	0	0	0
Manager of Sales Dept I.	Odin Huang	0	0	2,000	0
Manager of Sales Dept II	Jake Ho	0	0	0	0
Financial Manager	Jeff Lin	0	0	0	0
Accounting Manager	Emma Liao	0	0	0	0

Note: Shareholders holding more than 10% of the company's total shares shall be identified as major shareholders and listed separately.

3.8.2 Shall the counterparty of share change or share pledged be the related party, the name of the counterparty, the relation with the Company, Directors, Supervisors, or the Shareholders of 10% shareholding or more, and the shares of changing or pledging shall be disclosed.

1. Shares Trading with Related Parties – None
2. Shares Pledge with Related Parties --

Name	Reason	Change date	Deal relative person	The relationship between the counterparty and the company, directors, supervisors and shareholders holding more than 10 percent of the shares	Share	Shareholding ratio	Pledge ratio
Y.A. Chen	Pledge	2016.5.24	Hua Nan Bank	None	2,485,763	5.52%	64.36%
S.H. Chen	Pledge	2018.5.7	Yuanta Bank	None	700,482	1.56%	42.83%

Note 1: Names of directors, supervisors, managers and shareholders holding more than 10% of the company's shares
Note 2: Pledged or redeemed.

3.9 Shareholders who hold the top ten shareholdings, information about each other's financial accounting standards bulletin No. 6 related parties or relatives within the spouse, second parents, etc. :

As of 2020.4.30 / Unit : share : %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
UIS Co., Ltd.Legal person: C.S.Chen	14,986,502	33.30%	0	0	0	0	C.S. Chen	Chairman	
C.S. Chen	0	0	0	0	0	0	UIS Co., Ltd.	Rep of Major	
Wen Hsu	9,638,177	21.42%	219,973	0.49%	0	0	S.J.Du	Spouse	
Y.A.Chen	2,485,763	5.52%	0	0	0	0	None	None	
S.H.Chen	700,482	1.56%	0	0	0	0	None	None	
Emma Liao	665,800	1.48%	31,000	0.07%	0	0	None	None	
J.T. Investment Co.,Ltd. Rep.	433,000	0.96%	0	0	0	0	None	None	
S.H.Chen	0	0	0	0	0	0	J.T. Investment Co.,Ltd.	Rep of Major	
FuJui FM Co./Rep. S.J. Ho	317,000	0.70%	0	0	0	0	None	None	
S.J. Ho	0	0	0	0	0	0	FuJui FM Co.	Rep of Major	
Tim Sung	242,921	0.54%	0	0	0	0	None	None	
C.J.Yen	235,000	0.52%	0	0	0	0	None	None	
S.J.Du	219,973	0.49%	9,730,177	21.62%	0	0	Wen Hsu	Spouse	

3.10 Ownership of Shares in Affiliated Enterprises

2019.12.31 Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Joint Rewards Trading Corporation	3,000	100	-	-	3,000	100
Ablerex Electronics (Samoa) Co. Ltd	6,635,000	100	-	-	6,635,000	100
Ablerex Corporation	250,000	100	-	-	250,000	100
Ablerex International Corporation Limited	10,000	100	-	-	10,000	100
Ablerex Electronics (S) Pte. Ltd	2,140,763	100	-	-	2,140,763	100
Ablerex Electronics UK Limited	100,000	100	-	-	100,000	100
Wada Denki Co., Ltd.	3,000	100			3,000	100
Ablerex Electronics Italy S.R.L	100,000	100	-	-	100,000	100
Ablerex Electronics (Suzhou) Co. Ltd	5,460,000	100	-	-	5,460,000	100
Ablerex Electronics (Beijing) Co. Ltd	1,175,000	80	-	-	1,175,000	80
Ablerex Overseas Corporation Limited	6,635,000	100	-	-	6,635,000	100
Ablerex Electronics (Thailand) Co., Ltd.	280,000	70			280,000	70
Ablerex Latam Corporation	3,650	86			3,650	86

Note: All the above company is long-term investment at equity.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 History of capitalization

A. Capital formation

Month/ Year	Par value (NT$)	Authorized shares		Issued shares		Remarks		
		Shares (1,000)	Amount ($1,000)	Shares (1,000)	Amount ($1,000)	Source of capital	Non-monetary Capital	other
05/1998	10	20,000,000	200,000,000	20,000,000	200,000,000	established and paid in capital	N/A	N/A
08/2001	10	14,080,000	140,800,000	14,080,000	140,800,000	NTD 59,200,000 capital reduction to offset company losses	N/A	N/A
05/2002	10	25,680,000	256,800,000	25,680,000	256,800,000	UIS Abler issued NTD116,000,000 common stock to merge PEC	N/A	N/A
07/2004	10	45,000,000	450,000,000	31,000,000	310,000,000	NTD53,200,000 common stock issued by cash	N/A	N/A
06/2007	13	80,000,000	800,000,000	38,000,000	380,000,000	NTD56,000,000 common stock issued by cash and NTD14,000,000 issued through capitalization of earnings	N/A	N/A
06/2009	10	80,000,000	800,000,000	40,609,666	406,096,660	NTD21,660,000 new share issued through capitalization of earnings and NTD4,436,660 through employee bonus	N/A	N/A
09/2010	185	80,000,000	800,000,000	45,000,000	450,000,000	NTD43,903,340 common stock issued by cash	N/A	N/A

B. Type of shares

Apr. 30, 2020 / Unit: share

Type of shares	Authorized Shares			Remarks
	Available for trading on the TSE	Unissued shares	Total	
Order common stock	45,000,000	35,000,000	80,000,000	

Note: Listed on TPEX at Sep 9, 2010.

C. Self-registration system: None

4.1.2 Status of shareholders

Status of shareholders

Apr. 30, 2020 / Unit: share

Status of shareholders / Quantity	Government Agencies	Financial Institutions	Other Juridical persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	13	3,332	5	3,122
Shareholding	0	0	15,951,502	29,017,498	31,000	45,000,000
Shareholding ratio (%)	0	0	35.45%	64.48%	0.07%	100%

Note: No shareholdings by the fund from Mainland China.

4.1.3 Status of shareholding Distributed

Apr 30, 2020／Unit：Persons；Share；%

Classification	Number of Shareholders	Shareholding	Shareholding Ratio (%)
1 ～ 999	552	57,733	0.128
1,000 ～ 5,000	2,285	4,288,486	9.530
5,001 ～ 10,000	241	1,933,804	4.297
10,001 ～ 15,000	90	1,132,949	2.518
15,001 ～ 20,000	42	774,000	1.720
20,001 ～ 30,000	46	1,165,833	2.591
30,001 ～ 40,000	21	736,681	1.637
40,001 ～ 50,000	16	743,748	1.653
50,001 ～ 100,000	32	2,329,520	5.177
100,001 ～ 200,000	14	1,705,628	3.790
200,001 ～ 400,000	5	1,221,894	2.715
400,001 ～ 600,000	1	433,000	0.962
600,001 ～ 800,000	2	1,366,282	3.036
800,001 ～ 1,000,000	0	0	0.000
Over 1,000,001	3	27,110,442	60.245
Total	3,350	45,000,000	100.000

4.1.4 List of Major Shareholders: Shareholders who hold over 5% of Ablerex's stock or the Top 10 shareholders and their holding amount and percentage.

2020.4.30 / Unit: Share, %

Shareholders' Name	Shareholding under their name	
	Shares	Holding percentage
UIS Co., Ltd. (Rep.C.S.Chen)	14,986,502	33.30%
C.S.Chen	0	0.00%
Wen Hsu	9,638,177	21.42%
Y.A. Chen	2,485,763	5.52%
S.H.Chen	700,482	1.56%
Emma Liao	665,800	1.48%
J.T.Investment Co.(Rep.S.H.Chen)	433,000	0.96%
S.H.Chen	0	0.00%
FuJui FM Co., Ltd.(Rep.S.J.Ho)	317,000	0.70%
S.J.Ho	0	0.00%
Tim Sung	242,921	0.54%
C.J.yen	235,000	0.52%
S.J.Du	219,973	0.49%

4.1.5 Market Price, Net Worth, Earnings & Dividend per Share for last 2 years :

Unit : NTD Thousand, Thousand share

Item \ Year			2018	2019	2020.3.31 (Note 2)
Market Price per Share	Highest		62.80	39.80	34.30
	Lowest		31.00	32.25	23.65
	Average		51.96	35.47	29.91
Net Worth per Share	Before Distribution		33.73	32.64	31.64
	After Distribution		32.23	31.64	0
Earning per Share	Weighted Average Shares		45,000	45,000	45,000
	Diluted Earning per share	Before Adjustment	1.63	0.88	0.08
		After Adjustment	1.63	0.88	0
Stock Dividends	Cash Dividend		1.50	1.00	0
	stock grants	Dividends from Retained Earnings	-	-	0
		Dividens from Capital Surplus	-	-	0
	Accumulated		-	-	0
Return on Investment	PE ratio		31.88	40.31	0
	Price/Dividens Ratio		34.64	35.47	0
	Cash Dividend Yield Rate		2.89	2.82	0

Price / Earnings Ratio = Average Market Price / Earnings per Share

Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 1: Earnings distribution of 2019 has been approved by Board of Directors.

Note 2: Reviewed by CPAs.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy stated in the Articles of Incorporation:

(1) As regulated in Article 25-1 of Articles of Incorporation in operation, when the annual final accounting statement shows earnings, the Company shall contribute 6-10% of earning as employee compensation and note more than 2% of earning as compensation as remuneration to directors and supervisors. But the company still has accumulated losses, should be made up. The remuneration to directors shall be Cash. Employees' compensation shall be made by stock or cash. It shall be held by the board of directors by attending more than two-thirds of the directors and attending a majority of the directors 'consent, and report to the shareholders' meeting. In addition to the employees of the Company, the employees of the Company shall pay the employees of the Company who meet certain conditions.

As regulated in Article 26 of Articles of Incorporation in operation, when the annual final accounting statement shows earnings, the Company shall contribute tax and compensate the accumulated loss of previous years, and then contribute 10% of earnings as legal reserve unless the accumulated legal reserve reached the amount of the capital of the Company. Secondly, the Company shall contribute to special reserve based on the laws or regulations of administrations, together with accumulated undistributed earnings as distributable earnings. If earnings remain, the Company shall retain part of earning before Board of Directors make a distribution proposal according to the operation conditions and submit the proposal to shareholders' meeting for resolution.

The distribution proposal proposed by the Board of Directors shall, under the consideration of no other special occasion, be no less than 65% of the after-tax earnings of current year in principles. As regulated in Article 26-1 of Articles of Incorporation in operation, distribution of shareholders' dividend could be in the form of cash or shares, which the cash distribution proportion to shareholders shall no less than 20% of shareholders' dividend.

The form and proportion of such earning distribution is based on the future fund needs of the Company and the long-term operation plan, which could be proposed by Board of Directors under the consideration of the current operation status with the balance of taking care of shareholders' rights, dividend policies, and planning fund demand, and submit to shareholders' meeting for adjustments and resolutions.

(2) Proposed Distribution of Dividend for this meeting of shareholders

Unit : NTD

Items	Amount	Description
2019 Net income after tax	39,499,778	
Add/Less: 2019 Retain earnings adjustments	-3,110,622	Old-version pension actuarial difference, recognition of changes in ownership interest in subsidiaries
2019 Net income (summation)	36,389,156	
Less: provision of legal reserve (10%)	-3,638,916	
Less: Special surplus reserve	-17,841,396	Appropriations on the debit balance of Other Stockholder's Equity-(Exchange Differences on Translation of Foreign Financial Statements)
Add: 2018 undistributed earnings	56,154,284	
2019 Distributable earnings	71,063,128	
Less: cash dividend to shareholders	31,500,000	NTD 0.7 cash dividend per share
Undistributed earnings	39,563,128	

Note:

1. The company's articles of Incorporation authorize the special resolution of the board of directors to distribute all or part of the earning to be distributed in cash and report to the shareholders' meeting.
2. This earning distribution proposal has been approved by Board of Directors' special resolution on Mar 19, 2020.

(3) Expectation of significant change on dividend policies: None.

4.1.7 Impact of the proposed stock dividend in shareholders meeting on business performances and EPS:

Board of Directors decided to distribute cash dividend from profit in 2019 and no stock dividend. The Company did not have financial forecast, so this clause is not applicable.

4.1.8 Compensation to employees, directors and supervisors

1. Information of dividend to employee and remuneration to directors and supervisors was stated in the Articles of Incorporation:

As stated in Article 25-1 of the Articles of Incorporation, the Company shall contribute not less than 6% of its annual earning as employees' compensation and not more the 2% as remuneration to directors and supervisors. But the Company shall compensate its accumulated losses first.

In addition to the employees of the Company, the distribution of employees'

bonus could include the employees of subsidiaries who meet certain conditions.

2. Accounting process applied to the estimation base of dividend to employees and remuneration to Directors, Supervisors, and employees, outstanding shares computing base for stock dividend distribution, and the spread between amounts distributed and estimated:

   Compensation to employees estimated to be NTD 2,717 thousands and to Directors and Supervisors to be NTD 906 thousands is estimated 6% and 2% of annual earning in 2019, accordingly. The differences between actual distribution amount resolved by Board of Directors and the estimated amount will be adjusted as changes in accounting estimates.

3. Dividend distribution of employees resolved by the board of directors
   a. Distribution amount of cash dividend and stock dividend to employees and remuneration to directors and supervisors:

      Board of Directors has approved to distribute NTD 2,640 thousands as employees' remuneration in 2019 and NTD 870 thousands as remuneration to directors and supervisors. The distribution amount aforementioned is NTD 113 thousands less than the estimated amount reported in 2019. The main consideration is the need of adjustments in actual distribution operation. The differences between actual distribution and estimated amount reported will be regarded as changes in accounting estimates and be calculated in profit or loss in 2020.

   b. Proposed stock dividend to employees and its ratio to total net income of individual financial report and to total employees' remuneration:

      Board of Directors has approved to distribute employees' compensation by cash, and no stock dividend is distributed to employees, so the ratio of stock dividend distributed to employees to total net income of individual financial report and to total employees' remuneration is zero.

4. Actual distribution of employees' bonus and remuneration of Directors and Supervisors:

   The actual earning distribution of 2018 is as stated aforementioned. The differences NTD 9 thousands less than the recognized employees' compensation is mainly due to the distribution changes with profit, which has been adjusted in the profit or loss of 2019.

2018 Earnings Distribution

Item	Shareholders' Meeting approved on Dec. 31, 2018	Board of Directors approved on Mar. 22, 2019	Difference	Cause of Difference
Remuneration of Directors and Supervisors	$2,087	$2,080	-$7	Distribute practice tolerance
Employees' cash compensation	$6,262	$6,260	-$2	Distribute practice tolerance

4.1.9 Buyback of Treasury Stock : None

4.2 Bonds : None

4.3 Preferred Shares : None

4.4 Global Depository Receipts : None

4.5 Employee Stock Options : None

4.6 Restricted Employee Shares : None

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions : None

4.8 Financing Plans and Implementation : None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

(1) Manufacturing and distribution of uninterruptible power system (UPS).
(2) Manufacturing and distribution of active power filter.
(3) Manufacturing and distribution of photovoltaic power inverter system.
(4) Agent of large capacity UPS through project distribution and services.
(5) Offering maintenance and technical services.

(2) Revenue distribution

Unit；NT$ thousands; %

Year / Major Divisions	2018		2019	
	Total Sales	Total Sales	Total Sales	(%) of Total Sales
UPS	935,361	36.96%	986,409	40.06%
APF	156,369	6.18%	124,413	5.05%
PV	27,170	1.07%	32,670	1.33%
Project	1,060,839	41.92%	958,810	38.94%
Others	350,874	13.87%	360,088	14.62%
Total	2,530,613	100.00%	2,462,390	100.00%

(3) Main Products and Services

(1) Independent R&D, manufacturing, and distribution of single-phase uninterruptible power system (commonly known as single-phase UPS or small UPS) at 20KVA (and below).
(2) Independent R&D, manufacturing, and distribution of three-phase uninterruptible power system (commonly known as three-phase UPS or mid/large UPS) at 10KVA (and above).
(3) Agent distribution of Europe's SOCOMEC three-phase uninterruptible power system (commonly known as three-phase UPS or mid/large UPS) at 15KVA (and above).
(4) Independent R&D, manufacturing, and distribution of power quality improvement equipment – active power filter (abbreviated as APF, also known as active power harmonics conditioner).
(5) Independent R&D, manufacturing, and distribution of green energy system photovoltaic inverter (PV Inverter), also known as solar inverter.
(6) Design and manufacturing services for OEM/ODM/OIM (Original Innovative Management) models.
(7) Maintenance and technical services for the aforementioned products.

(4) New Products Planned for Development

(1) Development of new multi-function UPS technologies that incorporate features of miniaturization, intelligent, networking, and distribution.
(2) Mid-sized and large three-phase high frequency parallel UPS

(3) Power quality management technology
(4) Hybrid system PV Inverter
(5) Power management software technology
(6) SmartGrids application related PDU
(7) Wireless BMS
(8) Energy storage system

5.1.2 Industry Overview

(1) Macroeconomic Environment

① Uninterruptible Power Supply (UPS)

With the rapid development of high-tech electronic products in recent years, the operation of procedure-control workstations computer and precision instruments at high-tech production facilities relies heavily on quality and reliable power supply in order to maintain normal operation. Poor power quality could result in erroneous action for precision equipment or even disruption of the manufacturing process, leading to severe losses. Common problems relating to power quality include voltage distortion, overvoltage, under voltage, power disruption, and so forth. And as such, ensuring high quality and reliable supply of power has become a vital issue for the power company and all users. In order to prevent issues of power disruption or unstable voltage, most users would incorporate uninterruptible power supply (UPS) systems to ensure power quality and in turn enhance the reliability of precision equipment operation.

Within their given electricity storage capacity, UPS is designed with power converter interface to supply the required power in the event of anomalies with the AC mains supply. And as such, UPS systems have been extensively used as the backup power solution for information, communication, and precision instruments to prevent sudden power failure from halting equipment operation, thereby improving the reliability of equipment operation. And as such, the demand for UPS has been continually growing.

UPS systems can generally be separated into three major categories: Off-line, On-line and Line interactive. These three types of UPS systems each has their own strengths, weaknesses, and suitable applications. Common Off-line UPS are typically single-phase low capacity products with relatively few functions, therefore are available at cheaper price points. Such products are generally used for PCs and other peripheral equipment. Designed with hot standby functionality, when AC mains supply is normal, the switch between the UPS and load would be activated in order to prevent the circulation of electrical current between the AC mains supply and the UPS system. However, should the main supply fail, the load would be exposed to a few milliseconds of power failure due to the transition of the switch. This would in turn lower the operating efficacy of the load. On-line UPS system operates by converting the AC power from the AC mains supply into DC power through a DC/AC inverter. A percentage of the DC power is stored into the battery charger while a part of the DC power is sent through a DC/AC inverter to be converted to steady, reliable AC power to be fed to the load. When in operation, an On-line UPS system features a two-stage power inverter between the load and AC mains supply. And as such, the quality of power from the load would not be susceptible to the influence of AC mains supply, making the On-line UPS the best

power protection solution for the load equipment. This explains why On-line UPS systems are frequently deployed for instruments and equipment that require power of better quality. However, since the power carried by the load on such UPS systems requires conversion through a two-stage inverter, the circuitry design would be more sophisticated and have lower efficacy. As for Line interactive UPS systems, such systems feature paralleled operation of the power inverter and AC mains supply as their technological basis, with the power inverter responsible for charging and discharging the battery at the same time. In other words, when the AC mains supply is working normally, its power will be directly sent to the load and charge the battery through the power inverter. When the AC mains supply fails, the stored power on the battery would be sent to the load through the power inverter. Such UPS systems feature relatively simpler system architecture and are relatively cheaper in cost. And since the load is directly powered from the AC mains supply when it is working normally, there will be no recurrent energy loss. However, the issue of conversion time still remains.

In recent years, in an effort to improve the efficiency of On-line UPS systems, in addition to adopting three-stage power inverters to handle the task of conversion, the system also features a new economic operation mode. In this mode, the DC/AC inverter of the UPS system would be set to hot standby, with the AC mains supply providing power directly to the load.

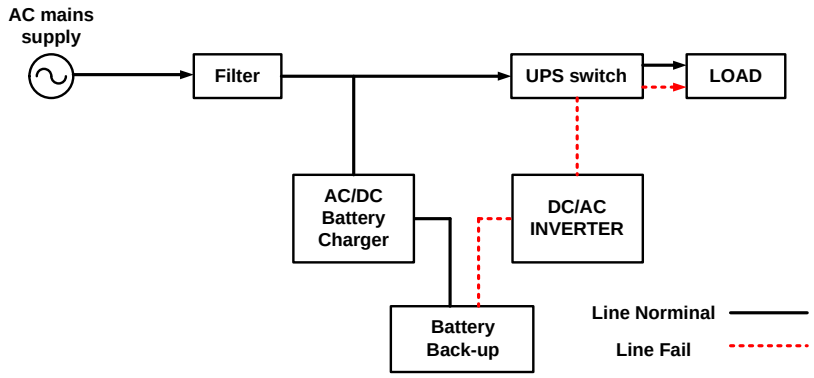
Table 1 Strengths and Weaknesses of the three UPS System Architectures

Type	Strengths	Weaknesses
Off-Line	1. Simple circuitry 2. Higher power efficiency 3. Low cost, compact form factor	1. Brief power disruption (~1ms) 2. Lacks voltage stabilization function; power quality is susceptible to the effects of AC mains supply
On-Line	1. No brief power disruption 2. Improves upon literally all existing issues of power quality with AC mains supply	1. Higher cost 2. Sophisticated control circuitry 3. Inferior efficiency
Line Interactive	1. Simple circuitry 2. Low cost	1. Brief power disruption 2. Sophisticated control mechanism

A. Off-line

The architecture of an off-line UPS system primarily features an AC/DC charger, a battery, and a DC/AC inverter. When the line is normal, the required power comes directly from AC mains supply while a portion of the power goes through the AC/DC battery charger to charge the battery. Since the inverter is running without load, the quality of the power of load is determined directly by the AC mains supply. When the line fails, the inverter will convert the power from the battery to AC current and keep connected equipment running. Typical off-line UPS systems only provide backup power but do not improve power quality. In addition, when the line fails, the system will have a momentary lapse of switch transition. And as such, off-line UPS systems are not truly "uninterruptible" in the truest sense of the term due to its "instantaneous disruption". When the voltage falls below the permitted value, the system will

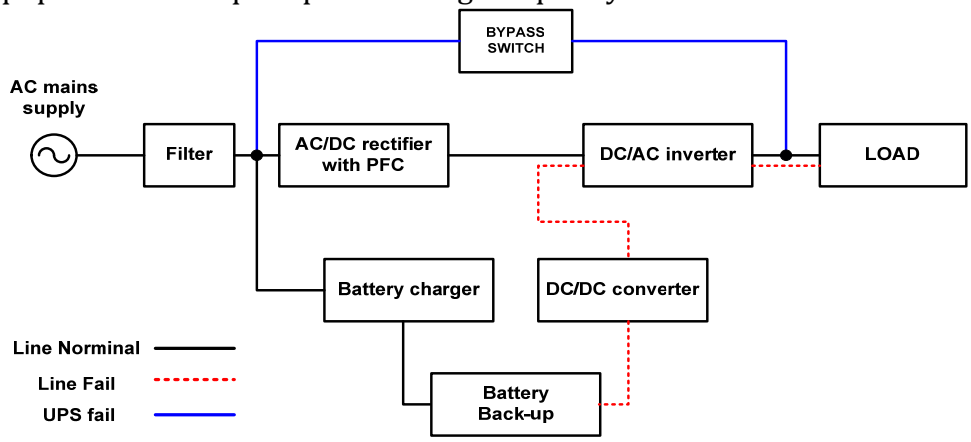
automatically switch over to providing power from the battery, enabling the user to continue with equipment operation without noticing the disruption. The reaction time of this “instantaneous disruption” before the battery kicks in is under 0.1 seconds. Additionally, off-line UPS systems provide square waves and are therefore suited only for PCs. And as such, the product is mostly used in smaller systems or for equipment that are less important.



Off-line UPS System

B. On-line

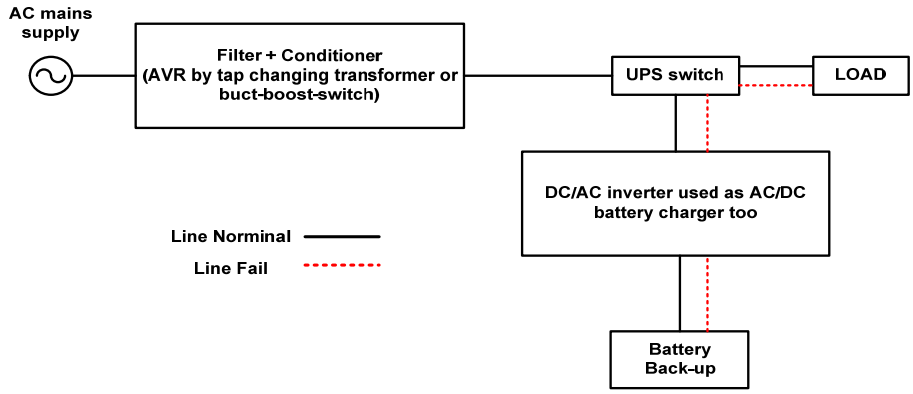
On top of having a more sophisticated architecture compared to off-line UPS, on-line UPS systems are most distinctively different due to their means of power control. When the line is normal, the power will go through the AC/DC rectifier, with a portion of the DC current going to the battery charger to charge the battery while the other portion is converted to AC current to power the connected equipment. When the AC mains supply fails, the inverter will continue to supply power, which will come from the battery. This means that there will be no disruption of power and since the connected equipment is isolated from the AC mains supply by the on-line UPS system, power quality is essentially controlled by the UPS. This makes it possible to resolve issues of over/under voltage, surge, electromagnetic interference, or frequency drift. Not only that, on-line UPS has sine wave output, making it suitable for all equipment. As such, on-line UPS systems are typically used for precision equipment that require power of higher quality.



On-line UPS System

C. Line-interactive

Line-interactive UPS systems operate on similar principles as off-line UPS systems, with the most distinctive feature of having a multi-tap variable-voltage autotransformer (i.e. operating as both an AC/DC inverter and a rectifier). In addition to charging the battery during normal operation, the autotransformer will automatically function as an inverter when AC mains supply fails to deliver power from the battery to the connected equipment. Since the product design did not include a bypass switch between the AC mains supply and the load, such system will still experience "instantaneous disruption" in the event of a power failure (with an extremely short response time between the disruption to battery power supply under 0.04 seconds). As line-interactive UPS systems output sine waves, they can work with more equipment compared to off-line UPS systems. With functionalities falling between off-line and on-line UPS systems, line-interactive UPS systems are more suited for the needs of small enterprises or website servers.



Line-Interactive UPS System

Within their given electricity storage capacity, UPS is designed with power converter interface to supply the required power in the event of anomalies with the AC mains supply. And as such, UPS systems have been extensively used as the backup power solution for information, communication, and precision instruments to prevent sudden power failure from halting equipment operation, thereby improving the reliability of equipment operation. Therefore, such products have definitive values in the market. Furthermore, with more and more electronic equipment and applications emerging in consumers' lives (such as cable TV, broadband internet access, wireless communication base stations, surveillance systems, security systems, and telematics), the UPS market that once did not exist, is now seeing gradual growth in demand. One can anticipate significant potential for growth for the UPS market in the near future. Ablerex has been specializing in the development and manufacturing of UPS ever since its foundation, with a focus centered on the development of high-end on-line UPS that requires extensive technical know-how and great effort on continual improvement on the functionalities of our line-interactive UPS. We strive to

satisfy our customers' needs by achieving maximum performance with lower costs. This would prevent the company from engaging in a price war with other manufacturers in the low-end offline UPS product market.

② Active Power Filter (APF)

Due to the rapid development of power semiconductor component manufacturing technology and power electronic applications, power electronic equipment have been extensively used in different domains. Nevertheless, power electronic equipment have the inherent flaws of high input current harmonics and low input power factor, with harmonic currents being responsible for the deterioration of power quality. In recent years, precision equipment has been extensively used in different industries and such equipment has relatively high requirement for power quality. Consequently, the power company had to establish harmonics regulation standards to limit the amount of harmonic current generated by users in order to maintain the quality of power from the electricity distribution system.

Traditionally, passive power filters are designed with passive components such as inductors and capacitors. Due to their low price points, such products have been extensively used to mitigate harmonic currents. However, passive power filters have the following shortcomings: (1) Change of impedance in a power system could severely affect the characteristics of the filter. (2) Parallel resonance could occur between the power reactor and passive power filter and consequently amplifying the load's harmonic current, resulting in even greater harmonic current distortion. (3) Serial resonance could occur between the power reactor and passive power filter, which may in turn cause harmonic currents from other non-linear load to enter the passive power filter, resulting in an overload of the passive power filter. (4) Filter parameters are difficult to design due to the changes in system status or deviations of filter capacitance or inductance. (5) Filter characteristics cannot be fixed due to changes in load. Given these aforementioned shortcomings, active power filter had been developed in recent years as an alternative. An active power filter features a power transducer built with power semiconductor switching components such as GTO, IGBT, or power transistors. Active power filter not only solves the problem of harmonics but also compensates virtual work to convert the input current of AC mains supply to pure sine waves of the same phase as the AC mains supply voltage. An active power filter comprises three components: a converter, an energy storage component and a control circuitry. In the past, passive power filters have been used as a means to mitigate harmonics but the product still has notable drawbacks that current technologies cannot overcome. In contrast, active power filter was developed in recent years due to the advancement in power electronic technologies as to suppress harmonics while regulating harmonics and improving power factor.

Presently, there are three types of filters that are designed to suppress harmonics: 1. Traditional passive power filter (PPF), 2. Active power filters (APF) and 3. Hybrid power filters (HPF). The following section will provide brief descriptions for each type of power filter.

A. Passive Power Filter

Traditionally, passive power filter (PPF) comprises passive components including capacitors, reactors, and resistors. However, due to the characteristics

of specific passive components, PPFs do suffer from inherent drawbacks. For example, the result of harmonic absorption of a PPF may change along with any change in the system's impedance. In addition, when unknown external harmonic current enter the system or any change of the systems' load/additional harmonic load could cause the existing PPF to overload or resonate, thereby leading to accidents. In addition, power capacitors and inductors in PPFs have error margins. Increases in usage duration and temperature changes could cause the values of the power capacitor or inductor to shift and thereby impede its filtering capabilities. Not only those, the passive components are heavy and bulky, making PFFs requiring more physical space.

B. Active Power Filter

Active power filter (APF) is an AC/DC conversion equipment that applies relevant power electronic technologies. Depending on the load demand, APF would create a harmonic current that is of the opposite phase of that from the load and send it to the power system. The harmonic currents would cancel each other and achieve the filtering of harmonics. APF is therefore used to resolve destructive issues caused by harmonic currents, such as transformer overheat, voltage distortion, and machine failure. However, power electronic components of high power are restricted by their switching frequencies, and this result in specific limit of power capacity for APF.

C. Hybrid Power Filter

As both passive and active power filters have their limitations that are hard to overcome, products that combine features of both active and passive power filters were developed as a result. Such products are known as hybrid power filters (HPF). HPF incorporates a power transducer to improve upon the characteristics of PPF while resolving the issue of resonance. Compared to APFs, PPFs make it possible to reduce the capacity of the power transducer, rendering its application on larger capacity filter systems.

The exclusive technology we have developed for our APF feature immediate response control, which enables real-time compensation at any point during each current cycle to create a harmonic current that is the opposite of that of the load and send it to the power system. This harmonic current would cancel the harmonic current at the load, thus resulting in a current wave that is close to sine at the power system and thereby achieving harmonic filtering. Such rapid response capabilities make our APF ideal for equipment with substantial load changes, such as pumps used to maintain water or barometric pressure, high-end passenger/cargo elevators, and other high-tech industries. Presently, the world's APF market is dominated by US and Japanese manufacturers including FUJI, TOSHIBA, MERLIN, ABB and so forth, with no other leading manufacturers in Taiwan. With our immediate response control technology, our APFs have outstanding transient response capabilities that enable immediate compensation at any point during each current cycle, unlike other products designed for Fast Fourier Transform (FFT) that only output response after the load has changed and delayed for two cycles. In addition to breaking through the existing limits of current product architecture and technological deployment,

this technology is also compliant with pertinent international safety regulations, thereby allowing the company to distribute the products more extensively. We have essentially debunked the misconception that conventional high-spec products will inevitably fail in their safety regulation compliance and our APFs have proven to have a great competitive edge in the domestic market. Coupled with the latest 150A European/US standard series we have developed in 2012, our APFs are expected to bring positive boost to the company's operational growth in the near future.

③ PV Inverter

A. Current status of the global solar power market:

Compared to 2011, the demand for PV inverter in Europe has fallen significantly. But thanks to the explosive growth of the Chinese market, Ablerex managed to achieve a total of 31 GW in sales in 2012, translating to a growth margin of 5%. Nevertheless, the drastic decline in market prices has resulted in a decrease in real revenue for manufacturers.

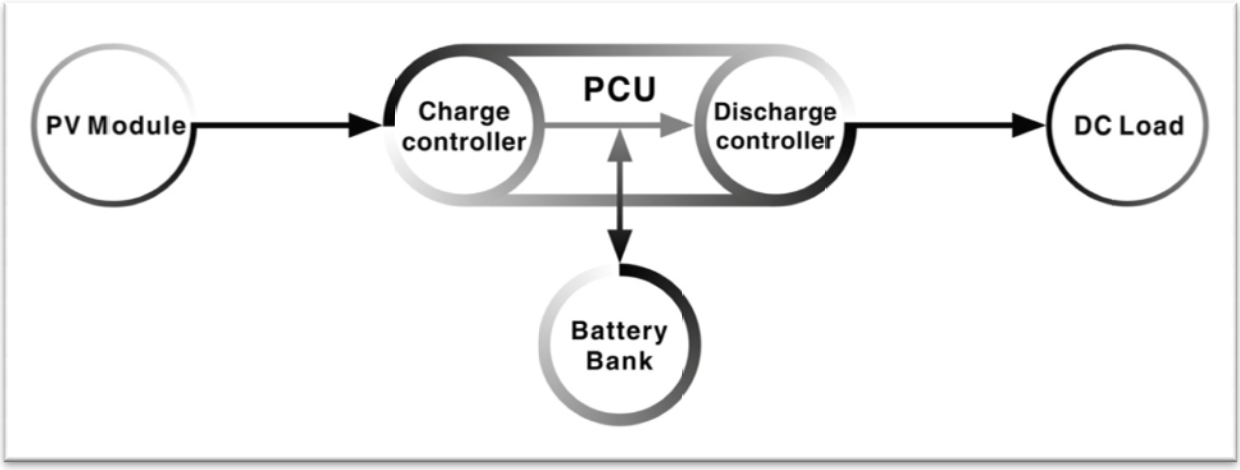
According to IMS Research's prediction, the market for PV inverter will continue to grow, with more noticeable growth in demand in 2017. The demands for small business building PV system (usually between 10~100kW) and PV stations (typical installation of 500kW or higher) are expected to grow more significantly while the demand for residential PV system will be less apparent.

It is estimated that approximately 60% of the PV system installation in the future will take place in Asia, mainly China, and the majority of them would be PV stations. As for residential PV systems, Japan will be the only market that may promise some potential.

B. Types of solar PV systems

1. Stand-Alone System

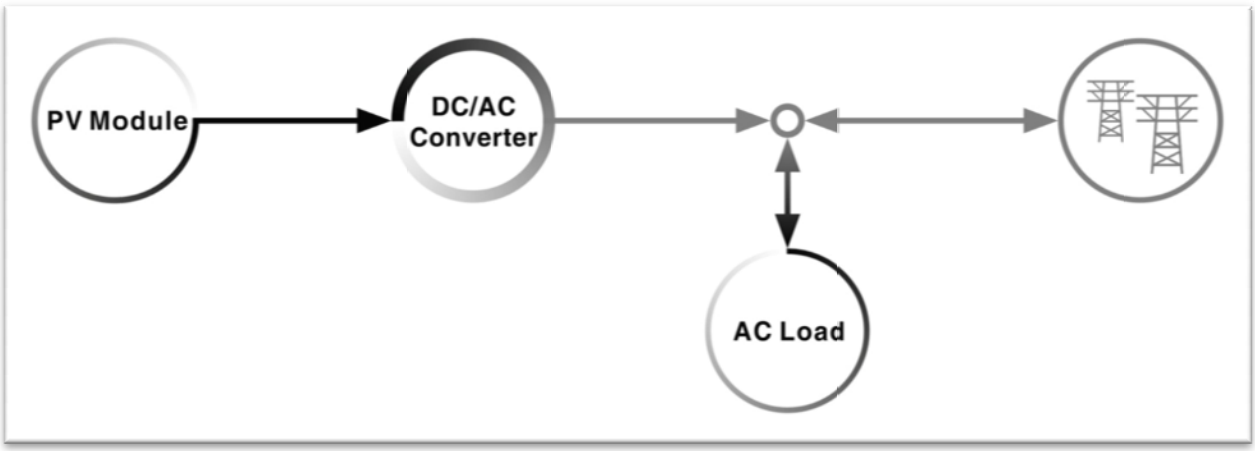
As its name implies, a stand-alone PV system is capable of generating the power that is required without having to be connected to the power distribution grid of the power company. Since the system will not be able to generate electricity in the absence of sunlight at night or in poor weather, stand-alone systems have incorporated battery banks that stores power when there is ample sunlight in order to ensure stable supply of power. Stand-alone systems are primarily installed in regions where the power grid is hard or unable to reach (i.e. remotely populated mountainous regions or offshore islands). Such systems are also commonly installed to function as small power systems for road displays, billboards, road lights, and other illumination equipment.



Architecture of Stand-Alone System

2. Grid-Connected System

A Grid-connected system generates power in a parallel connection with the city power grid. The system would generate power for the load and the power company will cover the insufficient part of power. With such system, the city power grid can be perceived as an infinitely large and everlasting free battery bank.

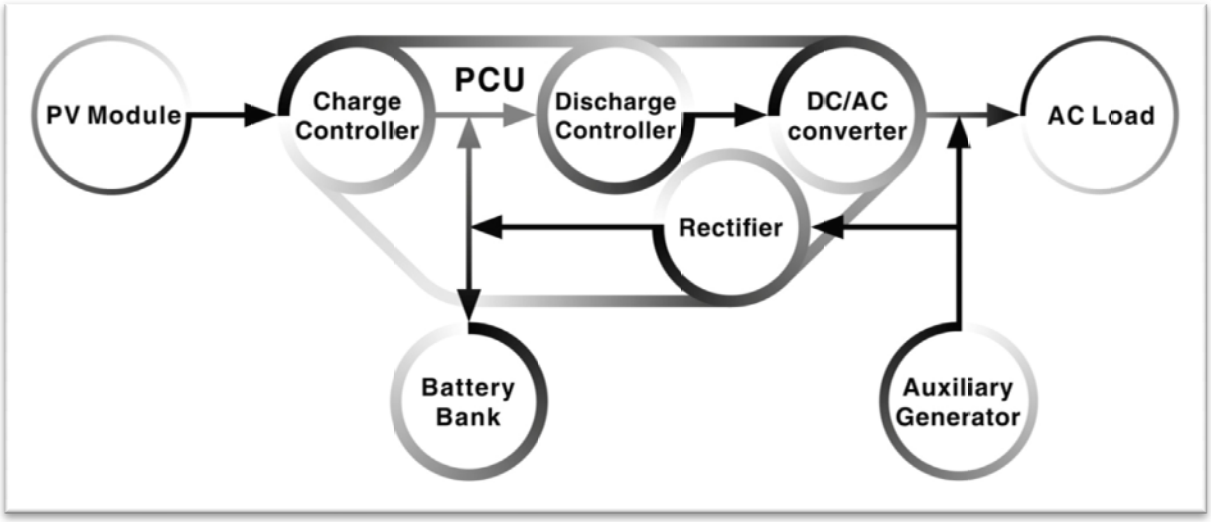


Architecture of Grid-Connected System

3. Hybrid System

A PV hybrid system operates in conjunction with the city power grid and a battery bank. During normal operation, the system is connected to the city power grid, responsible for supply power to the load, and charging the battery bank and at night, power supplied by the grid will take over. In the event of disasters such as typhoons or torrential rains that resulted in a

power outage, the battery bank would still have adequate power in reserve so that relevant rescue operations can take place before the city power grid is restored.



Architecture of Hybrid System

Current Status and Future Development of PV

The following section is a summary of Ablerex's primary application and breakthrough in the area of PV inverter development:

(1) Anti-islanding technologies

Islanding refers to the condition in which a PV inverter continues to power a location when the electrical grid power has been disrupted. When this happens, it would result in an isolated power generation system that may cause partial power instability for users. Not only that, as the PV inverter continues to deliver power, the connected electrical grid (PV and city power grid connected in serial or parallel connection) may remain powered. This can be dangerous to the utility workers as they run the risk of electrocution. And as such, in the event of a power failure, PV inverters must be designed to immediately disconnected from the grid so that even if they remain operational and deliver power, the city power grid will stay unpowered to protect relevant electronic systems and the safety of operators. Presently, the islanding detection feature offered by typical products involves passive detection, which suffers from the shortcomings of poor sensitivity and interference. Due to these issues, such products offer very limited stability. Through the integration of hardware and software, Ablerex have achieved breakthrough of existing technological bottleneck with solutions that integrate the strengths of both active and passive detection through DSP control algorithm.

(2) Maximum Power Point Tracking

Output power of solar panels are affected by a number of external factors, such as the intensity of sunlight, temperature, component aging, PV material, and so forth. In order to ensure optimal performance of the PV cell,

PV inverter must be subjected to appropriate control so that it can ensure maximum power output from the PV cell regardless of the operating environments. Such control method is known as maximum power point tracking.

(3) Grid Connection Control Technology

As solar PV generation system takes the energy generated by the solar panels and sends it directly to an electrical grid through a parallel circuit, it is imperative that relevant protective measures be thoroughly developed. Specific technical and legal issues (such as power system stability) that may arise from the operation of sending power to an electrical grid must be addressed. Designing a multi-functional solar PV system involves power conversions of different functions. Naturally, the design process has to take the issue of corresponding controls into consideration. Therefore, we have taken advantage of the high computing power of digital signal processing (DSP) as the solution for PV-inverter control.

④ Residential Energy Storage System

As sources of intermittent energy, solar energy is not continuously available and can be easily affected by numerous environmental factors. Thus the output power of solar energy can be described as unstable and unpredictable power source. When a large quantity of grid connected PV systems are installed on the electrical grid, the intermittency characteristics of solar energy will have given a serious impact on the electrical grid such as the fluctuation of voltage and frequency, safety, stability, and electrical power quality. Therefore, the development of grid connected PV system has been limited. In order to deduct intermittency characteristics of solar energy cause impact on the power grid, the transmittance of solar PV system must be developed. At the same time, the battery storage system can solve the fluctuation of voltage and poor electrical power quality caused by over capacities of grid connected renewable energy system. Since the Smart Grid was established, liberalization of the electricity market has rapidly accelerated the business from various sectors have been selling electricity by time-of-use pricing. Users allow to purchase the lowest price of electricity at the off-peak period and storage into the battery bank. and discharge the saved energy at the peak period, which the electricity price is extremely high, to avoid the consumption of electricity or even sell back to the utility. Other than functions mentioned above, if the utility grid is ordinary condition, users can operate charging/ discharging the power from our battery module during the night. When the utility grid has unpredictable problem occurred, our system would disconnect with the utility automatically and continuously provide power to loads by using storage energy.

(2) Relationship with Up-, Middle- and Downstream Companies

① UPS manufacturing process (up, mid and downstream)

Upstream	Mid-stream	Downstream
Raw material	Manufacturing	End user
Wire material PCB Packing material IGBT Cabinet Battery Transformer Transistor Capacitor Software design	UPS Power Provider Manufacturer	Medical equipment Public infrastructure Aviation Equipment Military equipment Business entities Telecommunication equipment PC equipment Household appliances Other

Ablerex specializes in the design and manufacturing of UPS products. Our upstream vendors are primarily suppliers of relevant components (transformer, cabinet, wire material, capacitor, PCB, etc), battery supplier and software developer. Distributed through our network channels, our products are sold to end users in different sectors, including medical care, aeronautics, military equipment, finance, security, nuclear power, petrochemical, telecommunication, PC equipment, and so forth.

With the boisterous growth of the Internet and ICT sectors, the requirements for power supply quality have been steadily increasing. This has attracted more enterprises to adopt UPS solutions to protect their PC equipment, thereby propelling the demand for UPS. Consequently, such trends promise substantial potential for our business growth in the future.

② APF

Upstream	Mid-stream	Downstream
Raw material	Manufacturing	End user
Wire material PCB Packing material IGBT Cabinet Battery Transformer Transistor Capacitor Software design	APF manufacturer	Steel plant/machinery factory Telecommunication equipment Large industrial equipment Taipower distribution gridApplications where harmonics improvement are required Applications where harmonics improvement are required Other

Ablerex specializes in the design and manufacturing of APF. Our upstream vendors are primarily suppliers of relevant components (transformer, cabinet, wire material, capacitor, PCB and etc), battery supplier and software developer. Distributed through our network channels, our products are sold to end users in different sectors, including steel machinery factories, telecommunication, large industrial equipment, Taipower distribution grid and applications where harmonics improvement are required.

With various sectors demanding higher power quality, more and more businesses found themselves needing APF to improve power quality and reduce power loss. Due to the technical threshold required for the product, there are few local or foreign manufacturers for the product. And as such, our APF are rather competitive in the market and it is one of our key products that we promote aggressively.

③ Solar PV inverter manufacturing process (up, mid-, and downstream)

Upstream	Mid-stream	Downstream
Raw material	Manufacturing	End user
Silicon material Silicon wafer Solar cell cutting Solar cell Software design	PV Inverter System	Construction industry Telecommunication industry Public infrastructure High-tech fabrication plant PC equipment Household power supply Other

In the solar PV industry, Ablerex assumes the role of a designer and manufacturer of PV inverter in the area of system and inverter. Distributed through our network channels, our products are sold to end users in different sectors for system integration, including construction industry, telecommunication industry, public infrastructure, high-tech fabrication plants, and so forth.

The solar PV industry promises vast business opportunities in the foreseeable future. Due to the high technological threshold, we have few domestic competitors. Our PV inverter have definitive competitive advantages in terms of quality and pricing, and Ablerex has in fact become a global leading manufacturer in this area and a designated ODM partner for several major brands around the world. PV inverter has been the product that has generated substantial revenues for Ablerex.

④ESS for home manufacturing process (up, mid-, and downstream)

Upstream	Mid-stream	Downstream
Raw material	Manufacturing	End user
Silicon material Silicon wafer Solar cell cutting Solar cell Software design Battery cell	Residential Energy Storage System	Construction industry Telecommunication industry Public infrastructure High-tech fabrication plant PC equipment Household power supply Other

In the Energy Storage industry, Ablerex specializes in the area of system and inverter technologies and assumes the role of a designer and manufacturer of inverter for ESS. Distributed through our network channels, our products are sold to end users in different sectors for system integration, including construction industry, telecommunication industry, public infrastructure, high-tech fabrication plants, and so on.

Energy Storage industry promises vast business opportunities in the foreseeable future. Due to the high technological threshold, there are only few competitors seen in the domestic market. Our inverter for ESS definitely have competitive advantages in quality and pricing of the product. In fact, Ablerex has become a leading manufacturer in domestic industry and has been designated as an ODM partner by several major domestic companies. Our ESS has already brought substantial revenues for Ablerex.

(3) Product Trends

① For UPS

A. Trend for modular design to prevent over allocation

Modular UPS comprises multiple modules in order to achieve easy scalability. One of the issue with traditional UPS is the over allocation of power system. For example, when a user's actual power load is at 12KVA, he would end up purchasing a traditional UPS at 20KVA to save himself from the hassle of expansion in the future. This would result in an over allocation of the system, which a modular UPS would be able to overcome.

B. Diversification of product design and electronic consumption

In the future, UPS systems will continue towards the path of becoming more compact, lightweight, high efficiency, and low noise. With these characteristics, UPS systems will gradually shift from large server rooms and find a place in normal office space. And as such, we should dedicate more attention to exterior design and usability in order to deliver a more pleasant user experience.

C. Heading towards intelligent and network development

With constant innovations in technology today, users have become accustomed to expecting more from UPS products in terms of their quality and

functionality. Traditional analog power control UPS has been ousted by full digital control, which enables the user to schedule and control specific machine parameters through the CPU of the UPS, which can now be simultaneously connected to multiple PCs. Not only that, the user can also take advantage of its communication interface and PC, along with smart monitoring software and network protocol to manage and analyze his PC and UPS system locally or even remotely with greater convenience and efficiency.

D. High reliability and safety

The development UPS systems will be steered towards higher reliability and safety

(a) Automatic detection: Upon start-up, the UPS will perform a check on all component (inverter, battery and so forth) load in order to detect potential issues.

(b) Self-protection: Through designs of self-protection, the UPS system will automatically shut down in the event of UPS overload, short circuit or overheat to prevent other hardware damages that might otherwise have been caused by UPS failure.

② APF

Harmonics suppression has always been a vital issue when it comes to power quality improvement. Following the rapid growth of non-linear load that has resulted in deteriorating power quality, the power company had no alternatives but to establish harmonics control standards in order to limit the amount of harmonics generated by users so as to maintain the quality of power for the whole system. Therefore, in addition to the development of high power APFs, the product will also have multiple functions such as virtual work compensation and voltage suppression. At present, APFs are more expensive than PPFs and the discrepancy is even greater when the load exceeds 500KW, at which point APF becomes no longer economical. And as such, hybrid filters have been created with an architecture that combines the advantages of both the active and passive types. In the future, hybrid power filters will become a trend in the domain of harmonics improvement technology.

③ PV Inverter

In addition towards high power development for PV inverters, it would be viable to pursue other alternative energy development such as wind power generation to expand the market further. In 2008, Ablerex has obtained the Intertek GS certificate – the first ever issued in Taiwan. Not only that, the company has received certifications from nations including Germany, Spain, France, Italy, Belgium, England, USA and Japan. The company shall continue to stay abreast with the latest market trends and submit more applications to other countries, and this will be beneficial to the expansion of the PV inverter market in the future.

④ Residential Energy Storage System

The future of Residential Energy Storage System(ESS) will not only develop in high efficiency and for commercial use, but also it will be able to resolve the renewable energy problem of intermittent electricity generation for wind power

and solar power. The development of this system allows problems to be solved while expanding its potential market further. From 2016, Ablerex has continuously been applied for certifications in Germany, Australia, and Japan. We strongly believe these certifications from different regions would be beneficial to expand the ESS market and has generated substantial revenue for Ablerex.

(4) Product Competition

Presently, our main product lines include UPS, APF, and PV inverter. Their characteristics and whether they are replaceable will be covered as follows:

① UPS

As its name implies, an uninterruptible power supply (UPS) functions by delivering power to connected equipment in the place of AC mains supply during a power outage, similar to way emergency lighting works. However, an UPS features more sophisticated design that dramatically reduce the switching duration from AC mains and battery/inverter to make up for the shortcoming of significantly longer power outage duration with typical fuel-powered generators or other emergency power source, without creating the issues of noise and air pollution that fuel-powered generators have. Unless conventional power generators achieve significant improvement in their speed of power supply while minimizing environmental pollution, they will not be able to fully replace UPS.

② APF

Power filters are equipment primarily used to improve power quality and suppress harmonics. Presently, such products fall under three categories: active, passive, and hybrid. Each has its distinctive advantages and weaknesses. At present, the development of power filter is headed for higher power and multi-functionality designs. Barring the invention of new harmonic suppression equipment in the future, there are no existing products that could replace APFs.

③ PV Inverter

PV inverter is primarily used to convert the AC current stored in solar panels to DC power for direct usage and connection to the city power grid. Barring the invention of new conversion equipment or new solar cells that could convert DC current to AC current by themselves, there are no existing products that could replace PV inverters.

④ Residential Energy Storage System

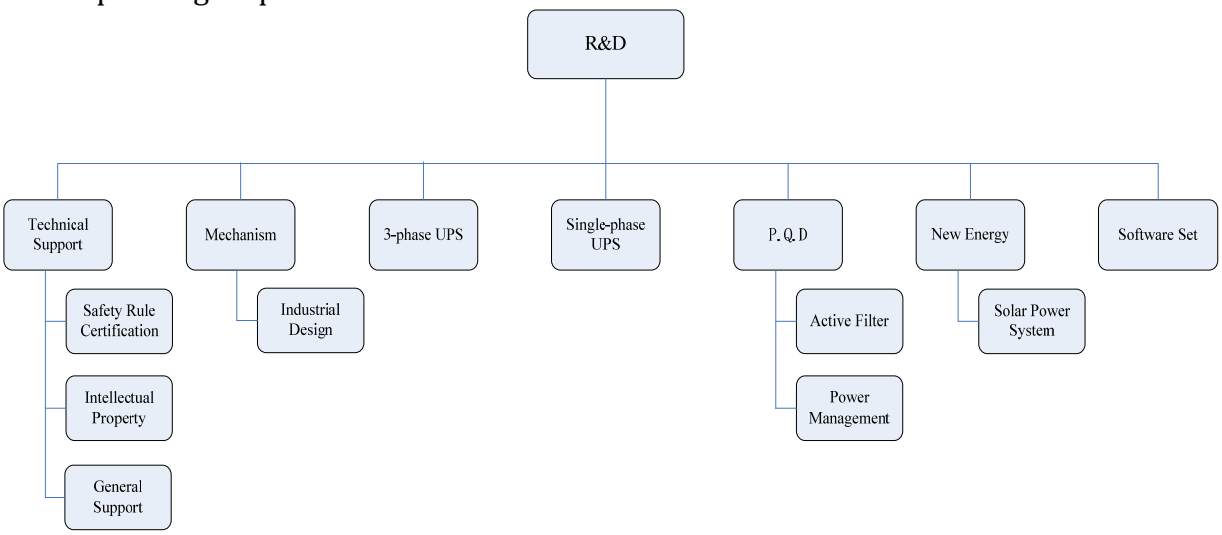
ESS is mainly used to convert the AC current stored in solar panels to DC power or to save the generated power in the battery bank for direct usage and connection to the power grid. Unless the new invention of conversion equipment or new solar cells that could convert DC current by itself, otherwise, there are no other alternative products.

5.1.3 Research and Development

(1) Technical level and R&D of our business

Right from the initiation of the company, Ablerex has established its R&D unit, which focused on the research and development of small UPS. With the development of new products and technologies, the R&D unit has also expanded in scale. At present, the R&D Department can be separated into smaller units based on their respective product lines, including Single-phase UPS, Three-phase UPS, PQD and New Energy. In addition, sections

such as the Mechanical structure, Technical support, Software and Technical research have also been established to provide relevant support for the three aforementioned sections. Through the planning, development, design and safety regulation control for new product development handled by each corresponding section, the R&D Department endeavors to provide products and services that are precisely aligned to existing market demands. The following will cover the organization of our R&D Department and their corresponding responsibilities:



Department	Section	Primary job description
R&D	Single-Phase UPS Section	Responsible for the development of single-phase UPS product and technology.
	Three-Phase UPS Section	Responsible for the development of three-phase UPS product and technology.
	P.Q.D Section	Responsible for the development of APF, power management system product, Energy storage system and technology research.
	New Energy Section	Responsible for the development of green energy and smart grid product and technology.
	Mechanical Design Section	Responsible for all products' exterior and mechanical designs.
	Technical Support Section	Responsible for the general support (i.e. construction of BOM, patent and safety regulation application, document management, acquisition of R&D samples and so forth).
	Software Section	Responsible for the development of software bundled with products and the system platform for Cloud computing.

The accumulation of know-how that we have grasped from pre-development, development, and post-development of various products enabled the R&D Department to accrue its IP assets. Strengthening innovative R&D and acquiring patents have become a vital strategy for businesses to remain competitive in the market. During the past few years, Ablerex has experienced significant growth in the number of local and foreign patents received and these patents brought concrete benefit to the improvement of our technical capabilities. With relevant deployments in place, our IP assets enabled us to

engage in technical exchanges with major international players and even take part in collaboration models of licensing patent rights through technical exchanges. This not only enhanced the company's reputation in terms of its technical capacity and brand value in the industry but also boosts customers' confidence in our technical capabilities. Consequently, our IP assets offer profound positive impacts on our business expansion.

Status of trademark application Unit: No. of case

Region	Trademark			Total
	Pending	Approval announced	Certificate collected	
Taiwan	0	0	5	5
China	0-Ablerex 0-Suzhou	0-Ablerex 0-Suzhou	6-Ablerex 2-Suzhou	6-Ablerex 2-Suzhou
USA	0	0	3	3
EU	0	0	5	5
Total	0	0	21	21

Status if trademark application as of Feb 10, 2020.

Status of patent application: including patents received and on processing

At present, Ablerex has acquired a total of 131 patents, and 128 of which are patents of invention. These patents have been utilized on our main products and aptly reflect Ablerex's capacity for research and innovation.

Region	Application Status	UPS	APF	SOLAR	BMS	ESS	Total
Taiwan	Patent received	13	13	13	5	3	47
	Under review	0	0	4	0	2	6
	certificate processing	0	0	0	0	0	0
Taiwan Total		**13**	**13**	**17**	**5**	**5**	**53**
China	Patent received	12	13	11	5	2	43
	Under review	0	0	2	1	2	5
	certificate processing	0	0	0	0	0	0
China Total		**12**	**13**	**13**	**6**	**4**	**48**
USA	Patent received	13	13	11	2	2	41
	Under review	0	0	1	1	0	2
	certificate processing	0	0	0	0	0	0
USA Total		**13**	**13**	**12**	**3**	**2**	**43**
Italy	Patent received	0	0	0	0	0	0
	Under review	1	0	0	0	0	1
	certificate processing	0	0	0	0	0	0
Italy Total		**1**	**0**	**0**	**0**	**0**	**0**
Total		**39**	**39**	**42**	**14**	**11**	**145**

Number of patent applications as of Feb 10, 2020

Paper

The publication of technical papers not only brings exposure to the company but also represents the company's level in terms of innovative technology. Through the participation in various conferences and paper publication, we aim to draw more opportunities for collaboration.

Looking towards the future with numerous competitors in the global market, given our existing resources, we ought to dedicate more attention to innovation so as to propel business growth. Through commitment of resources to patent and paper strategies and deployment, we shall gradually accumulate Ablerex's IP asset, which will no doubt prove invaluable to the company's overall competitiveness in the future.

Journal Paper: Unit: Article

Document Type		No. published	Total
Periodical articles	Local	15	35
	Overseas	20	
Conference paper	Local	16	27
	Overseas	11	
Total		62	

Papers published as of Feb 10, 2020

(2) R&D staffs and their academic credentials

As of Feb 10, 2020, we have a total of 123 employees on our R&D staff, with their academic credential distribution as shown in the table below:

As of Feb 10, 2020／Unit: Person

Academic credentials	PhD	Masters	Bachelor	College	Senior High School	Total
No. of employees	2	66	50	2	3	123
Percentage	1.63	53.66	40.65	1.63	2.43	100.00%

(3) Research and Development Expenses in the Past Five Years

Item \ Year	2015	2016	2017	2018	2019	2020Q1
R&D Expense	125,720	139,208	144,289	151,895	142,655	36,061
Revenue	2,737,210	2,421,044	2,394,838	2,530,613	2,462,390	526,927
Rate of Revenue	4.59%	5.75%	6.03%	6.00%	5.79%	6.84%

(4) The following is an overview of the technologies and products that Ablerex has successfully developed:

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
2019	UPS	Line-interactive UPS PSA4 500VA~1500VA	Featuring new full-bridge architecture, the new model offers the following advantages: 1. Improved efficiency. 2. Compact PCB 3. Low cost 4. Higher power wattage 5. Autonomy time longer than Glamor 6. Support dual channel of communication Simultaneously (Wife, RS232 and USB)
		Line-interactive UPS PST4 350VA~850VA	Power strip form factor 1. higher efficiency 2. Compact size 3. Low cost
		On-line UPS ARES 1K~3K RT / Tower Model for 230Vac System	1. Increased product capacity (power factor increased from0.9 to 1.0) 2. Wifi Adopted for friendly interface 3. Versatile battery bank configurations (1K: 2-3 batteries; 2K: 4-6 batteries; 3K: 6-8 batteries)
		Line-interactive UPS Clumbus 750VA~3kVA For 230Vac system	1. Increased product capacity (power factor increased from0.6 to 0.7) 2. New added SNMP and DryContact Card 3. LCD panel display function
		Line-interactive single phase UPS Clumbus 750VA~3kVA For 120Vac system	1. Improve power factor of current product from 0.6 to 0.7. 2. Increase SNMP and DryContact Card 3. LCD panel function 4. UL certified model
		A.T.S. (Auto Transfer Switch) iTS with CAM	1. Switching time from 21ms~16ms. 2. Support firmware update of USB 3. Initial output relay at N.O. position 4. Support Emergency power off function 5. High MTBF design
		Three-phase UPS TAURUS 10K~100K	1. Adopted a new three-level architecture to significantly improve the unit's overall operating performance 2. Input power factor increased to PF=1.0 3. New accelerated ECO operation mode with transferring speed < 3ms
		Three-phase UPS Kronos 10K~40K	1. Adopted a new three-level architecture to significantly improve the unit's overall operating performance 2. Input power factor decreased to PF=0.9 to be highly competitive 3. New accelerated ECO operation mode with transferring speed < 3ms
		Three-phase UPS Voltage Sag	1. Adopted a new three-level architecture to significantly improve the unit's overall operating performance. 2. Adopted a long lifecycle capacitor back to replace the battery. Backup loads from utility voltage

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
			problems. 3. Capacity can be extended up to 6 units of total 360kVA/360kW
	Power Management Development	Battery Management System BMSIII plus RF Receiver	In addition to the wireless transmission functionality that is also featured in the previous generation, the product has also been designed with battery voltage equalizer technology to prevent battery overvoltage with greater precision. We have designed with additional function that allows determine battery condition, remaining discharging time, and diagnosing life cycle of deteriorated battery.
		Raspberry Pi Intelligent HMI	Adding a wifi function; moreover, to strengthen the development of Green Product related application software.
		AC PDU2.0 Power System Management	According to the market demand for DC current communication server, we have developed AC PDU power management systems with applications similar to our previous AC PDU, but The main difference is the improvement of measurement accuracy, and its monitoring interface is upgraded from the 7-inch touch panel to the Raspberry Pi intelligent interface.
	APF	APF ESD34 150/100A	Features immediate response control that delivers outstanding transient response for the APF by enabling immediate compensation at any point during each current cycle. We have also increased product compensation capacity and catered to the demands for IP00/IP20.
		APF 480V UL	In addition to the breakthrough of existing product architecture and technology utilization, the product is more compliant with existing international safety regulations, making its distribution more extensive.
		APF 80A Rack Module	Next-gen product that offers significant improvement in power density to reduce spatial requirement for installation. Next-gen hot swapping technology. New controller that adds all-level harmonics compensation and load balancing mechanism. Adopting a multi-level switching structure, the product reduces IGBT switching loss while increasing the number of harmonics compensation while correcting power factor.
		APF 80A Wall Mount	Next-gen wall mounted product that offers significant improvement in power density to reduce spatial requirement for installation.
		APF 60A/100A	In addition to improving the current product architecture and technology, adding different capacity parallel applications makes this product portfolio more flexible.
		SVG 70kVAR	Speed up the Reactive Power Compensation response in half cycle (10ms) to reach the target of requiring compensation of load
	ESS	Single Phase Residential ESS	The ESS includes smart meter(ESS-MET), inverter (ESS-INV), and battery module(ESS-BAT).
		Energy Storage System	Through the smart meter interface, the user can

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
		ESS5000/4000/3300	command the Self-consumption function based on the calculation of voltage, current, and power factor through out the controller. The controller will automatically order the command to the rectifier to adjust power generation from solar panel and battery discharge/ charge power. This system also fits to time-of-use pricing program users that throughout the setting of smart meter, users will be able to control discharging or charging electricity by adjusting the setting of off peak and on peak time-of-use periods. Users can buy electricity in the off peak period to storage into the system and sell these storage electricity in the on peak period to accomplish the goal of saving energy resource and the most efficiency way of use. Our ESS inverter can use any batteries as long as the voltage of inverter matches the voltage of battery bank within the range of 40~60V. The customer can consider choosing our ESS Li-ion battery module option which includes the Battery Management System in it. Our system is suitable for the Lead-acid, Lit-ion, LiFePO4, SiC, Seawater battery, etc.
	GPS	Three-phase PV inverter ES52000	This three-phase 52kW PV product can be used with solar modules, and the number of parallel units can reach the best operating point to achieve the best cost of the solar power system; intelligent MPPT tracking can effectively increase the overall power generation of the solar system. Products will be higher competitive.
		Three-phase PV inverter ES 60000	This three-phase 60kW PV product is used in the 480Vac system, and further provides PV inverter energy density to make the product more competitive.
		Single-phase PV inverter ESJ5500 For Japan market	This single-phase 5.5kW PV product is to comply with JET certification in Japan; in addition, it has installed with the output voltage circuit for the disaster prevention usage. This product can be widely applicable in numerous areas that it will possibly be developing our single-phase ESS in the foreseeable future.
		Single-phase PV inverter ES5500H	To modify an existing product of ES5000H, we select the outer case made of aluminum material, in order to improve its heat dissipation performance. The capacity of the machine increases 10% with the same material cost as the previous model, and we are hoping this modification will help increasing our product's profit margin.
		Single-phase PV inverter ES7200HC	As the solar panel production improves year after year, panel efficiencies continue to improve as well. To apply to the improvement of solar panel and market's needs, we have developed a new inverter of 7.2kW model. This new inverter is designed with single MPPT function and 1000V DC input, in order to rise power density and to make the product lighter.

Year	Product Category	Successfully developed technology or product	Description of characteristics/purpose
		Taiwan CNS15382 Grid regulation	In response to Taiwan's enactment of national grid-connected regulations, the full range of PV inverter models sold in Taiwan are about to reach the requirements of the standard.

5.1.4 Long-Term and Short-Term Business Development Plans

(1) Short-term business development plan

① Product strategy

Complete medium and low-category single-phase UPS product lines, aiming at different market and customer needs, strengthen the company's product advantages, provide reasonable C/P value products, retrieve customer trust, and increase market share.

② Production strategy

Optimize the supply chain management, ensure the quality of the supply materials, and reduce the stock of spare and meet the flexible production needs; adjust the production process, increase the proportion of automation, improve production efficiency and product quality.

③ Marketing strategy

Adopting a strategy of adapting to localization, implementing localized operations, striving to be close to the market, strengthening potential customer development and relationship maintenance, quickly responding to customer needs and strengthening after-sales service, improving customer satisfaction, and strengthening market position.

④ Financial coordination

Based on the principle of steady operation, the company uses its own funds and operating surplus as the main working capital, but it will also use bank financing in a timely manner in order to seek ROE optimization.

(2) Long-term business development plan

(A) Product strategies and goals

In terms of product development, the company shall adhere to the following: strategies:

① Making our existing product lines more comprehensive so as to offer more choices to our customers while attracting more potential customers to improve sales and raise our market share.

② To refine and deepen our ODM/OEM collaboration models with leading manufacturers around the world and jointly development mainstream products so that we could become the main supplier or partner of strategic alliance with leading manufacturers. This will allow us to expand our scale of production, improve product quality, lower our costs and in turn make the company more competitive as a whole.

③ Close integration between new product development, our core technologies, and patented technologies to boost our products' competitive edges and enhance our lead against other competitors in terms of technical capabilities.

④ Close coordination with the development of new energy technologies and foray into the research and development of relevant products for green and

renewable energies such as solar PV and fuel cells so as to enhance their applications in “smart power grid”.

With the aforementioned strategies, Ablerex is confident that it will rise to become a major player in the global supply chain with significant presence as we shall not only have outstanding manufacturing capabilities and energy but also leading core technologies. We will strive to become a leading manufacturer in Taiwan and a major collaboration partner for leading companies around the world.

(B) Production strategies

① Improve upon existing manufacturing processes to achieve compliance with relevant eco-friendly standards and green product development by launching pollution-free processes.

② Transition to modular production for all pre-production processes in order to boost productivity while reducing occurrences of errors, thereby achieving the two-fold objectives of rapid production and high quality.

③ Utilize automated production equipment (NCT, AI, SMT, ICT and so forth) and automated testing equipment (ATE) to boost productivity, improve quality while lowering costs.

④ Implement total quality management to maintain optimal internal operation at all times.

(C) Marketing strategies

In order to attain continual improvement in the company’s sales, expand the market share of our products and increase the value of Ablerex in the global supply chain, we shall adhere to the following marketing strategies:

① To deliver the best services in all our processes and all aspects of our operation.

② To demonstrate Ablerex’s existing core technologies and capabilities and our determination and drive to carry onward in our improvement of technical capabilities.

③ To fortify our search and collaboration with other leading companies around the world and foster partnerships so that we could become one of the primary suppliers of mainstream products in the business.

④ To expand our original product and establish distribution channels for specific products in appropriate region/territory.

⑤ To collect information of local market, connect with our customers and deliver prompt services through our offshore locations.

(D) Financial strategies

① To strengthen exchange management and make appropriate use of financial hedging tools to ensure our costs and revenues, thereby reducing the risks and losses from foreign exchanges.

② To make appropriate use of financial leveraging to lower operating costs.

③ To expand our fundraising channels into the capital market so that we can obtain funding at lower costs and facilitate relevant expansion plans.

(E) R&D strategies:

① To focus on development continuously for products about power quality improvement and power supply reliability.

② To inject more R&D resources for new energy, renewable energy, energy

recycling, and energy conservation so that we could develop relevant products for the market in the future.

③ To insist on technological innovation and continue with aggressive patent deployment so that we can strengthen our technical competitiveness.

5.2 Market and Sales Overview

5.2.1 Market analysis

(1) Sales (Service) regions

Unit: NT$ thousand, %

Item \ Year		2019	
		Amount	%
Domestic operating income		1,075,536	43.68%
International operating income	Asia	789,866	32,08%
	America	93,678	3,80%
	Europe	491,033	19,94%
	Other	12,277	0.50%
Total		2,462,390	100.00%

(2) Market share (%) of Major Product Categories in the Last Two Years

Ablerex is primarily involved in the production and distribution of UPS, APF, PV Inverters, and the subcontracting of power related projects. Presently, we have many competitors in the domestic market, including PCM, Delta Electronics, CyberPower and so forth. However, our products and products from these competitors are distinctively different and as most of these products are customized products, relevant information have been difficult to obtain. This renders a precise calculation of market share to be impossible.

(3) Supply & demand and potential growth of market in the future

① UPS

Despite the long history of the UPS industry, the sector still has much room for growth waiting for businesses to commit and cultivate. Even though the migration of local businesses may significantly reduce the quantity of factory equipment in Taiwan, UPS manufacturers will still be able to locate new market and point of entry. With the prevalence of PC systems and the growing sophistication of machinery functions, end users will grow to better appreciate the necessity and importance of UPS systems. In addition to enterprises and server rooms where UPS have long played a vital role, UPS products have gradually found their way to general consumers. Between large and sophisticated home multimedia entertainment systems and personal PCs, the demand for UPS is starting to stem from even the average consumers.

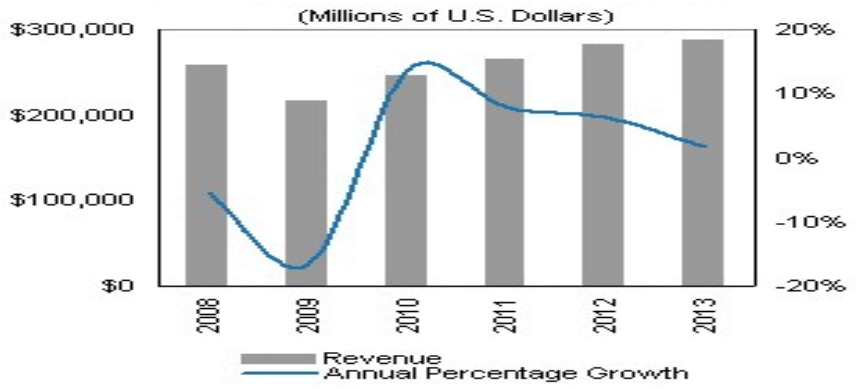
② APF

With the rapid development of high-tech industries, literally all of their precision instruments require high quality power systems in order to maintain normal operation. However, as most of the high-tech instruments run non-linear load (such as the semiconductor industry), they generate substantial amount of harmonics current pollution that has adverse impact on power quality, leading to issues such as voltage distortion, overvoltage, and even equipment failure. Consequently, APFs have been installed to mitigate the harmonic currents

generated by the load and have therefore been perceived as valuable investments.

In the mid-year update of "Semiconductor Applications Forecaster" published by the American market research organization IDC in 2011, the global semiconductor sales in 2012 will achieve an annual growth of 5% to reach US$ 318 billion and by 2015, the global semiconductor sales will reach US$ 378 million, with compound annual growth rate at 6% spanning from 2010 to 2015. It is therefore natural to predict that the demands for APF will increase as the

Fig. 1: Global Semiconductor Revenue Forecast



Source：iSuppli，2009年09月

③ PV Inverter

According to IMS Research's prediction, the market for PV inverter will continue to grow, with more noticeable growth in demand in 2020. The demands for small business building PV system (usually between 10~100kW) and PV stations (typical installation of 500kW or higher) are expected to grow more significantly while the demand for residential PV system will be less apparent.
It is estimated that approximately 60% of the PV system installation in the future will take place in Asia, mainly China, and the majority of them would be PV stations. As for residential PV systems, Japan will be the only market that may promise some potential.

④ Residential Energy Storage System

According to Energytrend's prediction, the ESS market will continuously grow in future. Especially clear and more needs after 2018 to 2020. We estimate the demand of ESS converter(normally 5kW) will likely increase in the foreseeable future.

(4) Competitive niche

Factors such as the yield rate of UPS, productivity and specifications have become the key criteria that global leading brands and channel operators use as guidelines in their selection of UPS supplier. Presently, Ablerex has the following competitive edge in terms of its marketing, product development, and manufacturing process:

① Marketing

The company has been actively taking part in major local and international electronics fairs in recent years and has achieve significant exposure in the global

sector chains. In addition, our products have received safety certifications in numerous countries and this helps to facilitate the expansion of our business. We also offer a comprehensive selection of small and micro UPS products that can satisfy customers' varying needs. With our positive image and solid R&D capabilities, the company has proven itself to be capable of developing new products in accordance with customers' needs and this has in turn made Ablerex a preferred partner of collaboration for international brand names compared to other local competitors. Consequently, this will be beneficial in our search for ODM/OIM collaboration opportunities.

② Product development

With UPS products becoming more compact and more intelligent with modular and network functionalities, Ablerex has shifted its core technologies towards the development of high speed and high precision. In terms of product development, the company not only has adequate capacity for relevant software and hardware design but also managed to reach top class level when it comes to product development speed and design quality. We are capable of working with customers' needs to make relevant changes and technological reforms to launch new products at the right timing so that we are able to compete in the market with products of better performance, superior quality at lower costs.

③ Manufacturing process

Manufacturing process improvement is an important factor in the control of production costs, while quality stability functions as a critical criterion of customer satisfaction and future business expansion. And as such, we have carefully planned and mapped out the entire manufacturing process for the development of new products and have been making continual improvement on our process and quality control so as to facilitate manufacturing processes while lowering relevant costs and enhancing quality. Ablerex has the professional manufacturing capacity to handle independent product development, software design, manufacturing, automated assembly, and testing. Not only that, we deliver products of outstanding quality, punctual shipping schedules and comprehensive after sales services to stay competitive in the market.

(5) Favorable and Unfavorable Factors in the Long Term

① UPS and APF

Favorable factors

A. Continual upgrading of high-tech industries to propel the continual increase in the demand for UPS and power quality improvement

As high-tech industries upgrade their production capabilities, they would inevitably use more expensive manufacturing processes of higher precision. As a result, their demand for power quality would grow in proportion, thereby driving up the demand for UPS and APF to improve their power quality.

B. Superior R&D capabilities to achieve stable product quality

After accumulating years of experience and expertise from independent research, Ablerex has obtained 131 patents, and 128 of which are invention patents that have been featured on our key products. Not only that, we have also been accredited to ISO 9001 and ISO14001 standards that speak for our

high product quality. At the same time, we have also improved our productivity and expanded our production capacity to satisfy the needs of our customers.

Unfavorable factors

A. Product diversification may impede the improvement of production efficiency

With different equipment requiring different capacities and power factors for UPS and APF products, our product lines have become more diverse and this is disadvantageous to the improvement of production efficiency.

Counter-strategy:

We shall improve our production-distribution coordination to achieve precise control of product delivery schedules and monitor changes in market demand at all times through information systems. The manufacturing department will also make flexible adjustments to its production plan in order to better manage the delivery schedule and satisfy our customers' needs without compromising the benefits of concentrated batch production.

B. Low energy storage density that is unable to cater to the need for long operation duration

The greatest drawback of battery banks used for normal UPS systems is their low energy storage density. In order to construct a large scaled energy storage system, the batteries would take up substantial physical space.

Counter-strategy:

Due to cost considerations, normal UPS systems use lead-acid batteries. In the future, lithium batteries that offer higher storage density and longer lifecycle might become a viable alternative. Although lithium batteries are significantly more expensive, with the advancement in battery technology and development of electric car batteries, its development in the future is still worth looking forward to.

② PV Inverter

Favorable factors

A. Continual demand for energy keeps international oil prices up

With the rise of emerging nations such as China, India, Brazil and the ongoing growth of US and European economies, the global demand for energy has continued to grow. In addition, as the global petroleum reserve declines over the years, international oil prices have remained high and thus driving nations around the world to seek for alternative energies to mitigate the rising energy costs and energy shortage. Among the alternative energy sources, solar power has received the most abundant investments. With the certainty of growing energy demands in the future, the use of renewable energy will become more prevalent.

B. Growing awareness for environmental protection

The Kyoto Protocol prescribes specific targets of greenhouse gas reduction and is supplemented with multiple flexible operating regulations such as emission trading clean development mechanism and joint implementation. The protocol also touched on the issues of environmentally harmful subsidy reform. The Copenhagen UN Climate Change Conference also involved negotiations of greenhouse gas emission goals with specific carbon reduction

objectives and discussions on assisting developing nations to combat global warming. These events have gone to show that the issue of environmental protection is of primary concern to nations around the world and due to the considerations for sustainability, governments will no doubt actively develop renewable energy industries.

C. Government subsidies to reduce installation costs

Due to the low conversion factor of solar power at present, the cost of solar PV generation is still higher compared to other traditional means of power generation. The relatively expensive costs of solar PV system installation will no doubt create additional economic strains on the general public that wishes to have solar PV systems. And as such, governments around the world have promulgated subsidy policies, causing the solar PV market to experience explosive growth and continual increase in market demand.

Unfavorable factors

A. Increase in the number of competitors, leading to intense price competition

With the demands gradually growing, there will inevitably be more competitors in the business, only to be followed by price wars and struggle for orders with lower pricings. This would in turn impact the profit margin for products.

Counter-strategy:

The company shall continue to research and innovate in the future so that we can develop products of higher efficiency and functions and other high-end products to differentiate from the low-cost market. In addition, we will also commit more resources to the development of other alternative energies to stay competitive.

B. The industry is susceptible to the impact of government policies

As the solar PV industry is susceptible to the impact of government policies, product demand may become limited during period of depression when the government is likely to cut down on subsidies to reduce spending.

Counter-strategy:

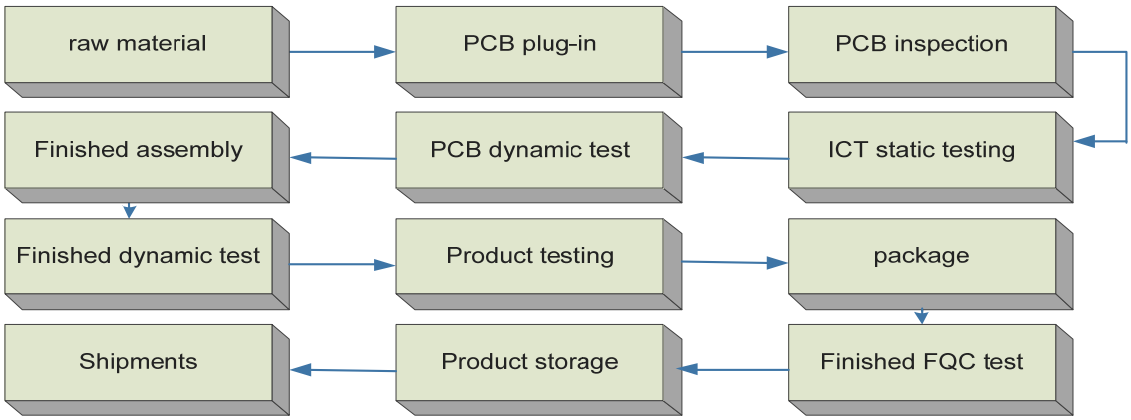
We will continue to develop new customers and cultivate new customer base in different countries to better understand the needs of our future clients. In addition, we will foray into the respective markets to lower the risks of being overly dependent on the distribution in specific regions.

5.2.2 Production Procedures of Main Products

(1) Primary purpose of main products

Main product categories	Purpose & Functions
UPS	At the moment of power failure, the UPS will temporarily supply power from its battery bank to prevent damages on PC, communication device, consumer electronics, high tech products medical equipment and so forth due to power disruption or power surge.
APF	Generates a compensatory current that is of the opposite phase of the harmonics at the load to effectively improve power quality while preventing excessive harmonic currents from causing interferences or damages on power equipment or production processes.
PV Inverter	Utilizes DC current from solar PV cell and converts it to AC currents similar to the power from city power grid for direct usage or parallel connection to the power grid. PV inverter is a key component in solar PV generation systems.
ESS	The ESS includes smart meter (ESS-MET), inverter (ESS-INV), and battery module (ESS-BAT).

(2) Major Products and Their Production Processes



(3) Supply Status of Main Materials

The main raw materials used for our products include battery, transformer, semiconductor parts, plastic materials, metal cased PCB, wire materials, and so forth and these are sourced by a number of suppliers. However, the ratio of supply for these materials have been carefully managed to prevent over-concentration of order for specific suppliers. In addition, Ablerex has maintained positive collaboration with most suppliers over the years and in an effort to ensure supply stability, we have made an effort to stay in touch with other suppliers. And as such, supply status has been positive for Ablerex and no incident of short supply or supply disruption has occurred.

(4) **Major Suppliers and Clients**

A. Major Suppliers (10%) in the Last Two Calendar Years

Unit: NT$ Thousand; %

Year	2018				2019					2020Q1				
Item	Name	Amount	%	Relation with issuer	Item	Name	Amount	%	Relation with issuer	Item	Name	Amount	%	Relation with issuer
1	SOCOMEC	87,149	5.50%	None	1	SOCOMEC	84,638	5.66%	None	1	SOCOMEC	29,141	10.14%	None
2	Other	1,497,808	94.50%	-	2	Other	1,409,801	94.34%	-	2	Other	258,124	89.86%	-
	Total	1,584,957	100.00%	-		Total	1,494,439	100.00%	-		Total	287,265	100.00%	-

Cause of change: None

B. Major Clients (10%) in the Last Two Calendar Years

Unit: NT$ Thousand; %

Year	2018				2019					2020Q1				
Item	Name	Amount	%	Item	Name	Amount	%	Item	Name	Amount	%	Item	Name	Amount
1	(F)	331,103	13.08%	None	1	(A)	238,692	9.69%	None	1	(A)	64,887	12.31%	None
2	(A)	282,672	11.17%	-	2	(F)	101,797	4.13%	-	2			0.00%	
	Other	1,916,838	75.75%	-		Other	2,121,901	86.17%	-		Other	462,040	87.69%	-
	Total	2,530,613	100.00%	-		Total	2,462,390	100.00%	-		Total	526,927	100.00%	-

Cause of change: None

(5) **Production in the Last Two Years**

Unit: piece; NT$ Thousand

Year / Major Products	2018		2019	
	Capacity	Amount	Capacity	Amount
UPS	251,849	959,514	214,858	864,097
APF	2,753	104,210	1,748	55,737
PV inverter	8,424	251,256	6,551	235,013
Project	Note	813,945	Note	765,384
Other	Note	1,542,456	Note	1,580,614
Total	263,026	3,671,381	223,157	3,500,845

Note : The company factory mainly produces UPS, APF equipment, PV inverters and related components (PCB'A), components of each system for different equipment, so the data is non-comparative.

(6) Shipments and Sales in the Last Two Years

Item \ Year	2018				2019			
	Local		Export		Local		Local	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
UPS	198	2,977	220,791	932,384	176	2,434	202,440	983,975
APF	-	-	1,880	156,369	-	-	1,504	124,413
PV	1,023	26,294	29	876	1,143	30,476	101	2,194
Project		1,055,356		5,483		958,810		-
Other		78,076		272,798		83,816		276,272
Total	-	1,162,703	-	1,367,910	-	1,075,536	-	1,386,854

5.3 Human Resources Analysis

Number of employees, average seniority of service, average age and education distribution ratio for the last two years and as of April 30, 2020

Apr. 30, 2020, Unit: people, age, %

Year		2018	2019	2020/4/30
Number of Employees	Direct Labor	160	129	143
	Indirect Labor	95	84	94
	Administrative staff	406	432	410
	Total	661	645	647
Average age		35.38	35.9	37.2
Average seniority of service		6.54	7.03	6.8
Education (%)	Ph. D.	0.30%	0.31%	0.31%
	Masters	13.16%	12.87%	13.29%
	Bachelor's Degree	27.08%	27.13%	29.52%
	College	18.46%	21.24%	19.78%
	Senior High School	24.96%	23.10%	21.79%
	Junior High School and below	16.04%	15.35%	15.30%

Note : The numbers are for all group

5.4 Environmental protection Expenditure

5.4.1 Total Losses and Penalties

According to the law, the applicant shall apply for the establishment of a permit or pollution discharge permit or should pay pollution control costs or the establishment of environmental protection units responsible for the person, the application, payment or establishment of the statement: the company in the production process and No major sources of pollution, but in order to avoid changes in the law also set up environmental protection personnel, and regularly check the status of the law to determine whether the impact of the company's operations.

5.4.2 Major equipment to prevention and their usage and potential benefit : None.

5.4.3 Until the date of publication, any improvement in environmental pollution for past two years : None

5.4.4 (Including remedial measures) and possible expenses (including non-response measures that may occur in the future due to the total amount of the damage suffered by the Company in the last two years and as of the date of publication) Loss, disposition and indemnity, if it is not reasonably possible, it shall state the fact that it can reasonably be estimated. : None

5.4.5 The current pollution situation and its improvement on the company's earnings, competitive position and capital expenditure and the expected impact of the next two years of major environmental capital expenditure: None.

5.5 Labor Relations

5.5.1 Employee's welfare package, education and training, retirement plan, and employee rights

(1) Employee's welfare package:

In addition to following the Labor Standards Act and the relevant regulations, Ablerex provides group insurances covering healthcare, accidents, and health examinations for employees. Ablerex also established the Employees' Welfare Committee which is in charge of employees' welfares including subsidies of weddings, funerals, in hospitals, and birthing, and holds activities regularly, such as birthday parties and domestic/foreign trips, to take care the life of employees.

(2) Education and training:

Ablerex holds internal management and specialist training program and encourage employees to attain courses and training held by professional institutions in order to enhance the proficiency and core competitiveness of employees. The education and training records are as follows:

Item	Courses	Trainees	Hours	Costs
1. Training for New employees	4	58	232	0
2. Specialist training	175	158	1,179	180,233
Total amount	179	216	1,411	180,233

(3) Retirement plan and the implementation:

Ablerex has formulated the retirement and pension plans for employees according to the Labor Standards Act. A certain percentage of salary payment is allocated as retirement reserve funds and if it is not enough for the payment of pension, the additional part will be listed as expense in the financial reports.

Since the implementation of Labor Pension Act in 2005.7.1, for the employees, adopting the defined contribution plan of pension, the pension fund will be paid and deposited in the personal pension fund account for no less than 6% of monthly salary by Ablerex.

(4) Employee rights:

Ablerex has advocated to humane management and set up many channels for employees to communicate with employers. Ablerex thinks highly of all kinds of employees' welfare and feedbacks of communication, so that Ablerex has harmonious relationship between employer and the employees. There is no any dispute on labor relation to be negotiated since Ablerex established. Yet, Ablerex still devote to better employees' welfares to enhance the harmonious labor relation and to prevent any possible labor disputes.

(5) Code of employee's conduct and ethics:

Ablerex has stipulated "Ethical Corporate Management Principles" and relevant managerial regulations for Directors, Managers, and employees to prohibit unethical behaviors, the chances of pursuing personal interests, bribery, to protect and properly

use the assets of the company, to abide by regulations, and to encourage to report any illegal or unethical behaviors.

(6) Working environment and worker's safety protection:

Ablerex deals with employees' safety and health under the regulations of "Occupational Safety and Health Act" and relevant laws to prevent occupational accidents and to protect the safety and health of all employees. Ablerex also follows "Act of Gender Equality in Employment" and "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to maintain the equality opportunity of both genders and to provide a working environment without sexual harassment. Personnel entry and exit of office are controlled by security system to keep employees safe.

No.	Target	Solution	Status	Execution
1	Change to lead-free product	10% leaded product change to lead-free product	There are still very few leaded products in the Company, although it still complied with international standard, but also as a goal to go.	Lead-free raw materials and lead-free electrical product development test, the production line has been fully changed accordingly.
2	10% recycling of Office total used	program for A4 paper and laser printer cartridge recycling	Recycling	Set A4 recycling paper dedicated machine, toner cartridges are re-transfer manufacturers to use
3	Energy saving and carbon reduction and improvement	Saving water saving measures	The company set the energy policy in 2019, electricity consumption decreased by 1% compared with 2018,(result is increasing 9.43%) water consumption decreased by 2% compared with 2018, (result is increasing 4.44%)	1. Implement energy conservation and reduce electricity expenses. 2. Central air-conditioning use period control. 3. master the various units of electricity, to review the possible loss of power. 4. Analyze the rationality of electricity and set the optimal contract capacity. 5. The faucet is equipped with a water-saving device to reduce the amount of water. 6. Use water-saving equipment when replacement.

Follow-up activities on environmental and occupational safety and health promotion

A. Harmful substances limit (ROHS)

ROHS in July 1, 2006 came into effect, the products sold to the EU shall not contain lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ether and other six hazardous substances. The Company actively promote green production and procurement, to achieve in the process, and has been

with the main customers to meet the products without harmful substances, access to customer recognition.

B. Plan for Occupational Disaster Prevention

In order to achieve the goal of zero disaster, the Company plans to prepare the annual occupational disaster prevention plan at the end of each year, and then formulate detailed implementation plans according to the contents of the occupational disaster prevention plan, and will be implemented by the institution according to the planned time and content. The system explores the lack of implementation, at every three months of the safety and health committee or the labor meeting, to fix the occupational disaster prevention plan. In accordance with the resolution of the Safety and Health Committee during the year, we will set down the occupational disaster prevention plan, re-implementation, re-audit, review and revise the plan for the next year. We will continue to reduce the risk of harm to the public through the PDCA The ultimate goal of the disaster. Once an accident occurs, it will require countermeasure. There were 5 accidents for work safety in 2019 and all of them are traffic accidents involving employees on the way to and from work. The team is required to understand and improve the working conditions of the employees. Employees are required be careful on the way to and from work. At the same time, Work safety's inspections will also be implemented from time to time, and a total of 15 improvements proposed.

C. Implement the automatic check

Employees in the face of different operating environment, process, operation and operation, may be due to unsafe operations, equipment or management and other factors, resulting in physical harm, to this end, the company is actively promoting the automatic inspection, this is a measure to promote the discovery of potential hazards, and strive to improve and effectively control. The company automatically checks the items, including equipment, the use of raw materials, operating environment, operating machinery and motor vehicles.

D. On-site job environment measurement and personal protection of employees

In the implementation of the operating environment of the Company, the operating environment measurement plan containing the sampling strategy is prepared, and the project is collected from the basic data collection, the process flow and the hazard record. Through the observation, interview record, survey, (CO2), noise, ... and so on.

Site workplace planning safety line, the protection part of the necessary equipment, such as the protection of protective equipment, earplugs, etc., on the part of the staff assigned to the safety shoes to strengthen the protection. Regular health check every three years, the most recent implementation date 2018.07.27.

E. Strengthen corporate social responsibility to take care of employees

In the spirit of corporate social responsibility, the Company has a Code of Ethics on Employee Practitioners, which clearly protects

employees' work fairly and maintains their work. We also set up the Supplier Corporate Social Responsibility (CSR) Code for Supplier Management and Specifically, they are required to sign back the declaration, the specific requirements of the staff must also protect the rights and interests.

5.5.2 Any current or potential loss resulting from labor disputes and prevention actions for the past 2 years and as of the date of this annual report:

Ablerex values the welfare of all employees and has harmonious relationship between employer and the employees. Ablerex has no major dispute on labor relation in the past 2 years and up to the printing date of this Annual Report. Therefore, there should be no concerns on the loss resulting from labor disputes.

5.6 Important Contracts

Principal current contractual agreements shown below were effective or expired during the most recent reporting period:

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing contracts	Chang Hwa Commercial Bank	2019.06.30~2020.06.30	Comprehensive credit line	None
Financing contracts	Taipei Fubon Bank	2019.11.13~2020.11.13	Comprehensive credit line	None
Financing contracts	China Trust Commercial Bank	2019.12.01~2020.11.30	Comprehensive credit line	None
Financing contracts	E.Sun Commercial Bank	2019.12.18~2020.12.18	Comprehensive credit line	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet/Income Statement

A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit：NTD in Thousand

Item \ Year		Summarized Balance Sheets of Latest 5 years(Note1)					03-31-2020
		2015	2016	2017	2018	2019	(Note 3)
Current assets		2,009,612	1,856,317	1,778,637	1,763,345	1,848,379	1,666,554
Non-current financial assets at fair value through other comprehensive income		0	0	0	0	81,000	81,000
Real estate, plant and equipment		820,705	924,197	868,528	835,870	788,501	775,610
Right-of-use asset		0	0	0	0	16,267	14,673
Intangible assets		45,696	48,394	45,238	44,326	45,162	45,686
Deferred income tax assets		28,915	30,755	31,762	37,154	45,206	45,731
Other non-current assets		27,900	23,956	25,151	31,182	29,806	27,930
Total assets		2,932,828	2,883,619	2,749,316	2,711,877	2,854,321	2,657,184
Current liabilities	Before distribution	1,101,551	1,141,517	1,080,485	1,078,347	1,256,452	1,104,668
	After distribution	1,247,801	1,276,517	1,192,985	1,145,847	Note 2	-
long-term debt payable		0	0	0	0	5,683	8,117
Deferred income tax liabilities		78,612	78,574	76,392	83,030	81,991	82,598
Income from Lease - non current		0	0	0	0	5,449	3,038
Other non-current liabilities		21,077	22,034	21,793	21,761	23,414	23,470
Total liabilities	Before distribution	1,201,240	1,242,125	1,178,670	1,183,138	1,372,989	1,221,891
	After distribution	1,347,490	1,377,125	1,291,170	1,250,638	1,372,989	-
Shareholders' equity	Before distribution	1,722,150	1,632,863	1,561,092	1,517,642	1,468,689	1,423,671
	After distribution	1,575,900	1,497,863	1,448,592	1,450,142	Note 2	-
Capital		450,000	450,000	450,000	450,000	450,000	450,000
Additional paid-in capital	Before distribution	819,878	819,878	774,878	734,378	734,378	720,878
	After distribution	819,878	774,878	734,378	734,378	Note 2	-
Retained earnings	Before distribution	422,197	375,942	365,749	367,706	336,595	308,744
	After distribution	275,947	285,942	293,749	300,206	Note 2	-
Other equities		30,075	(12,957)	(29,535)	(34,442)	(52,284)	(55,951)
Minority interests		9,438	8,631	9,554	11,097	12,643	11,622
Total shareholders' equities	Before distribution	1,731,588	1,641,494	1,570,646	1,528,739	1,481,332	1,435,293
	After distribution	1,585,338	1,506,494	1,458,146	1,461,239	1,481,332	-

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Earnings distribution of 2019 has been approved by Board of Directors.

Note 3: Audited by CPAs.

B. Consolidated Condensed Income Statement – Based on IFRS

Unit : NTD Thousands

Year / Item	Financial Summary for The Last Five Years (Note1)					03-31-2020 (Note 2)
	2015	2016	2017	2018	2019	
Operating revenue	2,737,210	2,421,044	2,394,838	2,530,613	2,462,390	526,927
Gross profit	639,113	580,672	561,775	611,560	573,933	127,589
Income from	186,002	123,374	96,738	84,632	25,864	885
Non-operating	35,729	16,612	(65)	19,402	17,481	6,236
Income before tax	221,731	139,986	96,673	104,034	43,345	7,121
Income from	176,735	101,503	80,539	74,916	40,555	2,867
Income from	0	0	0	0	0	0
Net income (Loss)	176,735	101,503	80,539	74,916	40,555	2,867
Other	1,491	(45,347)	(16,387)	(4,323)	(20,462)	(3,906)
Total	178,226	56,156	64,152	70,593	20,093	(1,039)
Net income	176,310	101,536	79,610	73,156	39,500	3,649
Net income	425	(33)	929	1,760	1,055	(782)
Comprehensive	177,882	56,963	63,229	69,050	20,331	(18)
Comprehensive	344	(807)	923	1,543	(238)	(1,021)
Earnings per share	3.92	2.26	1.77	1.63	0.88	0.08

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Audited by CPAs.

6.1.2 Stand Alone Condensed Balance Sheet/ Income Statement – Based on IFRSs

A. Stand Alone Condensed Balance Sheet – Based on IFRSs

Unite : NTD Thousands

Item \ Year		Summarized Balance Sheets of Latest 5 years (Note 1)					03-31-2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		1,495,974	1,373,045	1,305,054	1,197,732	1,325,014	N/A
Non-current financial assets at fair value through other comprehensive		0	0	0	0	81,000	
Investment by equities		714,782	723,797	712,703	670,139	640,484	
Real estate, plant and equipment		463,920	610,200	573,660	551,597	533,608	
Right-of-use asset		0	0	0	0	8,623	
Intangible assets		29,352	32,084	28,954	28,053	28,818	
Deferred income tax assets		28,915	30,755	31,762	37,154	45,206	
Other non-current assets		25,648	13,113	15,544	20,802	21,408	
Total assets		2,758,591	2,782,994	2,667,677	2,505,477	2,684,161	
Current liabilities	Before distribution	936,752	1,049,523	1,008,400	883,044	1,107,377	
	After distribution	1,083,002	1,184,523	1,120,900	950,544	Note 2	
Deferred income tax liabilities		78,612	78,574	76,392	83,030	81,991	
Income from Lease - non current		0	0	0	0	2,690	
Other non-current liabilities		21,077	22,034	21,793	21,761	23,414	
Total liabilities	Before distribution	1,036,441	1,150,131	1,106,585	987,835	1,215,472	
	After distribution	1,182,691	1,285,131	1,219,085	1,055,335	Note 2	
Capital		450,000	450,000	450,000	450,000	450,000	
Additional paid-in capital	Before distribution	819,878	819,878	774,878	734,378	734,378	
	After distribution	819,878	774,878	734,378	734,378	Note 2	
Retained earnings	Before distribution	422,197	375,942	365,749	367,706	336,595	
	After distribution	275,947	285,942	293,749	300,206	Note 3	
Other equities		30,075	(12,957)	(29,535)	(34,442)	(52,284)	
Total shareholders' equities	Before distribution	1,722,150	1,632,863	1,561,092	1,517,642	1,468,689	
	After distribution	1,575,900	1,497,863	1,448,592	1,450,142	Note 2	

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Earnings distribution of 2019 has been approved by Board of Directors.

Note 3 : The company doesn't not prepare Stand Alone Report.

B. Stand Alone Condensed Income Statement – Based on IFRSs

Unit : NTD Thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)					03-31-2020 (Note 2)
	2015	2016	2017	2018	2019	
Operating revenue	2,609,108	2,189,098	2,224,269	2,313,012	2,135,634	N/A
Gross profit	441,630	370,493	385,707	448,521	356,228	
Income from operations	161,772	71,271	78,153	121,373	42,839	
Non-operating income/expenses	47,760	51,416	13,089	(25,488)	(2,596)	
Income before tax	209,532	122,687	91,242	95,885	40,243	
Income from operations of continued segments - after	176,310	101,536	79,610	73,156	39,500	
Income from discontinued operations	0	0	0	0	0	
Net income (Loss)	176,310	101,536	79,610	73,156	39,500	
Other comprehensive income	1,572	(44,573)	(16,381)	(4,106)	(19,169)	
Total comprehensive income	177,882	56,963	63,229	69,050	20,331	
Earnings per share	3.92	2.26	1.77	1.63	0.88	

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2 : The company doesn't not prepare Stand Alone Report.

6.1.3 Auditors' Opinions from 2015 to 2019

CPAs and their auditing opinions in the past 5 years

Year	Accounting Firms	CPAs	Audit Opinions
2015	PwC	Philine Lee、Jenny Yeh	unqualified opinion
2016	PwC	Zoe Chou、Philine Lee	unqualified opinion
2017	PwC	Zoe Chou、Philine Lee	unqualified opinion
2018	PwC	Zoe Chou、Philine Lee	unqualified opinion
2019	PwC	Zoe Chou、Philine Lee	unqualified opinion

6.2 Five-Year Financial Analysis

A. Consolidated Condensed Financial Analysis - Based on IFRS

Unit : NTD Thousands

Item \ Year			Financial Summary for The Last Five Years (Note 1)					03-31-2019 (Note 2)
			2015	2016	2017	2018	2019	
Financial structure	Ratio of liabilities to assets		40.95	43.07	42.87	43.62	48.10	45.98
	Ratio of long-term capital to		223.13	188.49	192.14	195.42	202.64	200.16
Solvency	Current ratio (%)		182.43	162.61	164.61	163.52	147.11	150.86
	Quick ratio (%)		95.55	77.91	79.62	71.55	65.03	61.61
	Times interest earned ratio		79.99	69.08	42.46	43.48	8.88	6.07
Operating ability	Account receivable turnover		4.39	4.15	4.11	4.21	4.21	4.27
	Days sales in accounts		83.14	87.95	88.80	86.69	86.69	85.48
	Inventory turnover (times)		2.03	1.74	1.77	1.83	1.69	1.43
	Account payable turnover		4.20	3.78	3.66	4.55	4.59	4.09
	Average days in sales		179.80	209.77	206.21	199.45	215.97	255.24
	Fixed assets turnover (times)		3.48	2.77	2.67	2.96	3.03	2.69
	Total assets turnover (times)		0.93	0.83	0.85	0.92	0.88	0.76
Profitability	Ratio of return on total assets		6.13	3.55	2.93	2.82	1.62	0.14
	Ratio of return on		10.20	6.02	5.01	4.83	2.69	0.20
	Ratio to issued capital stock (%)	Operating income	41.33	27.42	21.50	18.81	5.75	0.20
		Income before tax	49.27	31.11	21.48	23.12	9.63	1.58
	Profit ratio (%)		6.45	4.19	3.36	2.96	1.65	0.54
	Earnings per share (NT$)		3.92	2.26	1.77	1.63	0.88	0.08
Cash flow	Cash flow ratio (%)		21.81	16.59	4.79	10.17	4.65	6.55
	Cash flow adequacy ratio (%)		N/A	55.37	48.65	44.29	54.87	55.94
	Cash reinvestment ratio (%)		2.92	2.19	0.00	0.00	0.00	4.00
Leverage	Degree of operating leverage		2.49	3.39	3.68	4.69	12.84	85.50
	Degree of financial leverage		1.01	1.01	1.02	1.02	1.26	-1.70

*In case that the financial information in IFRSs Regulation less than 5 years, the following table (2) shall be

Note 1: All the financial data stated above have been reviewed by CPAs.

Note 2: Audited by CPAs.

Consolidated Financial Analysis – Under IFRSs

The causes of the financial ratio change over 20% in the last two years:

1. Solvency : Interest Protection Multiples in 2019 decreased 79.58% compared with 2018 due to Income before tax decreased and bank interest increased.
2. Profitability：
   ROA in 2019 decreased 42.55% than in 2018 due to Income before tax decreased.
   ROE in 2019 decreased 44.31% than in 2018 due to Income before tax decreased.
   The ratio of Operating profit over paid in capital in 2019 decreased 69.43% than in 218 due to Income before tax decreased.
   The ratio of Pre-Tax Income over paid in Capital in 2019 decreased 58.35% than in 2018 due to Pre-Tax income decreased.
   Profit Margin in 2019 decreased 44.26% than in 2018 due to Income before tax decreased.
   EPS in 2019 decreased 46.01% than in 2018 due to Income before tax decreased.
3. Cash flow:
   Cash flow ratio decreased 54.28% than in 2018 due to the decrease of net cash inflow from operating activities.
   Cash Flow Adequacy Ratio increased 23.89% than in 2018 due to Capital expenditure, inventory and cash dividend decreased.
4. Leverage :
   Degree of Operating Leverage increased 173.77% than in 2018 due to decreased of Operating Income.
   Degree of Financial Leverage increased 25.53% than in 2018 due to increase of bank interest.

B. Stand Alone Condensed Financial Analysis – Based on IFRSs

Item \ Year			Financial Summary for The Last Five Years (Note 1)					03-31-2019 (Note 2)
			2015	2016	2017	2018	2019	
Financial structure (%)	Ratio of liabilities to assets (%)		37.57	41.32	41.48	39.42	45.28	
	Ratio of long-term capital to fixed assets (%)		392.70	284.08	289.24	294.13	295.49	
Solvency (%)	Current ratio (%)		159.69	130.82	129.41	135.63	119.65	
	Quick ratio (%)		92.93	66.81	69.32	71.82	62.35	
	Times interest earned ratio		474.24	114.50	41.03	57.40	15.14	
Operating ability	Account receivable turnover (times)		4.38	3.93	4.04	4.19	3.95	
	Days sales in accounts		83.00	92.00	90.00	87.00	92.00	
	Inventory turnover (times)		3.42	2.56	2.62	2.86	2.64	
	Account payable turnover (times)		4.74	5.34	7.99	9.84	9.51	
	Average days in sales		106.00	142.00	139.00	127.00	138.00	
	Fixed assets turnover (times)		6.26	4.07	3.75	4.11	3.93	
	Total assets turnover (times)		0.96	0.79	0.81	0.89	0.82	N/A
Profitability	Ratio of return on total assets (%)		6.53	3.69	2.99	2.88	1.60	
	Ratio of return on shareholders' equity (%)		10.23	6.05	4.98	4.75	2.64	
	Ratio to issued capital	Operating income	35.94	15.83	17.36	26.97	9.51	
		Income before tax	46.56	27.26	20.27	21.30	8.94	
	Profit ratio (%)		6.75	4.63	3.57	3.16	1.84	
	Earnings per share (NT$)		3.92	2.26	1.77	1.63	0.88	
Cash flow (%)	Cash flow ratio (%)		16.81	1.59	9.34	18.73	1.61	
	Cash flow adequacy ratio (%)		N/A	37.49	37.65	42.45	38.79	
	Cash reinvestment ratio (%)		0.00	0.00	0.00	3.14	0.00	
Leverage	Degree of operating leverage		2.16	4.12	3.83	2.90	6.14	
	Degree of financial leverage		1.00	1.01	1.03	1.01	1.07	

Note 1: The financial data stated above for last five years have been reviewed by CPAs.

Note 2 : The company doesn't not prepare Stand Alone Report.

Financial Analysis – Stand Alone - Under IFRSs

The causes of the financial ratio change over 20% in the last two years:

1. Solvency：
   The Times interest earned ratio decreased 73.62% than in 2018 due to Income before tax decreased and bank interest increased.

2. Profitability：
   ROA in 2019 decreased 44.44% than in 2018 due to Income before tax decreased.
   ROE in 2019 decreased 44.42% than in 2018 due to Income before tax decreased.
   The ratio of Operating profit over paid in capital in 2019 decreased 64.74% than in 2018 due to Income before tax decreased.
   The ratio of Pre-Tax Income over paid in Capital in 2019 decreased 58.03% than in 2018 due to Pre-Tax income decreased.
   Profit Margin in 2019 decreased 41.77% than in 2018 due to Income before tax decreased.
   EPS in 2019 decreased 46.01% than in 2018 due to Income before tax decreased.

3. Cash flow：
   Cash flow ratio decreased 91.4% than in 2018 due to the decrease of net cash inflow from operating activities.

4. Leverage :
   Degree of Operating Leverage increased 111.72% than in 2018 due to decreased of Operating Income.

Note：Financial Analysis Formula

1. Financial structure
   (1) Ratio of Liabilities to assets = total liabilities / total assets.
   (2) Ratio of long-term capital to fixed assets = (net of shareholders' equity + long-term liabilities) / net fixed assets.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned ratio = before the income tax and interest expense net interest / current interest expense.
3. Operating ability
   (1) Account Receivable Turnover (including accounts receivable and bills due from operations) = Net Sales/Avg. Accounts Receivable (Including Receivables and Receivables due to Operation) Balance.
   (2) Days sales in accounts receivable = 365/receivables turnover.
   (3) Inventory turnover = cost of goods sold/average stock.
   (4) Account Payable Turnover (including accounts payable and bills payable as a result of operations) = balance of cost of goods sold / average payables for each period (including accounts payable and bills payable as a result of operations).
   (5) Average days in sales = 365/inventory turnover.
   (6) Fixed assets turnover = net sales/average net fixed assets.
   (7) Total assets turnover = net sales/average total assets.
4. Profitability
   (1) Ratio of Return on assets = [after tax loss + interest expense × (1-tax rate)] / average total assets.
   (2) Ratio of Return on shareholders' equity = post-tax profit/loss/average shareholder's equity.
   (3) Profit ratio = after-tax profit/loss/net sales.
   (4) Earnings per share = (net profit after tax - special share dividend) / weighted average number of shares outstanding.
5. Cash Flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / recent five years (capital expenditure + inventory increase + cash dividend).
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross fixed assets + long-term investments + other assets + working capital).
6. Leverage：
   (1) Degree of Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
   (2) Degree of Financial leverage = operating interest / (operating interest - interest expense).

6.3 Supervisors' /Audit Committee's Report for the Most Recent Year : Please refer to Page 132 to 134 of the Chinese annual report.

6.4 Financial Statements for the Most Recent Years: Please refer to Page 157 to 227 for the details

6.5 Independent Auditors' Report for stand-alone basis in Most Recent Years: Please refer to Page 135-205 in Chinese Version Annual Report for the details.

6.6 Impact of financial difficulties of the Company and related party on the Company's financial position: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Condensed Financial Position – Under IFRSs

NTD Thousands; %

Item \ Year	2018	2019	Difference	
			Amount	%
Current assets	1,763,345	1,848,379	85,034	4.82
Non-current financial assets at fair value through other comprehensive income	0	81,000	81,000	0.00
Real estate, plant, and equipment	835,870	788,501	(47,369)	(5.67)
Right-of-use asset	0	16,267	16,267	0.00
Intangible assets	44,326	45,162	836	1.89
Deferred tax assets	37,154	45,206	8,052	21.67
Other non-current assets	31,182	29,806	(1,376)	(4.41)
Total assets	2,711,877	2,854,321	142,444	5.25
Current liabilities	1,078,347	1,256,452	178,105	16.52
long-term debt payable	0	5,683	5,683	0.00
Deferred tax liabilities	83,030	81,991	(1,039)	(1.25)
Income from Lease - non current	0	5,449	5,449	0.00
Other non-current liabilities	21,761	23,414	1,653	7.60
Total liabilities	1,183,138	1,372,989	189,851	16.05
Shareholders' equity, attributable to owners of parent	1,517,642	1,468,689	(48,953)	(3.23)
Capital stock	450,000	450,000	0	0.00
Additional paid-in capital	734,378	734,378	0	0.00
Retained earnings	367,706	336,595	(31,111)	(8.46)
Other equities	(34,442)	(52,284)	(17,842)	51.80
Non-controlling equities	11,097	12,643	1,546	13.93
Total shareholders' equity	1,528,739	1,481,332	(47,407)	(3.10)

Analysis of changes in financial ratios, which changes more than 20% and the changed amount is over NT$10 million: None

1.Non-current financial assets at fair value through other comprehensive income： due to investing ECO.COM

2.Right-of-use asset : due to in IFRS16

3.Other equities： Due to exchange differences in the conversion of financial statements of foreign operating office

Effect of Changes in the last two years to more than 20%, and the amount of change of NT $ 10 million or more:

None

7.2 Financial Performance

A. Condensed Consolidated Financial Performance Analysis – Under IFRSs

NTD Thousands; %

Item \ Year	2018	2019	Difference	
			Amount	%
Net Sales	2,530,613	2,462,390	(68,223)	(2.70)
Cost of Good Sold	1,919,053	1,888,457	(30,596)	(1.59)
Gross Profit	611,560	573,933	(37,627)	(6.15)
Operating Expense	526,928	548,069	21,141	4.01
Operating Income	84,632	25,864	(58,768)	(69.44)
Non-operating Income and Expense	19,402	17,481	(1,921)	(9.90)
Income Before Tax	104,034	43,345	(60,689)	(58.34)
Income Tax	29,118	2,790	(26,328)	(90.42)
Net Income	74,916	40,555	(34,361)	(45.87)

Analysis of changes in financial ratios, which changes more than 20% and the changed amount is over

1.Operating Income:mainly due to the decrease in operation income and increase of Expense.

2. Income Before Tax: mainly due to decrease in operation income and increase of Expense.

3. Income Tax: mainly due to decrease in operation income and increase of Expense.

4. Net Income: mainly due to decrease in operation income and increase of Expense.

B. Estimated sales volume and its basis, the possible impact on the company's future financial business and the response plan:

With the booming development of global communication products, Internet, cable TV, wireless base stations, smart grids and cloud demand, the aging of existing global power infrastructure and power grids has led to end-use applications such as personal desktops. PCs, large-scale data centers for enterprises, large-scale computer equipment for public infrastructure, and other types of electronic digital devices all have stable power supply protection requirements, which makes UPS products almost indispensable standard equipment, so the world The UPS industry has shown a steady growth trend in recent years. According to the 2019 report of the industry survey company, if 2018 is the base period, it is estimated that the global UPS market will grow at a complex growth rate of about 3 to 5% every year from 2019 to 2025, and the market size will reach more than US $ 13.5 billion in 2025.

PV Inverter is a part of the solar energy industry. According to the research of Energy Trend, Global demand is expected to continue to grow. Since the addition of 1GW of new grid connections in 2018, the solar energy market in Taiwan has become the focus of global attention. The government has also actively implemented the second phase of the two-year solar photovoltaic project. At the end of September, the cumulative installed capacity has reached 3.8GW, and the adjustment of the new version of the purchase rate in 2020 will help Taiwan move towards the target of cumulative installed capacity of 6.5GW by 2020.

In considering the market development situation and the company's own conditions, besides continuing to expand the ODM and OBM business in the international market of UPS, and actively participate in domestic UPS project engineering projects and provide maintenance services, as well as sales of solar power converters under our own brand. The company will aim to increase overall profitability, increase the sales volume and sales of various products, and actively increase the market share of various products.

7.3 Analysis of Cash Flow

7.3.1 Liquidity analysis of the recent years

Item \ Year	2019	2018	Financial ratio change
Current ratio	4.65	10.17	-54.28%
Cash Flow adequacy ratio	54.87	44.29	23.89%
Cash reinvestment ratio	0.00	0.00	0.00%

Analysis of financial ratio change:

(1) Current ratio： The net cash inflows from operating activities decreased by approximately 46.71% over the previous year, and the current liabilities for the year 2019 increased over the previous year due to the Company's 2019 annual revenue and pre-tax net profit declined. Therefore, the ratio has increased significantly.

(2) Cash Flow adequacy ratio： The net cash inflow from the Company's business activities in the past five years is not sufficient to cover the capital expenditure, inventory increase and cash dividends in the corresponding period, so the ratio is less than 1. The net cash inflow from operating activities in 2019 still insufficient to support the annual capital expenditures and increase in inventories and the payment of cash dividends, the gap has been greatly reduced compared with that in 2014, so the proportion has increased.

(3) Cash reinvestment ratio：The net cash inflow from operating activities for 2019 was less than the amount after cash dividends were paid, so the ratio was zero.

7.3.2 Remedy for cash deficit and liquidity insufficient: Operating profits of the company has been stable, still get full support from financial institutions and no liquidity insufficient up to the date of the report printed.

7.3.3 Analysis of cash liquidity in 1 year

Unit: NT$ thousand

Beginning cash balance (1)	Expected net cash flow from operating activity of the year (2)	Expected cash outflow of the year (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Remedial measures for the expected insufficient cash	
				Investing plan	Financing plan
224,475	139,246	77,200	286,521	-	-

1. Analysis of cash flow change in one year:
   (1) Operating activity : It is expected that the profit will be maintained in 2020. With the A/P and A/R conditions and the control of inventory, it is expected that the business activities will continue to show a net inflow of cash.
   (2) Investing activity : Mainly for research and development equipment purchase and production line equipment updates and upgrades.
   (3) Financing activity : It is expected to repay loans from financial institutions and distribute cash dividends. It is expected that the financing activities will be net cash outflows.
2. Remedial measures for the expected insufficient cash and liquidity analysis: N/A

7.4 Impact of major capital expenditure on finance and business : None

7.5 Investment policies, reasons for gain or loss and improvement plan in regard to investment plans in current year and the next year

7.5.1 Investment Policies:

In response to the need to strengthen the company's business development and upstream and downstream integration, the company will be prepared to assess the implementation of the investment plan after the investment.

7.5.2 Reasons for gain or loss and improvement plan in regard to investment plans in current year

Dec. 31, 2018; Unit: NTD thousand

Invested Company	Invested Amount	Investment Policy	Recognition of the investment gain or loss in the latest year	Main reason of gain or loss	Improvement plan
Joint Rewards Trading Corp.	US$ 3	Trading Company between Ablerex and Ablerex-SZ.	NT$(46)	Annual expenditure	-
Ablerex Electronics (SAMOA) Co. LTD.	US$ 6,635	To set up Ablerex-SZ and Holding company of Ablerex-BJ.	NT$(3,490)	mainly recognized profit loss from ABLEREX-SZ	Increase sales and reduce cost
Ablerex Corporation	US$ 250	To promote and sales for America territory.	NT$(6,076)	mainly recognized profit loss from ABLEREX-LATAM	Increase sales and reduce cost
Ablerex International Corp. LTD.	HK$ 10	Trading Company between Ablerex and Ablerex-SZ.	NT$507	Support to expand sales	-
Ablerex Electronics(s) PTE. LTD	US$ 1,480	To promote and sales for EMEA.	NT$5,735	Expand sales territory	-
Ablerex Electronics UK LTD.	GBP 100	To set up Holding company of Ablerex-IT.	NT$(288)	recognized profit gain from ABLEREX-IT	Increase sales and reduce cost
WADA DENKI CO., LTD.	JPY 30,000	To promote and sales for Japan territory.	(NTD1,911)	expand stage for market	Increase sales and reduce cost

Note: The Company recognizes the write-down of the investment gains and losses.

7.5.3 Investment Plan in the next year: None

7.6 Risk Management and Evaluation until the report printed

7.6.1 The impact of interest rate, exchange rate, and inflation on the company's income and expense and the responsive measures:

1. The impact of interest rate change:

   The financial costs of the Group for 2019 and 2018 were NTD5,497 thousands and NTD2,448 thousands respectively, and the financial cost expenses accounted for 0.22% and 0.10% of the net operating income for the current period. The financial cost expenses accounted for a very small proportion of the net operating income of the Group, and the Group's loan are fixed-rate loans due within 6 months, so no significant fair value interest rate risk is expected to occur. The Group will maintain a close relationship with the correspondent banks based

on the principle of sound and conservative financial management, so as to immediately grasp relevant information on interest rate changes and reduce the impact of interest rate fluctuations on the Group.

2. The impact of exchange rate fluctuation:
   The business of the Group involves a number of non-functional currencies (the functional currency of the Company is NT and the functional currency of some subsidiaries is US $ and RMB). Therefore, the foreign currency assets affected by the exchange rate fluctuation and liability information and foreign currency market risk analysis as Chinese version of 2019 annual report.

3. The responsive measures to the risk of exchange rate fluctuation:
   a. Continue to strengthen personnel concepts for exchange hedging, through a greater interaction for real exchange rate system with financial institutions, so as to judge to the impact of exchange rate fluctuations arising.
   b. Before quoting to customer, the company will estimate the trends and factors that influence the exchange rate in future. More comprehensive consideration is required to determine a reasonable pricing and to minimize the effect of changes in the exchange rate.
   c. To achieve a certain degree of natural hedging effect through an offset for regular A/P and A/R.

   d. Under the “Regulations Governing the Acquisition and Disposal of Assets", the company will effectively reduce the purchase of various assess derivative financial instruments exchange rate risks by hedging part of responsibilities in charge of strict control to prevent inappropriate transactions to reduce exchange rate risks arising from the exchange losses.

4. The impact of inflation
   The company has not been inflationary circumstances have a significant impact on profit or loss so far. In addition to pay attention to fluctuations in the market price, and to maintain a good interaction with suppliers and customers, in order to adjust product prices and raw material stocks. It should be able to effectively reduce the impact of inflation on the Company.

7.6.2 Conducting high-risk and high-leveraged investment, granting loans to others, endorsement & guarantee and derivatives policy, main cause of profit and loss, and the responsive measures:

a. The company has dedicated to the core business since established. No high-risk nor high-leveraged investment has been implemented.
b. The company conducts loaning funds according to “Regulations Governing Loaning of Funds

and Making of Endorsements/Guarantees". The information of the company and the subsidiaries loaning funds to others up to the date of the report printed is disclosed as the following:

(1) Information of the subsidiaries loaning funds to others up to the date of the report printed :

Date of loan funds	Date approved by BoD	Company Name	Approved loan	Loan balance	Rate	Collateral	Due date	Date approved by BoD
2019/8/15	2019/5/5	Ablerex Latam Corporation	US$1,000,000	USD500,000	5.0%	Due for repayment	Credit	2020/8/15
2020/3/13				USD300,000				2021/3/13
2020/3/18				USD200,000				2021/3/18

(2) Subsidiary of the company, The Company's subsidiary company funds loans and other information:

Ablerex International Corporation Limited (Ablerex-HK), a subsidiary of the Company, is funded with Ablerex Electronics (Suzhou) Co., Ltd. (abbreviation Ablerex-SZ) for the development of its operations. The status of loaning is listed below

Date of loan funds	Date approved by BoD	Company Name	Amount	Rate	Repayment	Collateral	Due date	Date approved by BoD
2019/8/23	2019/8/5	Ablerex Electronics (Suzhou) Co., Ltd.	US$3,000,000	USD2,000,000	2.475%	Due for repayment	Credit	2022/8/22

(3) The company conducts endorsement guarantees according to the internal policy "Procedures for Making of Endorsements / Guarantees". Information of the company and the subsidiaries making endorsements / guarantees up to the date of the report printed is disclosed as the following:

Unit: US$

Date of Endorsement / Guarantee	Date approved by BoD	Guaranteed Company	Relationship with Ablerex	Collateral	Guarantee Items	Undertaking Bank	Endorsement/ Guarantee Amount
2019/12/9	2019/8/5	Ablerex-HK	Subsidiary	N/A	Bank financing	China Trust	USD 2,000,000
2019/12/10	2019/11/11	Ablerex-HK	Subsidiary	N/A	Bank financing	Taipei Fubon	USD 2,500,000
Total							USD 4,500,000

(4) The purpose of the company engaging in the derivatives trading is to avoid the risk of change in foreign currency assets or liabilities due to the fluctuation of exchange rate. The derivatives trading is focused on forward foreign exchange contract, and

the trading procedure is abided by the internal regulation "Procedures for Acquisition or Disposal of Assets". The risk of derivatives trading is limited.

7.6.3 Future R&D projects and corresponding budget:

It is fundamental for R&D in the electronic industry. So the R&D should provide the plan every year. According to plan provision related to R&D to ensure competitive niche of the Company. The company has always attached great importance to research and development of products, the trend growth of the R&D costs in the following table to know the year, the future will continue to foster outstanding research and development personnel and actively involved in research resources to cope with the changing market trends and improve their own it Competitiveness.

The Company's research and development philosophy is:

(1) to focus on improving power quality and improve reliability of power supply products
(2) development and integration of advanced power electronics and digital control technology
(3) introduced into academic research, access to innovation and key technologies
(4) the implementation of the patented technology layout, improve the industry barriers to competition
(5) really grasp technology trends and market demand, real-time development of new products

The company's future research plans and programs as follows:

(1) small size, intelligence, and other network-oriented and decentralized
(2) three-phase high frequency parallel among large UPS
(3) Power Quality Management Technology
(4) and the power-grid PV Inverter
(5) Power Management Software Technology
(6) Smart Grid Applications Related Products
(7) Wireless Battery Monitoring System (Wireless BMS)

The investment for last three years and the research and development costs expected in 2016 as follows:

Unit : NTD in Thousands

Item ／ Year	2017	2018	2019	Expected in 2020
R&D invested	144,289	151,895	142,655	159,352
Growth	3.65%	5.27%	-6.08%	11.70%

7.6.4 The impact of domestic and international policies and law change on the company's finance and business and the responsive measures:

The company follows national policies, decrees and international norms, implements

various operating activities, and holds the changes in important policies, laws and regulations, and timely adjusts the company's internal systems and operating activities in order to comply with the specifications and ensure smooth operation of the company. Currently, the company has no significant impact on finance and business due to changes in domestic and foreign regulations.

7.6.5 The impact of technology change and industrial change on the company's finance and business and the responsive measures:

UPS is the technology-intensive industry, so the development of light-weight, thin, short, small, along with Wisdom, modular, web-based products will be powerful to gain a competitive advantage in the market. In addition to strengthening the Company to enhance UPS equipment, but also committed to the development of high value-added systems improve power quality and green energy systems, Energy Storage System and related power electronics products. Every year, the company has invested a large amount of research and development manpower and funds to engage in theoretical and applied research and design and development of new products, in order to respond to the trend of future electronic products, and maintain a competitive advantage. Therefore, technological changes and industrial changes have no significant impact on the company.

7.6.6 The impact of industrial image change on business risk management and the responsive measures:

Since the venture has been to uphold the integrity of sound for business purposes, continue to strengthen internal management and improve the quality of management capacity to establish a good corporate image of the company, the company got quite good records on Corporate Governance Evaluation in past years and planning to enter the capital market can absorb more talented people into the company service. Enrich management team strength, operating results will contribute to the society. There was not significant change of corporate image for recent years. The company will be in the pursuit of the largest shareholders' equity and the interests of employees and fulfill the greatest social responsibility in future.

7.6.7 The expected effect, potential risk, and responsive measures of merger:

The company's did not have any merger conducted in 2019 and up to the date of the annual report printed.

7.6.8 The expected effect, potential risk, and responsive measures of plant expansion:

The company's did not have any plant expansion in 2019 and up to the date of the annual report printed.

7.6.9 The risk due to concentration of procurements and sales and the responsive measures:

a. The risk due to concentration of procurements and the responsive measures:

The main raw materials of the company's products include batteries, steel sheets, transformers, semiconductor electronic components, etc. Due to the large number of suppliers, the purchase amount and proportion of each manufacturer will not be too high or

excessively dependent, so there is no excessive concentration of purchases Risk. In order to maintain flexibility in the bargaining of raw material prices, the company has not forced to sign long-term supply contracts with suppliers, but in terms of major raw materials, it maintains the supply of several suppliers, and the company and each supplier All maintain a long-term good cooperative relationship to ensure the stability of the supply source.

b. The risk due to concentration of sales and the responsive measures:
The company's main sales target is branded customers and agency distributors all over the world. However, under the trend of global corporate mergers and acquisitions, there is indeed a trend of centralized sales; this trend will make the company face production and revenue vulnerable to a small number of customers. And face greater price pressure. The Company has adopted product diversification and actively expanded its response to emerging markets. It will tend to diversify the products, customers, and regional combinations that are shipped to prevent the risk of excessive sales concentration.

7.6.10 The impact of massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding, the risk, and the responsive measures:
There was not any massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding in 2019 and up to the date of the annual report printed.

7.6.11 The impact of right to operation change on the company, the risk, and the responsive measures:
No right to operation change on the company up to the date of the annual report printed

7.6.12 Legal and non-legal events:

(1) The result of the judgments settled or ongoing lawsuits, non-lawsuits or administrative lawsuits in the last 2 years up to the date of the report printed, which could cause significant impact on shareholders' equity or security price of the company, should reveal the arguing facts, amount engaged, litigation starting date, the main parties of the suit, and present situation: None.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by Directors, Supervisors, President, Person in charge, and shareholders with over 10% holdings of the company and subsidiaries in the last 2 years up to the date of the report printed. The result could cause significant impact on shareholders' equity or security price of the company: None.

(3) Anything listed in Article 157 of Securities and Exchange Act had been implemented by Directors, Supervisors, managers, and shareholders with over 10% holdings of the company and the response of the company in the last 2 years up to the date of the report reprinted:

None

7.6.13 Other significant risks and responsive measures: None

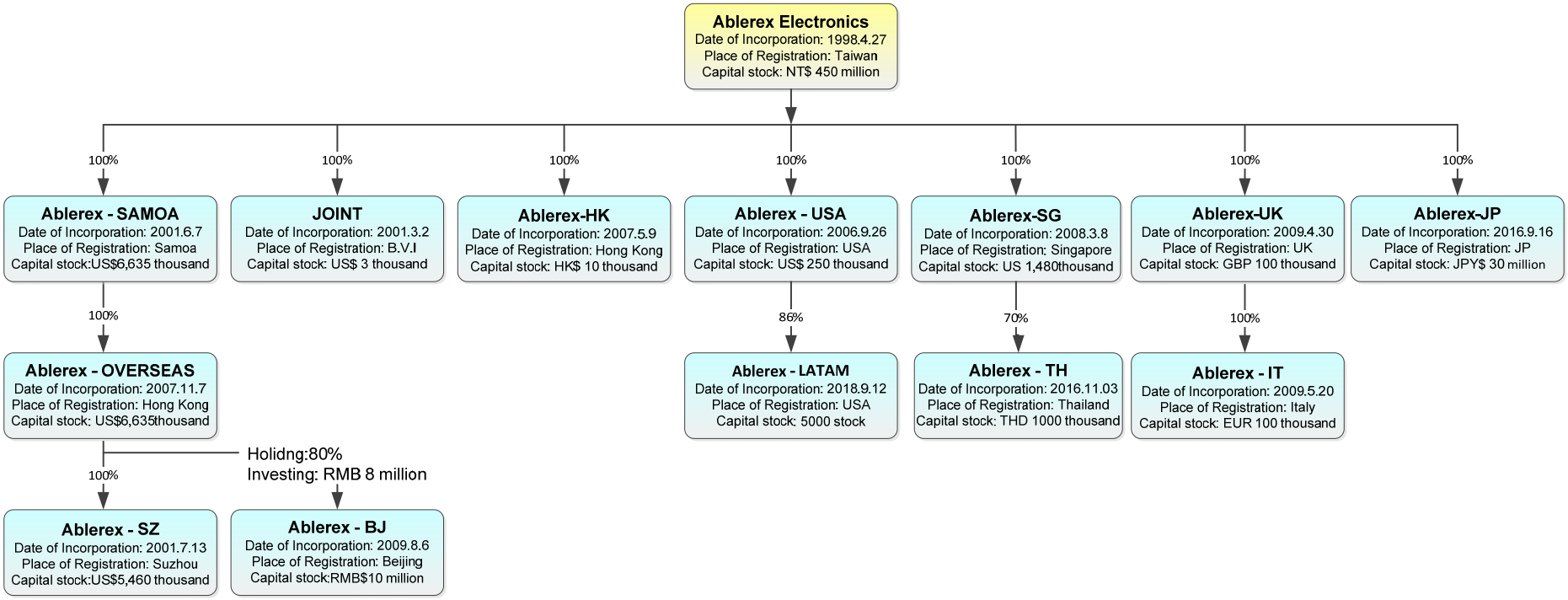
7.7 Other important matters: None

VIII. Special Disclosure

8.1 Consolidated financial statements of the related party

8.1.1 Organization structure of related party:

Date ： 2019.12.31



8.1.2 Company profile of related party:

2019.12.31, Unit : NTD Thousand

Company Name	Date of Setup	Address	Paid-Up Capital	Business
Ablerex Electronics (Samoa) Co. Ltd. (Ablerex-Samoa)	2001.06.07	Offshore Chambers, P.O.Box 217, Apia, Samoa.	213,979	Holding and reinvestment
Ablerex Overseas Corporation Limited (Ablerex-Overseas)	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong.	213,979	Holding and reinvestment
Ablerex Electronics (Suzhou) Co. Ltd. (Ablerex-SZ)	2001.07.13	NO.36 WANGWU ROAD SUZHOU, 215128	200,817	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics (Beijing) Co. Ltd. (Ablerex-BJ)	2009.08.06	21 St. Thomas Street BRISTOL BS1 6JS	46,406	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
Ablerex Corporation (Ablerex-USA)	2006.09.26	1175 South Grove Ave. unit 103Ontario CA 91761, USA	8,063	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
Ablerex International Corporation Limited (Ablerex-HK)	2007.05.09	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong.	41	International Trading
Joint Rewards Trading Corp. (Joint)	2001.03.02	P.O. Box 3152, Road Town, Tortola, British Virgin Islands.	97	Provide Management Services
Ablerex Electronics (S) PTE. LTD. (Ablerex-SG)	2002.04.17	23 New Industrial Road #05-03 Solstice Business Center Singapore 536209	53,623	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics UK Limited (Ablerex-UK)	2009.04.30	21 St. Thomas Street BRISTOL BS1 6JS	3,961	Holding and reinvestment
Ablerex Electronics Italy S.R.L (Ablerex-IT)	2009.5.20	Via Ponte San Michele, 6, 36100 Vicenza, Italy	3,390	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
WADA DENKI CO., LTD. (Ablerex-JP)	2016.09.16	No. 10 Nihonbashi Ningyocho 1-19-6, Chuo-ku, Tokyo	8,268	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
Ablerex Electronics (Thailand) Co. Ltd.	2017.6.15	No.99/237, Sukhaphiban 5 Road,O-ngoen Sub-district, Sai Mai District, Bangkok	1,000,000	Production and Sales for UPS system, PV equipment and relative Power Electronics products.
Ablerex Latam Corporation	2018.9.12	1500 NVV 89th Court,Su!te 122,Doral, FL33172,USA	15,250	Production and Sales for UPS system, PV equipment and relative Power Electronics products.

8.1.3 Presumed to have the same shareholder information as controls and subordinates : None

8.1.4 Overall relationship The business and division of labor covered by the business of the enterprise :

1. The Company produced Electronic products via the following relationship branches:
   (1) Ablerex Electronics (Suzhou) Co. Ltd.
2. The Company sold Electronic products via the following relationship branches:
   (1) Ablerex Corporation
   (2) Ablerex Electronics (S) PTE. LTD.
   (3) Ablerex Electronics Italy S.R.L
   (4) Ablerex Electronics (Suzhou) Co. Ltd.
   (5) Ablerex Electronics (Beijing) Co. Ltd.
   (6)WADA DENKI CO., LTD
   (7)Ablerex Electronics (Thailand) Co. Ltd.
   (8)Ablerex Latam Corporation

3. The Company offer Management services via the following relationship branches:
   (1) Joint Rewards Trading Corp

8.1.5 The information of directors, supervisors and general manager for relationship between enterprises

Company Name	Title	Name	Share	Share Rate
Ablerex Electronics (Samoa) Co. Ltd. (Ablerex-Samoa)	Director	Y.A. Chen	6,635,000	100%
Ablerex Corporation (Ablerex-USA)	Director	Wen Hsu	250,000	100%
	Director	YI FANG Chang		
Ablerex International Corporation Limited(Ablerex-HK)	Director	Wen Hsu	10,000	100%
Joint Rewards Trading Corp. (Joint)	Director	Wen Hsu	3,000	100%
Ablerex Electronics (S) PTE. LTD.(Ablerex-SG)	Director	Wen Hsu	2,140,763	100%
Ablerex Electronics UK Limited (Ablerex-UK)	Director	Wen Hsu	100,000	100%
Ablerex Overseas Corporation Limited(Ablerex-Overseas)	Director	Y.A. Chen	6,635,000	100%
Ablerex Electronics Italy S.R.L (Ablerex-IT)	Director	Roberto	NA*	100%
Ablerex Electronics (Suzhou) Co. Ltd.(Ablerex-SZ)	Chairman	Y.A. Chen	NA*	100%
	Director	Wen Hsu		
	Director	L.Wang		
	Supervisor	Z.F. Lin		
Ablerex Electronics (Beijing) Co. Ltd. (Ablerex-BJ)	Chairman	Wen Hsu	NA*	80%
	Director	Y.A. Chen		
	Director	Y.P. Chu		
	Supervisor	Z.C.Xiao		
Wada Denki Co., Ltd.	Chairman	Wen Hsu	3,000	100%
	Chairman	Wada		
	Director	Joseph Hwang		
	Supervisor	Z.F. Lin		
Ablerex Electronics (Thailand) Co. Ltd. (Ablerex (Thailand))	Director	Tan Kok Peng	280,000	70%
	Director	Suthiphat Jenphiphatkun		
Ablerex Latam Corporation (Ablerex-LATAM)	Director	Wen Hsu	3,650	86%

* The company type for the limited company, so no shares.

8.1.6 Overview of the relationship branch

2019.12.31；Unit：NT thousands（EPS in NTD）

Caompany Name	Capital	Asset	Liabilities	Net	Revenue	Profit and loss	Profit and loas (after tax)	EPS (NTD) after Tax
Joint Rewards Trading Corporation	90	30	0	30	6,491	(46)	(46)	(15.20)
Ablerex Corporation	7,495	53,181	9,583	43,599	69,765	3,180	(6,074)	(24.30)
Ablerex International Corporation Limited	14,990	44,248	41,567	2,682	19,876	(10,946)	(10,946)	(2,998.87)
Ablerex Electronics (S) Pte. Ltd.	38	179,633	149,518	30,116	943,740	(75)	507	50.72
Ablerex Electronics (Thailand) Co Ltd.	49,849	132,445	56,630	75,814	214,258	3,628	5,819	2.72
Ablerex Electronics U.K Limined..	404	15,668	10,610	5,058	60,132	2,665	3,327	8.31
Ablerex Electronics Italy S.R.L.	3,936	8,319	0	8,319	0	0	503	5.03
Wada Denki	3,359	61,321	53,002	8,319	158,433	3,962	503	NA(Note 2)
Ablerex Electronics (Samoa) Co., Ltd.	8,280	5,693	2,511	3,181	5,660	(1,683)	(1,683)	(561.04)
Ablerex Overseas Corporation Limited	198,917	474,008	90	473,918	0	(42)	(3,819)	(0.58)
Ablerex Electronics (Suzhou) Co., Ltd.	198,917	473,835	0	473,835	0	(43)	(3,778)	(0.57)
Ablerex Electronics (Beijing) Co., Ltd.	186,293	794,878	367,213	427,666	1,286,347	(22,403)	(9,275)	NA(Note 2)
Ablerex Electronics (Beijing) Co., Ltd.	43,050	79,788	26,041	53,748	144,808	6,362	7,233	NA(Note 2)

Note 1：In the case of a foreign company, the relevant figures are converted to NT at the exchange rate at the reporting.

Currency	sight	Average
USD	29.98	30.9117
EUR	33.59	34.6128
RMB	4.3050	4.4722
GBP	39.36	39.47
JPY	0.2760	0.2837
ThaiBaht	1.0098	1.0008

Note 2：The company type is the limited company, so no sharews.

8.1.7 Related Business Consolidated Financial Statements: Please refer to the consolidated financial statements on pages 157 to 227 of this booklet.

8.1.8 Relationship Report : N/A

8.2 Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None.

8.3 The stock shares of the company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed: None.

8.4 Supplementary disclosures: Commitment matters and handling situation for OTC as :

Commitment for OTC	Situation
2. Committed to add "the Company shall not give up the Capital Increasing of ABLEREX ELECTRONICS (SAMOA) CO., LTD. (ABLEREX-SAMOA)、JOINT REWARDS CORP.、ABLEREX INTERNATIONAL、ABLEREX CORPORATION、ABLEREX ELECTRONICS (S) PTE LTD. and ABLEREX ELECTRONICS U.K. LIMITED " in “acquisition or disposal of assets processing procedures". ABLEREX-SAMOA will not give up the Capital Increasing of ABLEREX-OVERSEAS. ABLEREX-UK will not giveup the Capital Increasing of ABLEREX-ITALY S.R.L. ABLEREX-OVERSEAS will not give up the Capital Increasing of ABLEREX-Suzhou and ABLEREX-BEIJING.； In the future, if the Company is due to agree by the strategic alliance or other consortium of the Securities and Exchange Commission of the Republic of China, the Company shall waive the capital increase or divestment of the Company. The resolution was adopted. And if the amendment is to be amended, it should be disclosed by the public information observatory and disclosed to the Securities and Futures Department of the Republic of China.	This clause has been updated and has not been amended to date
4. Committed to carried out annual internal audit by the person in Ablerex-SZ after the company registered in OTC.	Has executed the application as per the company committed. Ablerex-SZ has already set up the Audit dept.

IX. Occurrence of events defined in Securities Transaction Law Article 36.2.2 that has great impact on shareholder’s equity or security price in the most recent years and up to the date of the report printed: N/A

Ablerex Electronics Company Limited

Statement of Internal Control System

Date: March 19, 2020

Based on the findings of a self-assessment, Ablerex Electronics Company Limited (Ablerex) states the following with regard to its internal control system during the year 2018:

1. Ablerex s Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Ablerex takes immediate remedial actions in response to any identified deficiencies.

3. Ablerex evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.

4. Ablerex has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, Ablerex believes that on December 31, 2019, it has maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.

6. This Statement will be an integral part of Ablerex s Annual Report for the year 2018 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement has been passed by the Board of Directors in their meeting held on March 19, 2020, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Ablerex Electronics Company Limited

Steven Hsu
Chairman and President

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. If 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, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ABLEREX ELECTRONICS CO., LTD.
Wen Hsu, Chairman
March 19, 2020

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ABLEREX ELECTRONICS CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Ablerex Electronics Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020" and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audits of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Appropriateness of cut-off of project construction revenue

Description

Please refer to Note 4(27) for accounting policy on revenue recognition, Note 6(17) for composition of operating revenue and Note 14(5) for information on products and services. For the year ended December 31, 2019, the Group's project construction revenue amounted to NT$958,810 thousand, accounting for 39% of consolidated net sales.

The Group's operating revenue is comprised of sales revenue and project construction revenue. The main composition of the project construction revenue is the sale of large equipment and installation related projects. The project needs to be completed through the Group's installation of large-scale equipment, and after the relevant documents are executed by both parties and the client can obtain and consume the benefits provided by the asset, the Group will have deemed to have completed the contractual performance obligations and can recognize the project construction revenue. Due to the fact that the income of the Group's project construction involves manual operation, it may result to inappropriate timing recognition of revenue. Considering that the amount of income recognized by the Group's project construction in a timely manner has a significant impact on the consolidated financial statements, we have deemed the appropriateness of the project construction income as one of the significant audit matters for the year.

How our audit addressed the matter

We performed the following audit procedures in order to assess cut-off of project construction revenue:

1. Assessed and obtained an understanding of the Group's internal control procedures of the project construction revenue recognition, and confirmed the related internal controls were performed effectively.
2. Performed cut-off test on project construction revenue transactions, and selected samples to check that the project construction revenue had been recorded in the proper period accordingly.

3. Tested the accuracy and completeness of project construction list and traced to a related document that can prove revenue in order to confirm that the recognition amount and timing were appropriate.

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of allowance for inventory valuation losses. As of December 31, 2019, the Group's inventories and allowance for inventory valuation losses amounted to NT $1,136,739 thousand and NT $135,184 thousand, respectively.

The Group is engaged in the design, manufacture and sales of uninterruptible power supply systems, equipment to power quality devices and others. Due to the rapid technological innovations and the competitive nature of the market, there is a higher risk of inventory losses due to the market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value. Obsolete or slow-moving inventories were assessed individually.

The Group's estimation and determination of the net realizable value of inventories are subjected to management's judgement, involves a high level of uncertainty and has a material effect on the financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to assess the adequacy of the measurement of net realisable value and provision on allowance for inventory valuation losses:

1. Assessed the reasonableness of policies relating to the provision of allowance for inventory valuation loses and procedures based on our understanding of the Group's operation and industry.
2. Verified the accuracy of the inventory aging report and net realisable value report in order to confirm that the information in the reports were consistent with the Group's inventory policies.
3. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of the net realizable value, verified the accuracy of inventory selling and purchase prices, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ablerex Electronics Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 supervisors, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chou, Hsiao-Tzu Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan
March 19, 2020

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

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 224,475	8	$ 186,063	7
1136	Current financial assets at amortised cost	6(3)	12,915	1	15,222	-
1150	Notes receivable, net	6(4)	32,715	1	43,758	2
1170	Accounts receivable, net	6(4)	523,355	18	511,183	19
1180	Accounts receivable due from related parties, net	7	17,016	1	10,084	-
1200	Other receivables		6,495	-	5,089	-
130X	Inventories,net	6(5)	1,001,555	35	972,041	36
1410	Prepayments		29,659	1	19,711	1
1470	Other current assets	6(1) and 8	194	-	194	-
11XX	**Total current assets**		1,848,379	65	1,763,345	65
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	81,000	3	-	-
1600	Property, plant and equipment	6(6) and 8	788,501	28	835,870	31
1755	Right-of-use assets	6(7) and 8	16,267	-	-	-
1780	Intangible assets		45,162	1	44,326	2
1840	Deferred income tax assets	6(22)	45,206	2	37,154	1
1900	Other non-current assets	6(8) and 8	29,806	1	31,182	1
15XX	**Total non-current assets**		1,005,942	35	948,532	35
1XXX	**Total assets**		$ 2,854,321	100	$ 2,711,877	100

(Continued)

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 431,775	15	$ 252,298	9
2130	Current contract liabilities	6(17)	179,432	6	248,614	9
2150	Notes payable		7,006	-	3,630	-
2170	Accounts payable		440,029	16	371,747	14
2200	Other payables	6(11)	129,284	5	131,684	5
2230	Current income tax liabilities	6(22)	3,394	-	22,140	1
2250	Provisions for liabilities - current	6(12)	40,441	1	31,959	1
2280	Current lease liabilities		10,157	-	-	-
2300	Other current liabilities	6(10)	14,934	1	16,275	1
21XX	**Total current liabilities**		1,256,452	44	1,078,347	40
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(10)	5,683	-	-	-
2570	Deferred income tax liabilities	6(22)	81,991	3	83,030	3
2580	Non-current lease liabilities		5,449	-	-	-
2640	Net defined benefit liability,non-current	6(13)	23,414	1	21,761	1
25XX	**Total non-current liabilities**		116,537	4	104,791	4
2XXX	**Total liabilities**		1,372,989	48	1,183,138	44
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Common stock		450,000	16	450,000	17
	Capital surplus	6(15)				
3200	Capital surplus		734,378	26	734,378	27
	Retained earnings	6(16)				
3310	Legal reserve		209,610	8	202,294	7
3320	Special reserve		34,442	1	29,535	1
3350	Unappropriated retained earnings		92,543	3	135,877	5
	Other equity interest					
3400	Other equity interest		(52,284)	(2)	(34,442)	(1)
31XX	**Total equity attributable to owners of parent**		1,468,689	52	1,517,642	56
36XX	**Non-controlling interests**		12,643	-	11,097	-
3XXX	**Total equity**		1,481,332	52	1,528,739	56
	Significant commitments and contingent liabilities	7 and 9				
	Singificant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,854,321	100	$ 2,711,877	100

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(17) and 7	$ 2,462,390	100	$ 2,530,613	100
5000	**Operating costs**	6(5)(20)(21)	(1,888,457)	(77)	(1,919,053)	(76)
5950	**Gross profit from operations**		573,933	23	611,560	24
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		(288,174)	(11)	(256,997)	(10)
6200	General and administrative expenses		(119,273)	(5)	(121,654)	(5)
6300	Research and development expenses		(142,655)	(6)	(151,895)	(6)
6450	Expected credit gain		2,033	-	3,618	-
6000	**Total operating expenses**		(548,069)	(22)	(526,928)	(21)
6900	**Net operating income**		25,864	1	84,632	3
	Non-operating income and expenses					
7010	Other income	6(18)	13,273	1	14,299	1
7020	Other gains and losses	6(19)	9,705	-	7,551	-
7050	Finance costs		(5,497)	-	(2,448)	-
7000	**Total non-operating income and expenses**		17,481	1	19,402	1
7900	**Profit before income tax**		43,345	2	104,034	4
7950	Income tax expense	6(22)	(2,790)	-	(29,118)	(1)
8200	**Profit for the year**		$ 40,555	2	$ 74,916	3

(Continued)

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(13)	($ 1,658)	-	$ 32	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	331	-	769	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(1,327)	-	801	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(23,595)	(1)	(6,344)	-
8399	Income tax relating to the components of other comprehensive income	6(22)	4,460	-	1,220	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(19,135)	(1)	(5,124)	-
8500	**Total comprehensive income**		$ 20,093	1	$ 70,593	3
	Profit attributable to:					
8610	Owners of the parent		$ 39,500	2	$ 73,156	3
8620	Non-controlling interest		1,055	-	1,760	-
			$ 40,555	2	$ 74,916	3
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 20,331	1	$ 69,050	3
8720	Non-controlling interest		(238)	-	1,543	-
			$ 20,093	1	$ 70,593	3
	Earnings per share (in dollars)					
9750	**Basic earnings per share**	6(23)	$	0.88	$	1.63
9850	**Diluted earnings per share**	6(23)	$	0.88	$	1.62

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
				Retained Earnings						
	Notes	Common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
2018										
Balance at January 1, 2018		$ 450,000	$ 774,878	$ 194,334	$ -	$ 171,415	($ 29,535)	$1,561,092	$ 9,554	$1,570,646
Profit for the year		-	-	-	-	73,156	-	73,156	1,760	74,916
Other comprehensive income (loss) for the year		-	-	-	-	801	(4,907)	(4,106)	(217)	(4,323)
Total comprehensive income (loss)		-	-	-	-	73,957	(4,907)	69,050	1,543	70,593
Appropriation and distribution of 2017 earnings:	6(16)									
Legal reserve		-	-	7,960	-	(7,960)	-	-	-	-
Special reserve		-	-	-	29,535	(29,535)	-	-	-	-
Cash dividends to shareholders		-	-	-	-	(72,000)	-	(72,000)	-	(72,000)
Cash dividends paid by additional paid-in capital	6(15)	-	(40,500)	-	-	-	-	(40,500)	-	(40,500)
Balance at December 31, 2018		$ 450,000	$ 734,378	$ 202,294	$ 29,535	$ 135,877	($ 34,442)	$1,517,642	$ 11,097	$1,528,739
2019										
Balance at January 1, 2019		$ 450,000	$ 734,378	$ 202,294	$ 29,535	$ 135,877	($ 34,442)	$1,517,642	$ 11,097	$1,528,739
Profit for the year		-	-	-	-	39,500	-	39,500	1,055	40,555
Other comprehensive loss for the year		-	-	-	-	(1,327)	(17,842)	(19,169)	(1,293)	(20,462)
Total comprehensive income (loss)		-	-	-	-	38,173	(17,842)	20,331	(238)	20,093
Appropriation and distribution of 2018 earnings:	6(16)									
Legal reserve		-	-	7,316	-	(7,316)	-	-	-	-
Special reserve		-	-	-	4,907	(4,907)	-	-	-	-
Cash dividends to shareholders		-	-	-	-	(67,500)	-	(67,500)	-	(67,500)
Changes in non-controlling interest	6(24)	-	-	-	-	(1,784)	-	(1,784)	1,784	-
Balance at December 31, 2019		$ 450,000	$ 734,378	$ 209,610	$ 34,442	$ 92,543	($ 52,284)	$1,468,689	$ 12,643	$1,481,332

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 43,345	$ 104,034
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets)	6(6)(7)(20)	71,626	58,350
Amortisation expense (including amortisation charges on long-term prepaid rent)	6(20)	9,883	10,148
Expected credit gain		(2,033)	(3,618)
Finance costs		5,497	2,448
Interest income	6(18)	(951)	(1,311)
Loss on disposal of property, plant and equipment	6(6)(19)	485	548
Profit from lease modification	6(19)	12	-
Unrealised foreign exchange loss		529	467
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		11,043	(27,917)
Accounts receivable		(10,009)	67,282
Accounts receivable due from related parties, net		(6,932)	(157)
Other receivables		(1,468)	1,113
Inventories		(29,514)	(95,186)
Prepayments		(9,948)	21,755
Changes in operating liabilities			
Current contract liabilities		(69,182)	248,614
Notes payable		3,376	2,780
Accounts payable		68,282	(93,883)
Other payables		(2,415)	3,538
Provisions for liabilities - current		8,482	(13,832)
Other current liabilities		(1,341)	(155,364)
Defined benefit liability		(5)	775
Cash inflow generated from operations		88,762	130,584
Interest received		1,013	(1,275)
Interest paid		(5,482)	(1,561)
Income tax paid		(25,836)	(18,059)
Net cash flows from operating activities		58,457	109,689

(Continued)

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 81,000)	$ -
Acquisition of financial assets at amortised cost		(12,915)	(15,222)
Proceeds from repayments of financial assets at amortised cost		14,653	-
Acquisition of property, plant and equipment	6(6)	(20,345)	(30,056)
Proceeds from disposal of property, plant and equipment	6(6)	-	638
Acquisition of intangible assets		(2,521)	(1,960)
Increase in prepayment for equipment		(1,724)	-
Increase in deposit		(2,818)	(2,010)
Increase in other non-current assets		(4,968)	(10,660)
Net cash flows used in investing activities		(111,638)	(59,270)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		179,477	(2,702)
Payments of principal portion of lease liabilities		(11,830)	-
Proceeds from long-term borrowings		5,683	-
Cash dividends paid	6(16)	(67,500)	(72,000)
Cash dividends paid by additional paid-in capital	6(15)	-	(40,500)
Net cash flows from (used in) financing activities		105,830	(115,202)
Effect of exchange rate changes on cash and cash equivalents		(14,237)	(4,493)
Net increase (decrease) in cash and cash equivalents		38,412	(69,276)
Cash and cash equivalents at beginning of year		186,063	255,339
Cash and cash equivalents at end of year		$ 224,475	$ 186,063

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Ablerex Electronics Co., Ltd (the "Company"), formerly UIS Abler Electronics Co., Ltd., was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) on April 27, 1998. The Company merged with PEC Technology Co., Ltd. on April 1, 2002, with the Company as the surviving company and was then renamed as Ablerex Electronics Co., Ltd. The shares of the Company have been trading on the Taipei Exchange since September 9, 2010.

(2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the following business activities:

(a) Manufacturing and sales of uninterruptible power supply systems.

(b) Manufacturing and sales of equipment to power quality devices.

(c) Manufacturing and sales of solar energy equipment.

(d) Maintenance and technical services.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorised for issuance by the Board of Directors on March 19, 2020.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by $25,708, increased 'lease liability' by $24,744 and decreased other non-current assets by $964 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate range from 1.55% to 10.31%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	11,522
Less: Short-term leases	(	187)
Less: Low-value assets	(	315)
Add: Adjustments as a result of a different treatment of extension and termination options		15,187
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	26,207
Incremental borrowing interest rate at the date of initial application		1.55%~10.31%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	24,744

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are

reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
The Company	Ablerex Electronics (Samoa) Co., Ltd. (Ablerex Samoa)	Investment holdings	100	100	Note 1
The Company	Joint Rewards Trading Corp. (Joint)	Management service	100	100	Note 1
The Company	Ablerex Corporation (Ablerex-USA)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex International Co., Ltd. (Ablerex-HK)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex Electronics (S) Pte. Ltd. (Ablerex-SG)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
The Company	Ablerex Electronics U.K. Ltd. (Ablerex-UK)	Investment holdings	100	100	Note 1
The Company	Wada Denki Co., Ltd. (Ablerex-JP)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
Ablerex Electronics U.K. Ltd.	Ablerex Electronics Italy S.R.L. (Ablerex-IT)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
Ablerex Electronics (Samoa) Co., Ltd.	Ablerex Overseas Co., Ltd. (Ablerex-Overseas)	Investment holdings	100	100	Note 1
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Suzhou) Co., Ltd. (Ablerex-SZ)	Manufacturing and sales of uninterruptible power supply systems and solar energy equipment and others	100	100	Note 1
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Beijing) Co., Ltd. (Ablerex-BJ)	Sales of uninterruptible power supply systems and solar energy equipment and others	80	80	Note 1
Ablerex Electronics (S) Pte. Ltd.	Ablerex Electronics (Thailand) Co., Ltd. (Ablerex-TH)	Sales of uninterruptible power supply systems and solar energy equipment and others	70	70	Note 1
Ablerex Corporation	Ablerex Latam Corporation (Ablerex-Latam)	Sales of uninterruptible power supply systems and solar energy equipment and others	86	100	Note 1, 2

Note 1: The information included in these consolidated financial statements as December 31, 2019 and 2018 is based on the audited financial statement of the investee.

Note 2: The consideration for acquiring the ownership of Ablerex Latam Corporation was remitted on November 28, 2018. The investee was included in these consolidated financial statements thereafter. In addition, Ablerex-Latam increased its capital to employees on February 7, 2019. As a result, the Company decreased its share interest to 86%.

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

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

E. Significant restrictions

Cash and short-term deposits of $56,591 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated fixed production overheads based on normal capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10～50 years
Machinery and equipment	5～10 years
Transportation equipment	5 years
Office equipment	5～10 years
Leasehold improvements	10 years

(14) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

Effective 2019 (using the modified retrospective approach)

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are mainly fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost and the cost is mainly the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Operating leases (lessee)

Effective 2018

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Intangible assets

A. Trademark right and patent rights

Trademark right and patent rights are stated at cost, have a finite useful life and are amortised on a straight-line basis over its estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(17) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in his category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures the financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Provisions

Provisions (primarily warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises termination benefits when it

is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees', directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales revenue

(a) The Group manufactures and sells uninterrupted power supply equipment and system, improved power quality system and equipment and solar energy equipment and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sale of goods—Project construction

(a) The Group provides sales services related to uninterruptible power system and equipment, improved power quality system and equipment and solar energy system and equipment. The project construction revenue includes equipment sales and installation services, and the

contract involves and provides integrated services. Therefore, the equipment and installation are indistinguishable and are regarded as a single performance obligation. The Group installs equipment, the customer performs the acceptance procedure, and the Group opens the warranty book. The customer obtains the control of the equipment and the benefits arising therefrom. When all the acceptance criteria are met, the Group completes the contractual performance obligated of contract to recognize revenue.

(b) The Group's obligation to provide a repair for project construction under the standard warranty terms is recognised as a provision.

(c) A receivable is recognized when the project construction is completed and the warranty book is delivered to the customer. As this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

C. Service revenue

The Group provides related services of maintaining uninterruptible power supply equipment, improved power quality system and equipment and solar energy system and equipment. Service revenue is recognized as income during the financial reporting period in which the services are provided to customers. Revenue from fixed price contracts is recognised as a percentage of the number of months of service actually provided on the balance sheet date. The customer pays the contract price in accordance with the payment schedule agreed upon, and is recognized as a contract assets when the services provided by the Group exceed the customer's payables, and are recognized as contract liabilities if the customer pays more than the services provided by the Group.

D. Costs of obtaining a customer contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

Evaluation of inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2019, the Group's carrying amount of inventories was $1,001,555.

B. Estimation of provisions for liabilities

The sale of goods requires consideration of the cost incurred or to be incurred in connection with the transaction. Therefore, the Group formulates the proposed policy for the determination of the warranty for the sale of the product, which is used to measure the actual operating profit and loss of the company. The Group's liability determination is based on the Group's policy based on the historical warranty data of the product as the basis for the assessment, and the related product warranty liabilities are estimated to estimate the future maintenance costs.

As of December 31, 2019, the Group estimated the liability provision to be $40,441.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 876	$ 828
Checking accounts and demand deposits	211,864	150,915
Time deposits	11,929	34,514
	224,669	186,257
Transferred to 'Other current assets'	(194)	(194)
	$ 224,475	$ 186,063

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

B. For details on cash and cash equivalents provided as a pledge or collateral, please refer to Note 8.

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

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Unlisted stocks	$ 81,000	$ -

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $81,000 and $0 as at December 31, 2019 and 2018, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are both $0 for the years ended December 31, 2019 and 2018.

C. As at December 31, 2019, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $81,000 and $0, respectively.

(3) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits expiring beyond three years	$ 12,915	$ 15,222

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

	2019	2018
Interest income	$ 280	$ 267

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $12,915 and $15,222, respectively.

C. The Group are not provided financial assets at amortised cost pledged to others as collateral.

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

(4) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 32,715	$ 43,758
Accounts receivable	$ 537,255	$ 527,246
Less: Allowance for bad debts － accounts receivable	(13,900)	(16,063)
	$ 523,355	$ 511,183

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

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Within 120 days	$ 486,992	$ 31,840	$ 478,032	$ 42,011
121 to 180 days	23,564	-	34,940	872
181 to 360 days	18,580	-	5,448	875
Over 361 days	8,119	875	8,826	-
	$ 537,255	$ 32,715	$ 527,246	$ 43,758

The above ageing analysis was based on invoice date.

B. As of December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with

customers amounted to $610,369.

C. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $32,715 and $43,758; $523,355 and $511,183, respectively.

D. The Group does not hold any collateral as security.

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

(5) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 263,913	($ 69,003)	$ 194,910
Work in process	78,191	(6,030)	72,161
Semi-finished goods	189,546	(37,048)	152,498
Finished goods	85,831	(7,748)	78,083
Goods	140,779	(15,355)	125,424
Goods in transit	58,857	-	58,857
Unfinished constructions	319,622	-	319,622
	$ 1,136,739	($ 135,184)	$ 1,001,555

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 302,673	($ 58,842)	$ 243,831
Work in process	54,831	(5,464)	49,367
Semi-finished goods	179,514	(37,090)	142,424
Finished goods	86,443	(7,518)	78,925
Goods	136,968	(15,230)	121,738
Goods in transit	29,146	-	29,146
Unfinished constructions	306,610	-	306,610
	$ 1,096,185	($ 124,144)	$ 972,041

The cost of inventories recognised as expense for the year:

	2019	2018
Cost of goods sold	$ 1,810,796	$ 1,845,722
Maintenance cost	33,248	33,443
Loss on decline in market value	13,075	7,703
Others	31,338	32,185
	$ 1,888,457	$ 1,919,053

(6) Property, plant and equipment

	2019							
	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1								
Cost	$ 169,794	$ 735,921	$ 241,126	$ 11,494	$ 44,567	$ 17,907	$ 140	$ 1,220,949
Accumulated depreciation	-	(183,642)	(159,404)	(7,205)	(23,575)	(11,156)	(97)	(385,079)
	$ 169,794	$ 552,279	$ 81,722	$ 4,289	$ 20,992	$ 6,751	$ 43	$ 835,870
Opening net book amount as at January 1	$ 169,794	$ 552,279	$ 81,722	$ 4,289	$ 20,992	$ 6,751	$ 43	$ 835,870
Additions	-	1,359	9,118	469	8,720	679	-	20,345
Transfer	-	-	251	-	1,294	-	-	1,545
Disposals	-	-	(446)	-	(39)	-	-	(485)
Depreciation charge	-	(30,277)	(19,388)	(1,654)	(7,174)	(1,023)	-	(59,516)
Net exchange differences	(89)	(6,442)	(2,274)	(68)	(236)	(148)	(1)	(9,258)
Closing net book amount as at December 31	$ 169,705	$ 516,919	$ 68,983	$ 3,036	$ 23,557	$ 6,259	$ 42	$ 788,501
At December 31								
Cost	$ 169,705	$ 727,864	$ 239,286	$ 11,297	$ 51,951	$ 18,177	$ 136	$ 1,218,416
Accumulated depreciation	-	(210,945)	(170,303)	(8,261)	(28,394)	(11,918)	(94)	(429,915)
	$ 169,705	$ 516,919	$ 68,983	$ 3,036	$ 23,557	$ 6,259	$ 42	$ 788,501

	2018							
	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1								
Cost	$ 169,678	$ 744,725	$ 230,660	$ 10,840	$ 42,109	$ 17,950	$ 135	$ 1,216,097
Accumulated depreciation	-	(159,842)	(148,559)	(5,519)	(24,007)	(9,548)	(94)	(347,569)
	$ 169,678	$ 584,883	$ 82,101	$ 5,321	$ 18,102	$ 8,402	$ 41	$ 868,528
Opening net book amount as at January 1	$ 169,678	$ 584,883	$ 82,101	$ 5,321	$ 18,102	$ 8,402	$ 41	$ 868,528
Additions	-	-	21,315	562	8,179	-	-	30,056
Transfer	-	-	-	-	460	-	-	460
Disposals	-	-	(1,077)	-	(109)	-	-	(1,186)
Depreciation charge	-	(30,542)	(19,018)	(1,614)	(5,604)	(1,572)	-	(58,350)
Net exchange differences	116	(2,062)	(1,599)	20	(36)	(79)	2	(3,638)
Closing net book amount as at December 31	$ 169,794	$ 552,279	$ 81,722	$ 4,289	$ 20,992	$ 6,751	$ 43	$ 835,870
At December 31								
Cost	$ 169,794	$ 735,921	$ 241,126	$ 11,494	$ 44,567	$ 17,907	$ 140	$ 1,220,949
Accumulated depreciation	-	(183,642)	(159,404)	(7,205)	(23,575)	(11,156)	(97)	(385,079)
	$ 169,794	$ 552,279	$ 81,722	$ 4,289	$ 20,992	$ 6,751	$ 43	$ 835,870

A. The abovementioned equipment are all assets for its own use.

B. The significant components of buildings include buildings, air conditioners, elevators and utility construction. Buildings are depreciated over 26 to 50 years, and others are depreciated over 10 to 20 years.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. There were no borrowing costs capitalised as part of property, plant and equipment.

(7) Leasing arrangements－lessee

Effective 2019 (using the modified retrospective approach)

A. The Group leases various assets including land, buildings (including land), transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	At December 31, 2019	
	Carrying amount	
Land	$	901
Buildings (including land)		13,983
Transportation equipment		812
Office equipment		571
	$	16,267

	2019	
	Depreciation charge	
Land	$	28
Buildings (including land)		11,122
Transportation equipment		691
Office equipment		269
	$	12,110

C. For the year ended December 31, 2019, the additions to right-of-use assets were $4,038.

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

	2019	
Items affecting profit or loss		
Interest expense on lease liabilities	$	742
Expense on short-term lease contracts		180
Expense on leases of low-value assets		132

E. For the year ended December 31, 2019, the Group’s total cash outflow for leases were $12,884.

F. Information about the right-of-use assets - land use right that were pledged to others as collateral is provided in Note 8.

(8) Other non-current assets

	December 31, 2019	December 31, 2018
Overdue receivable	$ 35,228	$ 35,395
Allowance for bad debts – overdue receivable	(35,228)	(35,395)
Prepayments for equipment	1,724	1,545
Guarantee deposits	11,221	8,403
Long-term prepaid rents – land use rights	-	964
Others	16,861	20,270
	$ 29,806	$ 31,182

A. Information about the long-term prepaid rents - land use rights that were pledged to others as collateral is provided in Note 8.

B. For the effects on initial application of IFRS 16 on January 1, 2019, please refer to Note 3(1). For details of significant accounts, please refer to Note 6(7).

(9) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 410,250	0.97%～2.75%	None
Secured borrowings	21,525	3.45%	Please refer to Note 8
	$ 431,775		

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 252,298	0.99%～2.79%	None

Unused lines of credit are as follows:

Type of borrowings	December 31, 2019	December 31, 2018
Bank borrowings		
Unsecured borrowings	$ 685,154	$ 824,852
Secured borrowings	129,150	156,520
	$ 814,304	$ 981,372

For collaterals on bank borrowings and book value information, please refer to Notes 7 and 8.

(10) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Installment-repayment borrowings				
Unsecured EUR borrowings	Borrowing period is from September 27, 2019 to September 27, 2021; interest is repayable monthly; principal is repayable in 24 installments from October 27, 2019.	0.40%	None	$ 13,233
Less: Current portion (shown as "other current liabilities")				(7,550)
				$ 5,683

The Group's long-term borrowings are nil as at December 31, 2018.

(11) Other payables

	December 31, 2019	December 31, 2018
Payable for wages and salaries and other short-term employee benefits	$ 91,647	$ 98,460
Others	37,637	33,224
	$ 129,284	$ 131,684

(12) Provisions for liabilities -current

	2019	2018
Warranty:		
At January 1	$ 31,959	$ 45,791
Additional provisions	24,508	24,956
Used during the year	(16,026)	(38,788)
At December 31	$ 40,441	$ 31,959

The Group's provisions for warranties are primarily for uninterruptible power supplies and solar energy related products. The provisions for warranties are estimated based on historical warranty data of uninterruptible power supplies and solar energy related products.

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal

to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
Present value of funded defined benefit obligations	($ 56,160)	($ 52,807)
Fair value of plan assets	32,746	31,046
Net defined benefit liability	($ 23,414)	($ 21,761)

(c) Movements in net defined benefit liabilities are as follows:

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 52,807)	$ 31,046	($ 21,761)
Current service cost	(77)	-	(77)
Interest (expense) income	(522)	307	(215)
	(53,406)	31,353	(22,053)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,096	1,096
Change in demographic assumptions	(123)	-	(123)
Financial assumptions change	(1,561)	-	(1,561)
Experience adjustments	(1,070)	-	(1,070)
	(2,754)	1,096	(1,658)
Pension fund contribution	-	297	297
At December 31	($ 56,160)	$ 32,746	($ 23,414)

	2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 51,310)	$ 29,517	($ 21,793)
Current service cost	(75)	-	(75)
Interest (expense) income	(638)	374	(264)
	(52,023)	29,891	(22,132)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	816	816
Change in demographic assumptions	(127)	-	(127)
Financial assumptions change	(1,504)	-	(1,504)
Experience adjustments	847	-	847
	(784)	816	32
Pension fund contribution	-	339	339
At December 31	($ 52,807)	$ 31,046	($ 21,761)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows

	2019	2018
Discount rate	0.75%	1.00%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the fifth Taiwan Standard Ordinary Experience Mortality Table (2012 TSO).

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit	($ 1,566)	($ 1,630)	$ 1,606	($ 1,551)
December 31, 2018				
Effect on present value of defined benefit	($ 1,509)	$ 1,571	$ 1,552	($ 1,498)

The sensitivity analysis above is based on one assumption which changed while the other conditions that remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to $955.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 1,057
1-2 year(s)	2,341
3-5 years	4,631
Over 5 years	52,755
	$ 60,784

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

(b) The Company's mainland China indirect subsidiaries, Ablerex Electronics (Suzhou) Co., Ltd. and Ablerex Electronics (Beijing) Corporation Limited, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2019 and 2018 was both 20%. Other than the monthly contributions, the Group has no further obligations. Ablerex Corporation, Ablerex Latam Corporation,

Ablerex Electronics (S) Pte. Ltd., Ablerex Electronics (Thailand) Co Ltd., Ablerex Electronics Italy S.R.L and Wada Denki Co., Ltd. have a defined contribution plan under the local regulations and have no further obligations. Other consolidated subsidiaries do not have any employee.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were $26,470 and $25,947, respectively.

(14) Share capital

As of December 31, 2019, the Company's authorised capital was $800,000, consisting of 80 million shares of ordinary stock, and the paid-in capital was $450,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. The Group's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period.

(15) Capital surplus

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

B. The shareholders resolved to appropriate capital surplus in cash at their meeting on June 21, 2018:

	Year ended December 31, 2017	
	Amount	Cash per share (in dollars)
Capital surplus appropriated in cash	$ 40,500	$ 0.90

The cash appropriation of capital surplus is in agreement with the proposal submitted by the Board of Directors.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.

B. The Company's dividend policy is based on the Company's current operation status, future capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be less than 20% of the total dividends distributed to shareholders.

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

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

E. The appropriation of 2018 and 2017 earnings as resolved by the shareholders on June 18, 2019 and June 21, 2018 are as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 7,316		$ 7,960	
Special reserve	4,907		29,535	
Cash dividends	67,500	$ 1.50	72,000	$ 1.60

F. For information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(17) Sales revenue

	2019	2018
Sales revenue	$ 1,428,842	$ 1,401,805
Project construction revenue	958,810	1,060,972
Service revenue	74,738	67,836
	$ 2,462,390	$ 2,530,613

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following:

Year ended December 31, 2019	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 781,386	$ 1,231,714	$ 215,480	$ 233,810	$ -	$ 2,462,390
Inter-segment revenue	101,417	2,474,889	6,491	-	(2,582,797)	-
Total segment revenue	$ 882,803	$ 3,706,603	$ 221,971	$ 233,810	($ 2,582,797)	$ 2,462,390
Segment income/(loss)	$ 74,246	$ 73,003	$ 92,957	$ 4,677	($ 219,019)	$ 25,864
Timing of revenue recognition						
At a point in time	$ 781,386	$ 1,231,714	$ 148,808	$ 232,190	$ -	$ 2,394,098
Over time	-	-	66,672	1,620	-	68,292
	$ 781,386	$ 1,231,714	$ 215,480	$ 233,810	$ -	$ 2,462,390

Year ended December 31, 2018	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 861,498	$ 1,192,195	$ 250,365	$ 226,555	$ -	$ 2,530,613
Inter-segment revenue	130,872	2,725,250	9,045	-	(2,865,167)	-
Total segment revenue	$ 992,370	$ 3,917,445	$ 259,410	$ 226,555	($ 2,865,167)	$ 2,530,613
Segment income/(loss)	$ 123,038	$ 103,182	$ 92,119	$ 14,497	($ 248,204)	$ 84,632
Timing of revenue recognition						
At a point in time	$ 861,498	$ 1,192,195	$ 189,394	$ 226,040	$ -	$ 2,469,127
Over time	-	-	60,971	515	-	61,486
	$ 861,498	$ 1,192,195	$ 250,365	$ 226,555	$ -	$ 2,530,613

B. Contract liabilities

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

	December 31, 2019	December 31, 2018	January 1, 2018
Contract liabilities:			
Contract liabilities – advance receipts for construction	$ 163,135	$ 234,440	$ 155,751
Contract liabilities – advance sales receipts	16,297	14,174	5,177
	$ 179,432	$ 248,614	$ 160,928

(a) Significant changes in contract liabilities

None.

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

	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue	$ 162,401	$ 79,995

(18) Other income

	2019	2018
Interest income	$ 951	$ 1,311
Others	12,322	12,988
	$ 13,273	$ 14,299

(19) Other gains and losses

	2019	2018
Losses on disposals of property, plant and equipment	($ 485)	($ 548)
Profit from lease modification	12	-
Foreign exchange gains	11,124	14,409
Losses on financial liabilities at fair value through profit or loss	-	(5,969)
Others	(946)	(341)
	$ 9,705	$ 7,551

(20) Expenses by nature

By function / By nature	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	$ 216,349	$ 328,337	$ 544,686	$ 210,405	$ 320,702	$ 531,107
Depreciation charges	37,263	34,363	71,626	35,631	22,719	58,350
Amortization charges	145	9,738	9,883	467	9,681	10,148

(21) Employee benefit expense

	2019	2018
Wages and salaries	$ 460,319	$ 449,088
Labor and health insurance fees	41,320	38,587
Pension costs	26,762	26,286
Other personnel expenses	16,285	17,146
	$ 544,686	$ 531,107

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 6% to 10% for employees compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $2,717 and $6,262, respectively; while directors' and supervisors' remuneration was accrued at $906 and $2,087, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 6% and 2% of distributable profit of current period for the year ended December 31, 2019.

The difference of $9 between employees' compensation (directors' and supervisors' remuneration) as resolved by the Board of Directors and the amount recognised in the 2018 financial statements of $6,262, $2,087 had been adjusted in profit or loss for 2019. The appropriation was in the form of cash.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2019	2018
Current tax:		
Current tax on profits for the year	$ 11,423	$ 20,119
Prior year income tax overestimation	(4,333)	(2,882)
Total current tax	7,090	17,237
Deferred tax:		
Origination and reversal of temporary differences	(4,300)	3,235
Impact of change in tax rate	-	8,646
Income tax expense	$ 2,790	$ 29,118

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

	2019	2018
Currency translation differences	($ 4,460)	($ 1,225)
Remeasurement of defined benefit obligations	(331)	7
Impact of change in tax rate	-	(771)
	($ 4,791)	($ 1,989)

B. Reconciliation between income tax expense and accounting profit:

	2019	2018
Tax calculated based on profit before tax and statutory tax rate	$ 10,828	$ 25,566
Effect from tax credit of investment	(3,705)	(2,212)
Prior year income tax overestimation	(4,333)	(2,882)
Effect from changes in tax regulation	-	8,646
Income tax expense	$ 2,790	$ 29,118

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	At January 1, 2019	Recognised in profit or loss	Recognised in other comprehensive income	At December 31, 2019
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	$ 6,392	$ 1,696	$ -	$ 8,088
Allowance for market value decline and loss for inventories	15,593	1,071	-	16,664
Accrued pension liabilities	4,352	-	331	4,683
Allowance for bad debts	6,516	(42)	-	6,474
Translation differences of foreign operations	1,192	-	4,460	5,652
Others	3,109	536	-	3,645
	37,154	3,261	4,791	45,206
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(83,010)	1,019	-	(81,991)
Others	(20)	20	-	-
	(83,030)	1,039	-	(81,991)
	($ 45,876)	$ 4,300	$ 4,791	($ 36,785)

	At January 1, 2018	Recognised in profit or loss	Recognised in other comprehensive income	At December 31, 2018
Temporary differences:				
–Deferred tax assets:				
Unrealised warranty provision	$ 7,784	($ 1,392)	$ -	$ 6,392
Allowance for market value decline and loss for inventories	12,498	3,095	-	15,593
Accrued pension liabilities	3,705	(122)	769	4,352
Allowance for bad debts	5,657	859	-	6,516
Translation differences of foreign operations	-	-	1,192	1,192
Others	2,118	991	-	3,109
	31,762	3,431	1,961	37,154
–Deferred tax liabilities:				
Gain on foreign long-term equity investments	(76,181)	(6,829)	-	(83,010)
Translation differences of foreign operations	(28)	-	28	-
Others	(183)	163	-	(20)
	(76,392)	(6,666)	28	(83,030)
	($ 44,630)	($ 3,235)	$ 1,989	($ 45,876)

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

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(23) Earnings per share

	2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 39,500	45,000	$ 0.88
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	39,500	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	118	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 39,500	45,118	$ 0.88

	2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent company	$ 73,156	45,000	$ 1.63
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent company	73,156	45,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	223	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 73,156	45,223	$ 1.62

(24) Transactions with non-controlling interest

A. Subsidiary Ablerex-Latam of the Group increased its capital to employees on February 7, 2019. As a result, the Group decreased its share interest by 14%. The transaction increased non-controlling interest by $1,784 and decreased the equity attributable to owners of parent by $1,784.

B. The Group did not conduct any transaction with non-controlling interest for the year ended December 31, 2018.

(25) Operating leases

Effective 2018

The Group leases offices and company vehicles under non-cancellable operating lease agreements. The lease terms are between 2015 and 2019, and most of these lease agreements are renewable at the end of lease period. The Group recognised rental expenses of $11,913 for these leases in profit or loss for the year ended December 31, 2018. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 8,231
Later than one year but not later than five years	3,291
	$ 11,522

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
United Integrated Services Co., Ltd.	The entity using equity method to account for the investment in the Company
Beijing Xiankong Technology Co., Ltd.	Other related party
Directors, supervisors, general manager and vice general manager	The Group's key management
United Integrated Services Co., Ltd.(JIANGXI)	Other related party
Eco Energy Corporation	Other related party

(2) Significant related party transactions and balances

A. Sales revenue

	2019	2018
Sales revenue		
Entities with significant influence to the Group	$ 165,930	$ 1,877
Other related parties	1,530	-
	$ 167,460	$ 1,877

The transaction prices and terms of the Group and entities with significant influence over the Group are determined in accordance with the agreed contracts. The credit term is commensurate with non-related parties, which is 60~120 days after monthly billings.

B. Leasing arrangements - lessee

(a) The Group leased office and plant from United Integrated Services Co., Ltd. Rental contracts are typically made for periods from 2019 to 2020. Rents are paid at the end of each month.

(b) Acquisition of right-of-use assets

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by $10,340.

(c) Rent expense

	2018
United Integrated Services Co., Ltd.	$ 4,362

The Group adopted the Statement of Financial Accounting Standards No.17 in 2018 and recognised rent expense accordingly. On January 1, 2019 (the date of initial application of IFRS 16), the Group would recognise lease contract of United Integrated Services Co., Ltd. as lease liability and recognises interest expense over the lease term. Hence, there was no rent expense for the year ended Deceber 31, 2019.

(d) Lease liabilities

i. Outstanding balance

	December 31, 2019
United Integrated Services Co., Ltd.	$ 6,251

ii. Interest expense

	2019
United Integrated Services Co., Ltd.	$ 132

C. Accounts receivable from related parties

	December 31, 2019	December 31, 2018
Accounts receivable		
Entities with significant influence to the Group	$ 16,993	$ 10,084
Other related parties	23	-
	$ 17,016	$ 10,084

D. Endorsements and guarantees

As of December 31, 2019, and 2018, there were unsecured bank borrowings amounting to $410,250 and $252,298, respectively. The Company’s key management was a joint guarantor.

E. Commitments

Promissory notes issued for the warranty of sales and performance guarantees of lease contracts.

	December 31, 2019	December 31, 2018
Entities with significant influence to the Group	$ 11,532	$ 1,220

(3) Key management compensation

	2019	2018
Salaries and other short-term employee benefits	$ 32,309	$ 29,998
Termination benefits	879	898
	$ 33,188	$ 30,896

8. Pledged Assets

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

	Book value		
Pledged assets	December 31, 2019	December 31, 2018	Purpose
Other current assets —time deposits	$ 194	$ 194	Performance guarantee for contracts
Property, plant and equipment —land and buildings	115,203	125,193	Short-term borrowings or guarantee for line of credit
Other non-current assets —long-term prepaid rent	-	964	Short-term borrowings or guarantee for line of credit
Right-of-use assets —land use rights	901	-	Short-term borrowings or guarantee for line of credit
	$ 116,298	$ 126,351	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of December 31, 2019 and 2018, other than the details of contingencies and commitments between the Group and related parties as provided in Note 7(2) E, contingencies and commitments between the Group and third parties are as follows:

Capital expenditure contracted for at the balance sheet date but not yet incurred

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ -	$ 3,067
Intangible assets	381	-
	$ 381	$ 3,067

Warranty and performance guarantee

As of December 31, 2019 and 2018, promissory notes issued for the warranty and performance guarantee of sales amounted to $82,229 and $71,690, respectively.

B Details of operating lease agreements are provided in Note 6(25).

C Details of endorsements/guarantees provided by the Company to subsidiaries are provided in Note 13(1) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) The appropriations of 2019 earnings had been proposed by the Board of Directors on March 19, 2020. Details are summarized below:

	2019	
	Amount	Dividends per share
Legal reserve	$ 3,639	
Special reserve	17,841	
Cash dividends	31,500	$ 0.70

As of March 19, 2020, the appropriations of 2019 earnings has not been resolved at the stockholders' meeting.

(2) On March 19, 2020, the Board of Directors proposed to appropriate $0.30 (in dollars) per share in case with the capital surplus equivalent to $734,378 arising from paid-in capital in excess of par value on issuance of common stock. As of March 19, 2020, the appropriations has not been resolved at the shareholders' meeting.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

In 2019, the Group's strategy, which was unchanged from 2018, was to maintain the gearing ratio of about 40%. The gearing ratios at December 31, 2019 and 2018 were as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 1,372,989	$ 1,183,138
Total equity	1,481,332	1,528,739
Total assets	$ 2,854,321	$ 2,711,877
Gearing ratio	48%	44%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 224,475	$ 186,063
Financial assets at amortised cost	12,915	15,222
Notes receivable (including related parties)	32,715	43,758
Accounts receivable (including related parties)	540,371	521,267
Other receivables	6,495	5,089
Guarantee deposits paid	11,221	8,403
Other financial assets	194	194
	$ 828,386	$ 779,996

	December 31, 2019	December 31, 2018
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Short-term borrowings	$ 431,775	$ 252,298
Notes payable	7,006	3,630
Accounts payable	440,029	371,747
Other accounts payable	129,284	131,684
Long-term borrowings (including current portion)	13,233	-
Guarantee deposits received	70	72
	$ 1,021,397	$ 759,431
Lease libility	$ 15,606	$ -

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting.

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

	December 31, 2019			2019		
(Foreign currency: Functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 6,307	29.98	$ 189,084	1%	$ 1,891	$ -
RMB:NTD	4,477	4.305	19,273	1%	193	-
JPY:NTD	17,874	0.276	4,933	1%	49	-
USD:RMB	848	6.964	25,423	1%	254	-
SGD:USD	615	0.7432	13,703	1%	137	-
Financial liabilities						
Monetary items						
USD:NTD	$ 1,883	29.98	$ 56,452	1%	$ 565	$ -
USD:RMB	387	6.964	11,602	1%	116	-
SGD:USD	182	0.7432	4,055	1%	41	-

(Foreign currency: Functional currency)	December 31, 2018 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	2018 Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 6,901	30.72	$ 211,964	1%	$ 2,120	$ -
RMB:NTD	7,260	4.47	32,467	1%	325	-
SGD:USD	1,176	0.73	26,437	1%	264	-
Financial liabilities						
Monetary items						
USD:NTD	$ 1,401	30.72	$ 43,032	1%	$ 430	$ -
USD:RMB	404	6.87	12,409	1%	124	-
SGD:USD	562	0.73	12,634	1%	126	-

v. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to $11,124 and $14,409, respectively.

Price risk

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

ii. The Group's investments in equity securities comprise unlisted shares issued by the domestic companies.The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, Other components of equity would have increased/decreased by $810 and $0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's borrowings are mostly with fixed interest rate and maturity within one year. Therefore, the Group does not expect to be exposed to significant interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.

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

iii. The Group adopts the assumptions under IFRS 9, there has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

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

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

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

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

vi. The Group classifies customers' accounts receivable in accordance with sales area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2019 and 2018, the Group's written-off financial assets that are still under recourse procedures amounted to $35,228 and $35,395, respectively.

viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2019 and 2018, the provision matrix is as follows:

	Not overdue	Overdue within 30 days	Overdue within 60 days	Overdue within 90 days	Overdue for more than 90 days	Total
At December 31, 2019						
Expected loss rate	0.03%	0.17~1.28%	37~71%	38~84%	50~100%	
Total book value	$ 496,139	$ 12,847	$ 8,260	$ 3,584	$ 16,425	$ 537,255
Loss allowance	149	164	3,829	1,545	8,213	13,900
At December 31, 2018						
Expected loss rate	0.03%	0.17~1.28%	37~71%	38~84%	50~100%	
Total book value	$ 483,995	$ 24,620	$ 6,820	$ 1,993	$ 9,818	$ 527,246
Loss allowance	145	605	4,262	1,747	9,304	16,063

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

	2019	
	Accounts receivable	Overdue receivable
At January 1	$ 16,063	$ 35,395
Reversal of impairment loss	(2,033)	-
Effect of foreign exchange	(130)	(167)
At December 31	$ 13,900	$ 35,228

	2018	
	Accounts receivable	Overdue receivable
At January 1	$ 19,129	$ 36,240
Reversal of impairment loss	(3,068)	(550)
Write-offs	-	(550)
Effect of foreign exchange	40	217
Transfer	(38)	38
At December 31	$ 16,063	$ 35,395

(c) Liquidity risk

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

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and other cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

Non-derivative financial liabilities

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Over 1 year	Book value
Short-term borrowings	$ 411,344	$ 21,525	$ -	$ 432,869
Notes payable	7,006	-	-	7,006
Accounts payable	428,784	11,245	-	440,029
Other payables	116,088	12,212	984	129,284
Lease liability	2,748	7,831	5,558	16,137
Long-term borrowings (including current portion)	1,897	5,753	7,671	15,321

December 31, 2018	Less than 3 months	Between 3 months and 1 year	Over 1 year	Book value
Short-term borrowings	$ 252,527	$ -	$ -	$ 252,527
Notes payable	3,630	-	-	3,630
Accounts payable	354,024	17,723	-	371,747
Other payables	107,618	21,410	2,656	131,684

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value.

The Group's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2)A.

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

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

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 81,000	$ 81,000

As of December 31, 2018, there are no financial instruments measured at fair value. Therefore, there are no related information disclosed.

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

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

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	$ 81,000	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

13. Supplementary Disclosures

(1) Significant transaction information

The Group discloses related information of the following for the year ended December 31, 2019:

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Derivative financial instruments undertaken for the year ended December 31, 2019: None.

J. Significant inter-company transactions for the year ended December 31, 2019: Please refer to table 6.

(2) Information on investees (not including investees in Mainland China)

Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

(a) Purchasing amount and percentage and related receivables' percentage and balance at December 31, 2019: Please refer to tables 6 and 9.

(b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2019: Please refer to tables 6 and 9.

(c) Property transaction amounts and gains and loss arising from them: None.

(d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2019: None.

(e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2019: Please refer to table 1.

(f) Other significant transactions that affected the gains and loss or financial status for the period, i.e. rendering/receiving of service: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Group has three reportable operating segments: First Business Division, Second Business Division and Technical Services Division. The primary sources of revenue from products and services are as follows:

First Business Division	: Promotes domestic sales of consigned and self-manufactured products
Second Business Division	: Responsible for international sales and market promotion of self-manufactured products
Technical Services Division	: Responsible for the installation, testing, and warranty of products, as well as development of the repair and maintenance business line, and purchases and sales of spare parts and miscellaneous
Energy Division	: Domestic sales and market promotion of self-manufactured energy-related products

(2) Measurement of segment information

The accounting policies for the Group's operating segments are in agreement with the summary of significant accounting policies mentioned in Note 2 of the consolidated financial statements. The Group's Chief Operating Decision-Maker uses income before tax as the basis to evaluate each segment's performance.

(3) Information about segment profit and loss

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

2019	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 781,386	$ 1,231,714	$ 215,480	$ 233,810	$ -	$ 2,462,390
Inter-segment revenue	101,417	2,474,889	6,491	-	(2,582,797)	-
Total segment revenue	$ 882,803	$ 3,706,603	$ 221,971	$ 233,810	($ 2,582,797)	$ 2,462,390
Segment income/(loss)	$ 74,246	$ 73,003	$ 92,957	$ 4,677	($ 219,019)	$ 25,864

2018	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Revenue from external customer contracts	$ 861,498	$ 1,192,195	$ 250,365	$ 226,555	$ -	$ 2,530,613
Inter-segment revenue	130,872	2,725,250	9,045	-	(2,865,167)	-
Total segment revenue	$ 992,370	$ 3,917,445	$ 259,410	$ 226,555	($ 2,865,167)	$ 2,530,613
Segment income/(loss)	$ 123,038	$ 103,182	$ 92,119	$ 14,497	($ 248,204)	$ 84,632

The adoption of IFRS 16, 'Leases', had the following impact on the segment information in 2019.

	First Business Division	Second Business Division	Technical Services Division	Energy Division	Reconciliation and elimination	Total
Depreciation expense increased	$ 1,353	$ 5,476	$ 547	$ 1,166	$ 3,568	$ 12,110

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliations of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Reportable segments income before tax	$ 25,864	$ 84,632
Other income	13,273	14,299
Other gains and losses	9,705	7,551
Finance costs	(5,497)	(2,448)
Income before tax from continuing operations	$ 43,345	$ 104,034

The Group did not provide the total assets and total liabilities amounts to the Chief Operating Decision-Maker.

(5) Information on products and services

Detailed breakdown of the Group's net sales for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Project construction	$ 958,810	$ 1,060,839
Uninterruptible power supplies	986,409	935,361
Active power filters	124,413	156,369
Photovoltaic devices	32,670	27,170
Service revenue	74,738	67,836
Others	285,350	283,038
	$ 2,462,390	$ 2,530,613

(6) Geographical information

The Group's geographical information for the years ended December 31, 2019 and 2018 are as follows:

	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,075,536	$ 790,320	$ 1,162,703	$ 828,337
Japan	5,660	1,277	8,940	195
Turkey	71,585	-	92,420	-
Italy	179,276	6,647	182,753	4,389
USA	69,531	12,609	83,665	11,044
Germany	84,725	-	66,300	-
Singapore	86,991	57,662	96,240	59,011
Others	889,086	-	837,592	-
	$ 2,462,390	$ 868,515	$ 2,530,613	$ 902,976

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2019 and 2018 are as follows:

	2019		2018	
	Revenue	Segment	Revenue	Segment
A	$ 238,692	Second Business Division	$ 282,672	Second Business Division
F	101,797	First Business Division	331,103	First Business Division

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	The Company	Ablerex-IT	Other recivables	Y	$ 24,848 (USD 800 thousand)	$0 (USD 0 thousand)	$0 (USD 0 thousand)	3.80%	Short-term financing	$ -	Turnover of operation	$ -	None	$ -	$ 293,738	$ 587,476	Note 1 Note 4
0	The Company	Ablerex-LATAM	Other recivables	Y	31,040 (USD 1,000 thousand)	29,980 (USD 1,000 thousand)	20,497 (USD 684 thousand)	5.00%	Short-term financing	-	Turnover of operation	-	None	-	293,738	587,476	Note 1 Note 7
1	Ablerex-USA	Ablerex-IT	Other recivables	Y	7,765 (USD 250 thousand)	0 (USD 0 thousand)	0 (USD 0 thousand)	3.50%	Short-term financing	-	Turnover of operation	-	None	-	293,738	587,476	Note 1 Note 3 Note 6
2	Ablerex-HK	Ablerex-SZ	Other recivables	Y	93,180 (USD 3,000 thousand)	89,940 (USD 3,000 thousand)	59,960 (USD 2,000 thousand)	2.475%	Short-term financing	-	Turnover of operation	-	None	-	293,738	587,476	Note 1 Note 2 Note 5

Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year on the year of financing. Limit on loans to a single party with short-term financing is 20% of the Company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.

Note 2: In accordance with the Ablerex-HK's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day.

Note 3: In accordance with the Ablerex-USA's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets.Each loan matures within one year after it is lent except for financing among entities who directly or indirectly own 100% voting right of the Company's parent company.

Note 4: The maximum credit to be drawn as approved by the Board of Directors was USD 800 thousand. The period-end available credit balance was USD 0 thousand. The actual amount drawn was USD 0 thousand.

Note 5: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 3,000 thousand. The actual amount drawn was USD 2,000 thousand.

Note 6: The maximum credit to be drawn as approved by the Board of Directors was USD 250 thousand. The period-end available credit balance was USD 0 thousand. The actual amount drawn was USD 0 thousand.

Note 7: The maximum credit to be drawn as approved by the Board of Directors was USD 1,000 thousand. The period-end available credit balance was USD 1,000 thousand. The actual amount drawn was USD 684 thousand.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2019	Outstanding endorsement/ guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	The Company	Ablerex-HK	Subsidiary	$ 734,345	$ 232,950	$ 224,850	$ 25,483	$ -	15%	$ 734,345	Y	N	N	Note 1 Note 2

Note1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets,and limit on endorsements/guarantees for companies with business relations is the higher value of purchases or sales during current year.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Transactions made with Ablerex-HK is higher than 50% of the Company's net assets, which is over the limit on the Company endorsements/guarantees to others. Thus, the limit on the Company endorsements/guarantees to Ablerex-HK is 50% of the Company's net assets.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2019				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
The Company	Eco Energy Corporation	Other related party	Financial assets at fair value through other comprehensive income-non-current	5,400,000	$81,000 thousand	13.5%	$81,000 thousand	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

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

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

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Ablerex-SG	Subsidiary	(Sales)	($ 148,918)	(7%)	Note 3	Note 3	Note 3	$ 49,388	9%	-
Ablerex-SG	The Company	Parent Company	Purchases	USD 4,857 thousand	89%	Note 3	Note 3	Note 3	(USD 1,647 thousand)	(94%)	-
The Company	Ablerex-HK	Subsidiary	Purchases	$ 905,611	60%	Note 1	Note 1	Note 1	($ 117,307)	(29%)	-
Ablerex-HK	The Company	Parent Company	(Sales)	(USD 29,297 thousand)	(96%)	Note 1	Note 1	Note 1	USD 3,913 thousand	100%	-
The Company	Ablerex-SZ	An indirectly-owned Subsidiary	Purchases	$ 216,104	14%	Note 1	Note 1	Note 1	($ 82,935)	(20%)	-
Ablerex-SZ	The Company	Parent Company	(Sales)	(RMB 48,322 thousand)	(17%)	Note 1	Note 1	Note 1	RMB 19,457 thousand	34%	-
Ablerex-HK	Ablerex-SZ	Affiliate	Purchases	USD 29,297 thousand	96%	Note 2	Note 2	Note 2	(USD 3,913 thousand)	(96%)	-
Ablerex-SZ	Ablerex-HK	Affiliate	(Sales)	(RMB 200,626 thousand)	(70%)	Note 2	Note 2	Note 2	RMB 27,296 thousand	47%	-

Note 1: The transaction price is commensurate with the purchase price from Ablerex-SZ; the receivable (payable) policy is Net 60 days E.O.M.

Note 2: The transaction price is the Ablerex-SZ production cost plus an agreed gross margin; the receivable (payable) policy is Net 60 days E.O.M.

Note 3: Transaction price are determined according to the agreements between the parties; the receivable (payable) policy is Net 120 days E.O.M.

Note 4: Ablerex-HK conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ablerex-HK	The Company	Parent company	USD 3,913 thousand	7.41	-	-	USD 3,088 thousnad	-
Ablerex-SZ	Ablerex-HK	Affiliate	RMB 27,296 thousand	8.04	-	-	RMB 27,296 thousnad	-

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2019

Table 6

Expressed in thousands of NTD

Individual transactions not exceeding $10,000 and their corresponding transactions are not disclosed.

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Ablerex-HK	1	Sales	$ 36,058	Note 6	1%
		Ablerex-HK	1	Purchases	905,611	Note 4	37%
		Ablerex-HK	1	Accounts Payable	117,307		4%
		Ablerex-SZ	1	Sales	37,216	Note 5	2%
		Ablerex-SZ	1	Purchases	216,104	Note 5	9%
		Ablerex-SZ	1	Accounts Payable	82,935		3%
		Ablerex-SZ	1	Accounts Receivable	14,134		0%
		Ablerex-USA	1	Sales	47,116	Note 5	2%
		Ablerex-SG	1	Sales	148,918	Note 5	6%
		Ablerex-SG	1	Accounts Receivable	49,388		2%
		Ablerex-IT	1	Sales	78,464	Note 5	3%
		Ablerex-IT	1	Accounts Receivable	26,381		1%
		Ablerex-IT	1	Selling Expense	12,648		1%
		Ablerex-LATAM	1	Sales	23,753	Note 5	1%
		Ablerex-LATAM	1	Accounts Receivable	16,591		1%
		Ablerex-LATAM	1	Other Receivables	20,497	Note 8	1%
1	Ablerex-HK	Ablerex-SZ	3	Purchases	897,235	Note 4	36%
		Ablerex-SZ	3	Sales	38,129	Note 6	2%
		Ablerex-SZ	3	Accounts Payable	117,508		4%
		Ablerex-SZ	3	Other Receivables	61,242	Note 7	2%
2	Ablerex-SZ	Ablerex-BJ	3	Sales	83,316	Note 5	3%
		Ablerex-BJ	3	Purchases	15,971	Note 5	1%
		Ablerex-BJ	3	Accounts Receivable	21,593		1%
3	Ablerex-SG	Ablerex-TH	3	Sales	29,834	Note 5	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Ablerex-HK conducted purchases from Ablerex-SZ, whereby the prices were based on Ablerex-SZ's production costs. The purchases were then resold to Ablerex with a zero contribution margin; the term for receivables and payables is Net 60 days E.O.M.

Note 5: Transaction prices are determined according to the agreements between the parties; the credit term is coherent with general customers.

Note 6: Ablerex-HK conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.

Note 7: Ablerex-HK loan to Ablerex-SZ, of which $60,065 calculated interest against agreed interest rate 2.475% per annum and the rest was for business demand.

Note 8: Ablerex loan to Ablerex-Latam, of which $20,497 calculated interest against agreed interest rate 5% per annum and the rest was for business demand.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2019

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income(loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
The Company	Ablerex-Samoa	Samoa	Holding company	$ 217,445	$ 217,445	6,635,000	100	$ 469,926	($ 3,819)	($ 3,490)	Subsidiary
The Company	Joint	BVI	Providing management service	104	104	3,000	100	30	(46)	(46)	Subsidiary
The Company	Ablerex-USA	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	8,303	8,303	250,000	100	43,566	(6,074)	(6,076)	Subsidiary
The Company	Ablerex-HK	Hong Kong	Sales of uninterruptible power supply, solar energy products, and related systems	43	43	10,000	100	30,116	507	507	Subsidiary
The Company	Ablerex-SG	Singapore	Sales of uninterruptible power supply, solar energy products, and related systems	48,008	48,008	2,140,763	100	88,776	5,819	5,735	Subsidiary
The Company	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100	5,148	503	(288)	Subsidiary
The Company	Ablerex-JP	Japan	Sales of uninterruptible power supply, solar energy products, and related systems	9,253	9,253	3,000	100	2,922	(1,683)	(1,911)	Subsidiary
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100	473,835	(3,778)	-	Second-tier subsidiary
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power supply, solar energy products, and related systems	4,674	4,674	100,000	100	5,148	503	-	Second-tier subsidiary
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power supply, solar energy products, and related systems	256	256	280,000	70	3,542	3,327	-	Second-tier subsidiary
Ablerex-USA	Ablerex-Latam	U.S.	Sales of uninterruptible power supply, solar energy products,and related systems	15,358	15,358	3,650	86	2,306	(10,946)	-	Second-tier subsidiary

Note: The Company recognised investment income comprising of downstream and upstream transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2019

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ablerex-SZ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	$ 163,691	Note 1	$ 163,691	$ -	$ -	$ 163,691	($ 9,275)	100	($ 9,275)	$ 427,666	$ -	-
Ablerex-BJ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	43,050	Note 1	35,227	-	-	35,227	7,233	80	5,786	42,998	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ABLEREX ELECTRONICS CO., LTD.	$ 198,918	$ 198,918	$ 888,799

Note 1: Invested in cash through the third region's subsidiary, Ablerex-Samoa which invested in Ablerex-Overseas and then reinvested in Ablerex-SZ and Ablerex-BJ. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Excluding the presentation and disclosures of Ablerex-SZ concurrently reviewed by the Certified Public Accountant, the above-listed related parties disclosed below are presentations and disclosures on investees that were not concurrently reviewed by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2019

Table 9

(1) Purchasing amount and percentage and related payables' percentage and balance at December 31, 2019:

		For the year ended December 31, 2019		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Purchases	$ 1,121,715	74%	Purchase from Ablerex-SZ through Ablerex-HK of which $216,104 purchase directly.

(2) Selling amount and percentage and related receivables' percentage and balance at December 31, 2019:

		For the year ended December 31, 2019		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Sales	$ 73,274	4%	Resold to Ablerex-SZ through Ablerex-HK of which $37,216 sold directly.

(3) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

		For the year ended December 31, 2019		
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Miscellaneous income	$ 3,269	78%	The Company purchased the critical raw materials of $36,870 on behalf of Ablerex-SZ, of which $19,945 collected revenue through Ablerex-HK’s transshipment
Ablerex-SZ	Deduction from management fee	$ 6,486	11%	Provide management service to Ablerex-SZ and collectd payment through Joint Rewards Trading Corp.

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