

**Shihlin Electric & Engineering Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Shihlin Electric & Engineering Corp. and its subsidiaries (collectively, the "Group") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2021 and 2020, the combined total assets of these non-significant subsidiaries were NT\$7,756,670 thousand and NT\$7,030,032 thousand, respectively, which represented 18% and 17%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$3,719,488 thousand and NT\$3,141,864 thousand, respectively, which represented 22% and 20%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the amounts of the combined comprehensive income of these subsidiaries were NT\$127,225 thousand, NT\$171,275 thousand, NT\$444,425 thousand and NT\$282,422 thousand, respectively, representing 69%, 30%, 29% and 20%, respectively, of the consolidated total comprehensive income. Also, as stated in Note 13 to the consolidated financial statements, the investments accounted for using the equity method were NT\$4,109,400 thousand

and NT\$3,841,515 thousand as of September 30, 2021 and 2020, respectively. The share of profit of associates amounted to NT\$51,803 thousand, NT\$64,961 thousand, NT\$161,801 thousand and NT\$142,902 thousand of the Group's consolidated net income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, respectively. The amounts of comprehensive income from associates were NT\$43,675 thousand, NT\$78,630 thousand, NT\$122,457 thousand and NT\$152,019 thousand of the Group's consolidated comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, respectively, and these investment amounts as well as additional disclosures in Note 37 "Information on Investees" were based on the investees' unreviewed financial statements for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews and the reports of other auditors (refer to the other matter paragraph), except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of certain associates of the Group as of and for the nine months ended September 30, 2021 and 2020, which were accounted for using the equity method in the accompanying consolidated financial statements. Such financial statements were reviewed by other auditors whose reports have been furnished to us. Our conclusion, insofar as it relates to the amounts included in the Group's consolidated financial statements for such associates, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT\$4,054,456 thousand and NT\$3,946,346 thousand as of September 30, 2021 and 2020, respectively, which represented 9% and 10%, respectively, of the Group's consolidated total assets. The share of profit (loss) of such associates amounted to NT\$16,362 thousand, NT\$21,887 thousand, NT\$(5,964) thousand and NT\$15,346 thousand for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, respectively, which represented 3%, 4%, (0%) and 1%, respectively, of the Group's consolidated profit before income tax. The share of comprehensive income (loss) of such associates amounted to NT\$(18,412) thousand, NT\$51,825 thousand, NT\$35,329 thousand and NT\$40,965 thousand for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, respectively, which represented (10%), 9%, 2% and 3%, respectively, of the Group's consolidated total comprehensive income.

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

Chih-Yuan Chen

Ching-Cheng Yang

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 5, 2021

Notice to Readers

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

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

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,263,786	8	\$ 3,029,264	7	\$ 2,994,615	7
Financial assets at amortized cost - current (Note 9)	-	-	-	-	17,092	-
Contract assets (Note 24)	1,881,953	4	2,834,560	7	2,866,693	7
Notes receivable (Notes 10 and 24)	1,169,312	3	880,780	2	864,341	2
Notes receivable from related parties (Notes 24 and 33)	54	-	-	-	-	-
Trade receivables (Notes 10 and 24)	5,248,672	12	5,364,984	13	4,127,488	10
Trade receivables from related parties (Notes 24 and 33)	204,341	-	233,966	1	240,418	1
Other receivables (Note 10)	57,225	-	54,502	-	80,652	-
Other receivables from related parties (Note 33)	3,371	-	5,803	-	11,312	-
Inventories (Note 11)	5,692,175	13	4,333,613	10	4,672,822	12
Other current assets (Notes 17, 33 and 34)	<u>822,350</u>	<u>2</u>	<u>565,255</u>	<u>1</u>	<u>562,683</u>	<u>1</u>
Total current assets	<u>18,343,239</u>	<u>42</u>	<u>17,302,727</u>	<u>41</u>	<u>16,438,116</u>	<u>40</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	701,239	2	714,437	2	684,124	2
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,067,267	3	970,105	2	938,332	2
Investments accounted for using the equity method (Notes 13 and 34)	8,163,856	19	8,032,596	19	7,787,861	19
Property, plant and equipment (Notes 14 and 34)	6,874,759	16	6,734,618	16	6,692,545	16
Right-of-use assets (Note 15)	192,966	-	201,858	-	197,336	1
Investment properties (Notes 16 and 34)	7,309,465	17	7,385,525	18	7,413,470	18
Deferred tax assets	398,510	1	374,933	1	362,062	1
Net defined benefit asset - non-current	1,989	-	1,989	-	2,126	-
Other non-current assets (Notes 17 and 34)	<u>142,328</u>	<u>-</u>	<u>341,018</u>	<u>1</u>	<u>308,225</u>	<u>1</u>
Total non-current assets	<u>24,852,379</u>	<u>58</u>	<u>24,757,079</u>	<u>59</u>	<u>24,386,081</u>	<u>60</u>
TOTAL	<u>\$ 43,195,618</u>	<u>100</u>	<u>\$ 42,059,806</u>	<u>100</u>	<u>\$ 40,824,197</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 34)	\$ 1,528,078	3	\$ 2,145,977	5	\$ 2,714,406	7
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,419	-	4,873	-
Contract liabilities - current (Notes 24 and 33)	1,549,340	4	1,663,954	4	1,463,534	4
Notes payable (Note 19)	315,614	1	256,633	1	190,179	-
Trade payables (Note 19)	6,031,463	14	5,566,583	13	5,056,515	12
Trade payables to related parties (Note 33)	19,185	-	25,419	-	29,842	-
Other payables (Note 20)	2,118,554	5	1,425,100	3	1,191,896	3
Other payables to related parties (Note 33)	38,967	-	25,459	-	16,409	-
Current tax liabilities	121,329	-	264,055	1	237,729	1
Provisions - current (Note 21)	1,055,359	2	973,862	2	831,722	2
Lease liabilities - current (Note 15)	5,840	-	6,371	-	4,547	-
Other current liabilities (Note 20)	<u>302,548</u>	<u>1</u>	<u>294,217</u>	<u>1</u>	<u>208,943</u>	<u>-</u>
Total current liabilities	<u>13,086,277</u>	<u>30</u>	<u>12,658,049</u>	<u>30</u>	<u>11,950,595</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	850,000	2	850,000	2	850,000	2
Provisions - non-current (Note 21)	24,159	-	19,329	-	19,757	-
Deferred tax liabilities (Note 26)	2,299,196	6	2,263,326	6	2,234,230	6
Lease liabilities - non-current (Note 15)	4,060	-	3,743	-	2,146	-
Deferred revenue - non-current	48,187	-	49,583	-	48,832	-
Net defined benefit liability - non-current (Note 22)	384,814	1	409,369	1	386,454	1
Other non-current liabilities (Note 20)	<u>102,813</u>	<u>-</u>	<u>106,062</u>	<u>-</u>	<u>105,132</u>	<u>-</u>
Total non-current liabilities	<u>3,713,229</u>	<u>9</u>	<u>3,701,412</u>	<u>9</u>	<u>3,646,551</u>	<u>9</u>
Total liabilities	<u>16,799,506</u>	<u>39</u>	<u>16,359,461</u>	<u>39</u>	<u>15,597,146</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 23 and 29)						
Ordinary shares	<u>5,209,722</u>	<u>12</u>	<u>5,209,722</u>	<u>12</u>	<u>5,209,722</u>	<u>13</u>
Capital surplus	<u>2,638,112</u>	<u>6</u>	<u>2,626,221</u>	<u>6</u>	<u>2,627,181</u>	<u>7</u>
Retained earnings						
Legal reserve	2,881,934	7	2,730,986	7	2,730,986	7
Special reserve	5,136,954	12	5,136,954	12	5,136,954	12
Unappropriated earnings	<u>9,263,573</u>	<u>21</u>	<u>8,750,888</u>	<u>21</u>	<u>8,552,653</u>	<u>21</u>
Total retained earnings	<u>17,282,461</u>	<u>40</u>	<u>16,618,828</u>	<u>40</u>	<u>16,420,593</u>	<u>40</u>
Other equity	<u>692,615</u>	<u>2</u>	<u>717,532</u>	<u>2</u>	<u>438,922</u>	<u>1</u>
Total equity attributable to owners of the Corporation	25,822,910	60	25,172,303	60	24,696,418	61
NON-CONTROLLING INTERESTS (Note 23)	<u>573,202</u>	<u>1</u>	<u>528,042</u>	<u>1</u>	<u>530,633</u>	<u>1</u>
Total equity	<u>26,396,112</u>	<u>61</u>	<u>25,700,345</u>	<u>61</u>	<u>25,227,051</u>	<u>62</u>
TOTAL	<u>\$ 43,195,618</u>	<u>100</u>	<u>\$ 42,059,806</u>	<u>100</u>	<u>\$ 40,824,197</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 5, 2021)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Notes 24 and 33)								
Sales	\$ 5,986,700	89	\$ 5,100,493	85	\$ 18,678,011	90	\$ 15,700,678	85
Rental revenue	117,083	2	115,297	2	351,541	2	365,062	2
Construction revenue	583,048	9	791,397	13	1,790,017	8	2,353,664	13
Other operating revenue	4,000	-	1,050	-	6,000	-	1,860	-
Total operating revenue	6,690,831	100	6,008,237	100	20,825,569	100	18,421,264	100
OPERATING COSTS (Notes 11, 25 and 33)								
Cost of goods sold	5,007,231	75	4,077,236	68	15,240,480	73	12,504,080	68
Rental cost	47,980	1	48,934	-	153,567	1	146,371	1
Construction cost	532,293	8	721,191	12	1,653,491	8	2,156,711	11
Other operating cost	1,305	-	(825)	-	3,634	-	603	-
Total operating costs	5,588,809	84	4,846,536	80	17,051,172	82	14,807,765	80
GROSS PROFIT	1,102,022	16	1,161,701	20	3,774,397	18	3,613,499	20
OPERATING EXPENSES								
(Notes 25 and 33)								
Selling and marketing expenses	301,546	4	242,926	4	829,414	4	736,805	4
General and administrative expenses	312,105	5	286,638	5	909,617	5	814,926	5
Research and development expenses	148,699	2	135,764	2	398,577	2	381,315	2
Reversed expected credit loss on trade receivables	7,714	-	(12,365)	-	24,714	-	5,323	-
Total operating expenses	770,064	11	652,963	11	2,162,322	11	1,938,369	11
PROFIT FROM OPERATIONS	331,958	5	508,738	9	1,612,075	7	1,675,130	9
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 25)	3,622	-	3,653	-	12,956	-	10,557	-
Other income (Notes 25 and 33)	4,763	-	14,773	-	7,403	-	18,837	-
Other gains and losses (Notes 25 and 33)	96,294	2	(9,525)	-	248,783	1	39,163	-
Finance costs (Note 25)	(4,827)	-	(7,631)	-	(16,747)	-	(24,373)	-
Share of profit or loss of associates accounted for using the equity method	68,165	1	86,848	1	155,837	1	158,248	1
Total non-operating income	168,017	3	88,118	1	408,232	2	202,432	1
PROFIT BEFORE INCOME TAX	499,975	8	596,856	10	2,020,307	9	1,877,562	10
INCOME TAX EXPENSE (Note 26)	106,455	2	165,016	3	456,938	2	511,613	2
NET PROFIT FOR THE YEAR	393,520	6	431,840	7	1,563,369	7	1,365,949	8

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SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (132,787)	(2)	\$ 39,588	1	\$ 27,162	-	\$ 61,205	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(64,901)	(1)	43,607	1	(20,034)	-	34,736	-
	(197,688)	(3)	83,195	2	7,128	-	95,941	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(14,409)	-	80,437	1	(51,321)	-	(63,550)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	3,553	-	(15,876)	-	13,458	-	10,696	-
	(10,856)	-	64,561	1	(37,863)	-	(52,854)	-
Other comprehensive income (loss) for the year, net of income tax	(208,544)	(3)	147,756	3	(30,735)	-	43,087	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 184,976	3	\$ 579,596	10	\$ 1,532,634	7	\$ 1,409,036	8
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 364,392	6	\$ 412,967	7	\$ 1,488,056	7	\$ 1,313,198	7
Non-controlling interests	29,128	-	18,873	-	75,313	1	52,751	-
	\$ 393,520	6	\$ 431,840	7	\$ 1,563,369	8	\$ 1,365,949	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 157,077	2	\$ 555,478	9	\$ 1,463,132	7	\$ 1,358,999	8
Non-controlling interests	27,899	1	24,118	1	69,502	-	50,037	-
	\$ 184,976	3	\$ 579,596	10	\$ 1,532,634	7	\$ 1,409,036	8
EARNINGS PER SHARE (Note 27)								
Basic	\$ 0.70		\$ 0.79		\$ 2.86		\$ 2.52	
Diluted	\$ 0.70		\$ 0.79		\$ 2.85		\$ 2.51	

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

(With Deloitte & Touche review report dated November 5, 2021)

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation											
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity	Total	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2020	\$ 5,209,722	\$ 2,622,204	\$ 2,563,623	\$ 5,136,954	\$ 8,242,331	\$ 15,942,908	\$ (378,937)	\$ 772,747	\$ 393,810	\$ 24,168,644	\$ 505,761	\$ 24,674,405
Appropriation of the 2019 earnings												
Legal reserve	-	-	167,363	-	(167,363)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(833,556)	(833,556)	-	-	-	(833,556)	-	(833,556)
Changes in equity from investments in associates accounted for using the equity method	-	4,328	-	-	(1,957)	(1,957)	-	-	-	2,371	(660)	1,711
Adjustments to share of changes in equity of subsidiaries	-	649	-	-	-	-	-	(689)	(689)	(40)	40	-
Net profit for the nine months ended September 30, 2020	-	-	-	-	1,313,198	1,313,198	-	-	-	1,313,198	52,751	1,365,949
Other comprehensive loss for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	(50,335)	96,136	45,801	45,801	(2,714)	43,087
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	1,313,198	1,313,198	(50,335)	96,136	45,801	1,358,999	50,037	1,409,036
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(24,545)	(24,545)
BALANCE, SEPTEMBER 30, 2020	\$ 5,209,722	\$ 2,627,181	\$ 2,730,986	\$ 5,136,954	\$ 8,552,653	\$ 16,420,593	\$ (429,272)	\$ 868,194	\$ 438,922	\$ 24,696,418	\$ 530,633	\$ 25,227,051
BALANCE, JANUARY 1, 2021	\$ 5,209,722	\$ 2,626,221	\$ 2,730,986	\$ 5,136,954	\$ 8,750,888	\$ 16,618,828	\$ (360,186)	\$ 1,077,718	\$ 717,532	\$ 25,172,303	\$ 528,042	\$ 25,700,345
Appropriation of the 2020 earnings												
Legal reserve	-	-	150,948	-	(150,948)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(833,556)	(833,556)	-	-	-	(833,556)	-	(833,556)
Changes in equity from investments in associates accounted for using the equity method	-	12,157	-	-	9,133	9,133	-	-	-	21,290	(769)	20,521
Adjustments to share of changes in equity of subsidiaries	-	(266)	-	-	-	-	-	7	7	(259)	259	-
Net profit for the nine months ended September 30, 2021	-	-	-	-	1,488,056	1,488,056	-	-	-	1,488,056	75,313	1,563,369
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(34,878)	9,954	(24,924)	(24,924)	(5,811)	(30,735)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	1,488,056	1,488,056	(34,878)	9,954	(24,924)	1,463,132	69,502	1,532,634
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(23,832)	(23,832)
BALANCE, SEPTEMBER 30, 2021	\$ 5,209,722	\$ 2,638,112	\$ 2,881,934	\$ 5,136,954	\$ 9,263,573	\$ 17,282,461	\$ (395,064)	\$ 1,087,679	\$ 692,615	\$ 25,822,910	\$ 573,202	\$ 26,396,112

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

(With Deloitte & Touche review report dated November 5, 2021)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,020,307	\$ 1,877,562
Adjustments for:		
Depreciation expenses	537,576	516,747
Amortization expenses	18,769	20,012
Expected credit loss recognized (reversed) on trade receivables	24,714	5,323
Loss on fair value change of financial assets and liabilities at fair value through profit or loss	10,817	10,729
Finance costs	16,747	24,373
Interest income	(12,956)	(10,557)
Dividend income	(4,125)	(12,677)
Share of profit of associates accounted for using the equity method	(155,837)	(158,248)
Loss on disposal of property, plant and equipment	8,675	4,664
Gain on disposal of subsidiary	(96,581)	-
Gain on changes in lease term	(2)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	22,257
Contract assets	952,607	(276,421)
Notes receivable	(288,532)	105,116
Notes receivables from related parties	(54)	-
Trade receivables	90,812	729,077
Trade receivables from related parties	29,625	(67,935)
Other receivables	1,964	(2,932)
Other receivables from related parties	2,432	(6,156)
Inventories	(1,392,224)	(52,446)
Other current assets	(260,897)	79,430
Financial liabilities held for trading	(10,785)	(8,112)
Contract liabilities	(114,614)	(259,360)
Notes payable	58,981	(32,152)
Trade payables	464,880	(525,087)
Trade payables to related parties	(6,234)	(41,143)
Other payables	(138,621)	(233,532)
Other payables to related parties	13,508	(4,865)
Provisions	84,494	(7,359)
Other current liabilities	8,949	51,545
Net defined benefit liabilities	(24,555)	(45,779)
Deferred revenue	(886)	(871)
Cash generated from operations	1,838,954	1,701,203
Interest received	13,220	10,078
Interest paid	(18,686)	(23,830)
Income tax paid	(587,371)	(355,747)
Net cash generated from operating activities	1,246,117	1,331,704

(Continued)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (70,000)	\$ (10,625)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	25,000
Proceeds from recovery of financial assets at amortized cost on maturity	-	25,618
Purchase of financial assets at fair value through profit or loss	-	(1,230,000)
Proceeds from sale of financial assets at fair value through profit or loss	-	1,230,155
Acquisition of investments accounted for using the equity method	(80,000)	(80,000)
Proceeds from disposal of subsidiary	148,198	-
Payments for property, plant and equipment	(496,385)	(400,690)
Proceeds from disposal of property, plant and equipment	21,100	45,159
Payments for investment properties	-	(848)
(Increase)/decrease in other financial assets	(838)	15,335
(Increase)/decrease in other non-current assets	49,489	(101,134)
Dividends received from associates	71,838	84,409
Other dividends received	<u>4,125</u>	<u>12,677</u>
Net cash used in investing activities	<u>(352,473)</u>	<u>(384,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in short-term borrowings	(623,146)	473,439
Increase/(decrease) guarantee deposits received	(3,325)	109
Repayment of the principal portion of lease liabilities	(5,605)	(5,989)
Payments for dividends	-	(833,556)
Changes in non-controlling interest	<u>(23,832)</u>	<u>(24,545)</u>
Net cash used in financing activities	<u>(655,908)</u>	<u>(390,542)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,214)</u>	<u>(33,756)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	234,522	522,462
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,029,264</u>	<u>2,472,153</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,263,786</u>	<u>\$ 2,994,615</u>

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

(With Deloitte & Touche review report dated November 5, 2021)

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue on November 5, 2021.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of presentation

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

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

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

c. Basis of consolidation

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

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

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

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

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

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

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

See Note 12, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2020 for information on the critical accounting judgements and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 4,740	\$ 3,839	\$ 4,804
Checking accounts and demand deposits	3,091,356	2,700,081	2,743,822
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>167,690</u>	<u>325,344</u>	<u>245,989</u>
	<u>\$ 3,263,786</u>	<u>\$ 3,029,264</u>	<u>\$ 2,994,615</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Unlisted shares	\$ 11,019	\$ 9,372	\$ 8,325
Mutual funds	<u>690,220</u>	<u>705,065</u>	<u>675,799</u>
	<u>\$ 701,239</u>	<u>\$ 714,437</u>	<u>\$ 684,124</u>

Financial liabilities - current

Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts			
Cross-currency swap contracts	\$ -	\$ 10,419	\$ 4,873

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

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
<u>September 30, 2021</u> : None			
<u>December 31, 2020</u>			
US\$10,000/NT\$299,500	January 2021	-	1.43%
<u>September 30, 2020</u>			
US\$13,000/NT\$387,550	October 2020 to January 2021	-	0.20%-1.43%

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 98,327	\$ 93,276	\$ 88,683
Unlisted shares	<u>968,940</u>	<u>876,829</u>	<u>848,794</u>
	1,067,267	970,105	937,477
Foreign investments			
Unlisted shares	<u>-</u>	<u>-</u>	<u>855</u>
	<u>\$ 1,067,267</u>	<u>\$ 970,105</u>	<u>\$ 938,332</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Time deposits with original maturity of more than 3 months	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,092</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months was approximately 1.55% per annum as of September 30, 2020.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	<u>\$ 1,169,312</u>	<u>\$ 880,780</u>	<u>\$ 864,341</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	<u>\$ 5,428,765</u>	<u>\$ 5,532,048</u>	<u>\$ 4,278,179</u>
Less: Allowance for impairment loss	<u>(180,093)</u>	<u>(167,064)</u>	<u>(150,691)</u>
	<u>\$ 5,248,672</u>	<u>\$ 5,364,984</u>	<u>\$ 4,127,488</u>

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Other receivables</u>			
Dividends	\$ 39,994	\$ 38,292	\$ 70,115
Others	<u>17,231</u>	<u>16,210</u>	<u>10,537</u>
	<u>\$ 57,225</u>	<u>\$ 54,502</u>	<u>\$ 80,652</u>
			(Concluded)

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and the industry outlooks.

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

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

September 30, 2021

	Not Past Due	Past Due Less than 3 Months	Past Due 3 to 6 Months	Past Due 6 Months to 1 Year	Past Due 1+ Year	Total
Expected credit loss rate	0.20%	6.86%	33.70%	63.62%	93.56%	
Gross carrying amount	\$ 5,622,966	\$ 765,810	\$ 95,901	\$ 74,360	\$ 39,040	\$ 6,598,077
Loss allowance (Lifetime ECLs)	<u>(11,433)</u>	<u>(52,503)</u>	<u>(32,321)</u>	<u>(47,309)</u>	<u>(36,527)</u>	<u>(180,093)</u>
Amortized cost	<u>\$ 5,611,533</u>	<u>\$ 713,307</u>	<u>\$ 63,580</u>	<u>\$ 27,051</u>	<u>\$ 2,513</u>	<u>\$ 6,417,984</u>

December 31, 2020

	Not Past Due	Past Due Less than 3 Months	Past Due 3 to 6 Months	Past Due 6 Months to 1 Year	Past Due 1+ Year	Total
Expected credit loss rate	0.22%	7.89%	17.22%	30.69%	90.70%	
Gross carrying amount	\$ 5,572,023	\$ 474,272	\$ 163,300	\$ 158,541	\$ 44,692	\$ 6,412,828
Loss allowance (Lifetime ECLs)	<u>(12,324)</u>	<u>(37,426)</u>	<u>(28,127)</u>	<u>(48,650)</u>	<u>(40,537)</u>	<u>(167,064)</u>
Amortized cost	<u>\$ 5,559,699</u>	<u>\$ 436,846</u>	<u>\$ 135,173</u>	<u>\$ 109,891</u>	<u>\$ 4,155</u>	<u>\$ 6,245,764</u>

September 30, 2020

	Not Past Due	Past Due Less than 3 Months	Past Due 3 to 6 Months	Past Due 6 Months to 1 Year	Past Due 1+ Year	Total
Expected credit loss rate	0.30%	4.58%	19.75%	50.48%	84.58%	
Gross carrying amount	\$ 4,362,278	\$ 422,990	\$ 257,177	\$ 50,732	\$ 49,343	\$ 5,142,520
Loss allowance (Lifetime ECLs)	<u>(13,175)</u>	<u>(19,387)</u>	<u>(50,786)</u>	<u>(25,607)</u>	<u>(41,736)</u>	<u>(150,691)</u>
Amortized cost	<u>\$ 4,349,103</u>	<u>\$ 403,603</u>	<u>\$ 206,391</u>	<u>\$ 25,125</u>	<u>\$ 7,607</u>	<u>\$ 4,991,829</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 167,064	\$ 147,567
Add: Net remeasurement of loss allowance	24,714	5,323
Less: Amounts written off	(12,471)	(1,610)
Foreign exchange gains and losses	<u>786</u>	<u>(589)</u>
Balance at September 30	<u>\$ 180,093</u>	<u>\$ 150,691</u>

11. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 1,857,392	\$ 2,070,077	\$ 1,732,003
Work in progress	2,090,170	1,161,605	1,605,473
Raw materials	<u>1,744,613</u>	<u>1,101,931</u>	<u>1,335,346</u>
	<u>\$ 5,692,175</u>	<u>\$ 4,333,613</u>	<u>\$ 4,672,822</u>

The cost of goods sold included inventory write-downs of \$3,663 thousand, reversals of inventory write-downs of \$2,206 thousand, inventory write-downs of \$(1,225) thousand, reversals of inventory write-downs of \$6,517 thousand for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, respectively. The reversals of previous write-downs resulted from reducing of estimated cost for some products to be completed.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
The Corporation	SEEC International Holdings Ltd. of the British Virgin Islands (“SEEC International Holdings”)	Investment and trade business	100.0	100.0	100.0	-
The Corporation	SEEC International Trading Ltd. of the British Virgin Islands (“SEEC International Trading”)	Investment	100.0	100.0	100.0	a
The Corporation	Shihlin Electrical Engineering Ltd. of Vietnam (“Shihlin Electric Vietnam”)	Electrical goods production	100.0	100.0	100.0	a
The Corporation	Shihlin Electric USA Company Limited (“Shihlin Electric USA”)	Heavy electrical equipment product marketing promotion services	100.0	100.0	100.0	a
The Corporation	Shihlin Electric (Australia) Pty. Ltd. (“Shihlin Electric Australia”)	Heavy power equipment production and distribution and marketing services	-	100.0	100.0	a, f
The Corporation	Hsin Lin Electric Machinery Co., Ltd. (“Hsin Lin”)	Power transmission, distribution and machinery equipment manufacturing and sales	60.0	60.0	60.0	a
The Corporation	Ting Lin Enterprise Co., Ltd. (“Ting Lin”)	Mechanical and electrical appliances various components manufacturing and processing and installation business	96.7	96.7	96.7	a
The Corporation and Hsin Lin	Hwo Lin Investment Co., Ltd. (“Hwo Lin”)	Investment	99.9	99.9	99.9	a
The Corporation	Cheng Lin Investments Co., Ltd. (“Cheng Lin”)	Investment	99.4	99.3	99.3	a, g
The Corporation	Shang Lin Investment Co., Ltd. (“Shang Lin”)	Investment	99.6	99.6	99.6	a
The Corporation	Ji Lin Investment, Co., Ltd. (“Ji Lin”)	Investment	99.9	99.9	99.9	a
The Corporation and Hsin Lin	Yuh Lin Investment Co., Ltd. (“Yuh Lin”)	Investment	99.9	99.9	99.9	a, b
The Corporation and Hsin Lin	Jeng Lin Investment Co., Ltd. (“Jeng Lin”)	Investment	99.9	99.9	99.9	a, c
The Corporation and Cheng Lin	Chuan Lin Technology Group (“Chuan Lin”)	Operating and sale and maintenance service of vending machines, heavy electrical machinery and mechanical appliances and automation equipment	73.0	73.0	73.0	a
The Corporation, Cheng Lin and Chuan Lin	Rueylin Electric & Engineering Corp. (“Rueilin”)	Manufacturing and trading of mechanical appliances and vehicle components	90.0	90.0	90.0	a
The Corporation	Jeen-Lin Industrial Co., Ltd. (“Jeen-Lin”)	Manufacturing and sale of aluminum alloy die-casting, lathe, cutting and molding	78.4	78.4	78.4	a
Hsin Lin and Rueylin	Wuling Electric Co., Ltd. (“Wuling”)	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	60.0	60.0	60.0	a
SEEC International Trading	Kingdom Trading Shanghai Co., Ltd. (“Shanghai Kingdom”)	All kinds of switches, relays, circuit breakers and other product sales operations	100.0	100.0	100.0	a
Hsin Lin	Hsinlin International Investment Corp. of Samoa (“Hsinlin International Investment”)	Investment	100.0	100.0	100.0	a
SEEC International Holdings	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd. (“Changzhou Shihlin Mitsuba”)	Manufacturing and sale of motorcycle starter motors, magneto, starter switch	55.0	55.0	55.0	a
SEEC International Holdings	Xiamen Shihlin Electric & Engineering Co., Ltd. (“Xiamen SEEC”)	Manufacturing and sale of capacitors, relays, circuit breakers and other components	100.0	100.0	100.0	a
SEEC International Holdings	Suzhou Shihlin Electric & Engineering Co., Ltd. (“Suzhou SEEC”)	Manufacturing and sale of capacitors, transformers, DC electric motors and other electronic components	100.0	100.0	100.0	a
SEEC International Holdings	Wuxi Shihlin Electric & Electric & Engineering Co., Ltd. (“Wuxi SEEC”)	Manufacturing and sale of magneto and starter motor in locomotive transmission facilities, power generators	100.0	100.0	100.0	a
SEEC International Holdings	Fuzhou Shihlin Electric & Engineering Co., Ltd. (“Fuzhou SEEC”)	Manufacturing and sale of DC motor, rotary pumps for liquids and motor vehicle fuel pumps and other electrical or power equipment	-	100.0	100.0	a, e
SEEC International Holdings	Shihlin Technology (Shenzhen) Co., Ltd. (“Shenzhen Shihlin”)	Manufacturing and sale of industrial automation equipment and related products	100.0	100.0	100.0	a
SEEC International Holdings and Hsinlin International Investment	Shihlin Electric (Suzhou) Power Equipment Co., Ltd. (“Suzhou Power Equipment”)	Manufacturing and sale of high and low pressure switch and related products	70.5	70.5	70.5	a
SEEC International Holdings	Xiamen Chen-Ieu Transportation Implements Co., Ltd. (“Xiamen Chen-Ieu”)	Manufacturing motorcycle metal materials, electronic parts, all kinds of punch products parts, machine tools, etc.	100.0	100.0	100.0	a
SEEC International Holdings	Changzhou Shihlin Auto Parts Co., Ltd. (“Changzhou Shihlin Parts”)	Manufacturing and sale of motorcycle starter motors, magneto, starter switch	100.0	100.0	100.0	a
Rueylin	Shihlin Electric Engineering Equipment Vietnam Company Limited (“Vietnam Electric Engineering”)	Manufacturing and sale of mechanical equipment, power transmission, distribution and machinery equipment, automotive and motorcycle components	100.0	100.0	100.0	a
Rueylin	Rueilin International Holdings Ltd. of Samoa (“Rueilin International Holdings”)	Investment	-	-	100.0	a, d
Hwo Lin and Ji Lin	Yeangder Entertainment Co., Ltd. (“Yeangder Entertainment”)	Engaged in competitive and recreational sports industry	99.9	99.9	99.9	a

Remarks:

- a. The company is not a major subsidiary; its financial statements have not been reviewed.
- b. In March 2020, the Group subscribed for additional new shares of Yuh Lin at existing ownership percentage; the amount was \$40,000 thousand, which maintained its ownership percentage at 99.9%.
- c. In March 2020, the Group subscribed for additional new shares of Jeng Lin at existing ownership percentage; the amount was \$40,000 thousand, which maintained its ownership percentage at 99.9%.
- d. Rueylin International Holdings had been liquidated in November 2020.
- e. Fuzhou SEEC had been sold in March 2021 (Note 28).
- f. Shihlin Electric Australia had been liquidated in June 2021, and the interests of the subsidiaries in this period amounted to \$2,622 thousand.
- g. In April 2021, the Group subscribed for additional new shares of Cheng Lin at existing ownership percentage; the amount was \$80,000 thousand, which increased the ownership percentage from 99.3% to 99.4%.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	September 30, 2021	December 31, 2020	September 30, 2020
Investments in associates	<u>\$ 8,163,856</u>	<u>\$ 8,032,596</u>	<u>\$ 7,787,861</u>
Material associate			
The Ambassador Hotel, Ltd. ("Ambassador Hotel")	\$ 4,054,456	\$ 4,018,718	\$ 3,946,346
Associates that are not individually material	<u>4,109,400</u>	<u>4,013,878</u>	<u>3,841,515</u>
	<u>\$ 8,163,856</u>	<u>\$ 8,032,596</u>	<u>\$ 7,787,861</u>

- a. Material associate

Name of Associate	Proportion of Ownership and Voting Rights		
	September 30, 2021	December 31, 2020	September 30, 2020
Ambassador Hotel	21.34%	21.34%	21.34%

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

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

Name of Associate	September 30, 2021	December 31, 2020	September 30, 2020
Ambassador Hotel	<u>\$ 2,271,211</u>	<u>\$ 2,373,024</u>	<u>\$ 2,255,547</u>

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

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

Ambassador Hotel

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 6,365,319	\$ 4,784,472	\$ 3,948,303
Non-current assets	16,822,887	16,866,023	16,677,279
Current liabilities	(3,190,671)	(1,880,778)	(1,229,204)
Non-current liabilities	<u>(997,635)</u>	<u>(937,011)</u>	<u>(902,653)</u>
Equity	18,999,900	18,832,706	18,493,725
Non-controlling interests	<u>(4,463)</u>	<u>(4,707)</u>	<u>(4,516)</u>
	<u>\$ 18,995,437</u>	<u>\$ 18,827,999</u>	<u>\$ 18,489,209</u>
Proportion of the Group's ownership	21.34%	21.34%	21.34%
Equity attributable to the Group	\$ 4,504,456	\$ 4,018,718	\$ 3,946,346
Other adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 4,504,456</u>	<u>\$ 4,018,718</u>	<u>\$ 3,946,346</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Operating revenue	<u>\$ 262,410</u>	<u>\$ 549,244</u>	<u>\$1,088,846</u>	<u>\$1,434,934</u>
Net profit for the year	\$ 77,547	\$ 110,933	\$ (27,665)	\$ 72,631
Other comprehensive income	<u>(162,918)</u>	<u>140,264</u>	<u>193,463</u>	<u>120,029</u>
Total comprehensive income for the year	<u>\$ (85,371)</u>	<u>\$ 251,197</u>	<u>\$ 165,798</u>	<u>\$ 192,660</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
The Group's share of:				
Net profit for the year	\$ 51,803	\$ 64,961	\$ 161,801	\$ 142,902
Other comprehensive loss	<u>(8,128)</u>	<u>13,669</u>	<u>(39,344)</u>	<u>9,117</u>
Total comprehensive income for the year	<u>\$ 43,675</u>	<u>\$ 78,630</u>	<u>\$ 122,457</u>	<u>\$ 152,019</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 2,514,711	\$ 4,353,372	\$ 5,324,308	\$ 2,893,332	\$ 32,887	\$ 15,118,610
Additions	42,503	33,680	185,407	83,277	151,518	496,385
Disposals	-	-	(46,981)	(61,379)	(3,010)	(111,370)
Transferred from inventories	-	-	-	12,702	2,628	15,330
Transferred from prepayments for equipment	-	-	-	-	134,662	134,662
Transferred to investment properties	-	-	-	-	(160)	(160)
Disposal of subsidiary	-	(54,172)	(35,716)	(54,713)	-	(144,601)
Reclassification	-	75,740	97,683	42,775	(216,198)	-
Effect of foreign currency exchange differences	(437)	(2,815)	12,795	(7,466)	(212)	1,865
Balance at September 30, 2021	<u>\$ 2,556,777</u>	<u>\$ 4,405,805</u>	<u>\$ 5,537,496</u>	<u>\$ 2,908,528</u>	<u>\$ 102,115</u>	<u>\$ 15,510,721</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 2,436,798	\$ 3,691,231	\$ 2,255,963	\$ -	\$ 8,383,992
Disposals	-	-	(39,037)	(42,558)	-	(81,595)
Depreciation expense	-	98,882	213,670	138,342	-	450,894
Disposal of subsidiary	-	(42,085)	(27,023)	(45,805)	-	(114,913)
Effect of foreign currency exchange differences	-	(2,455)	5,688	(5,649)	-	(2,416)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 2,491,140</u>	<u>\$ 3,844,529</u>	<u>\$ 2,300,293</u>	<u>\$ -</u>	<u>\$ 8,635,962</u>
Carrying amounts at September 30, 2021	<u>\$ 2,556,777</u>	<u>\$ 1,914,665</u>	<u>\$ 1,692,967</u>	<u>\$ 608,235</u>	<u>\$ 102,115</u>	<u>\$ 6,874,759</u>
Carrying amounts at December 31, 2020 and January 1, 2021	<u>\$ 2,514,711</u>	<u>\$ 1,916,574</u>	<u>\$ 1,633,077</u>	<u>\$ 627,369</u>	<u>\$ 32,887</u>	<u>\$ 6,734,618</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 2,515,751	\$ 4,124,109	\$ 5,180,506	\$ 2,831,292	\$ 102,402	\$ 14,754,060
Additions	-	40,936	143,434	82,712	133,608	400,690
Disposals	-	(3,206)	(151,893)	(58,125)	(2,324)	(215,548)
Transferred from inventories	-	-	-	9,560	-	9,560
Transferred from prepayments for equipment	-	18,747	14,984	7,176	-	40,907
Reclassification	-	54,649	79,407	2,814	(136,870)	-
Effect of foreign currency exchange differences	(610)	(10,229)	(16,312)	(5,502)	(1,116)	(33,769)
Balance at September 30, 2020	<u>\$ 2,515,141</u>	<u>\$ 4,225,006</u>	<u>\$ 5,250,126</u>	<u>\$ 2,869,927</u>	<u>\$ 95,700</u>	<u>\$ 14,955,900</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 2,311,317	\$ 3,574,045	\$ 2,129,386	\$ -	\$ 8,014,748
Disposals	-	(850)	(124,385)	(40,490)	-	(165,725)
Depreciation expense	-	90,256	194,873	143,895	-	429,024
Effect of foreign currency exchange differences	-	(3,049)	(8,081)	(3,562)	-	(14,692)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 2,397,674</u>	<u>\$ 3,636,452</u>	<u>\$ 2,229,229</u>	<u>\$ -</u>	<u>\$ 8,263,355</u>
Carrying amounts at September 30, 2020	<u>\$ 2,515,141</u>	<u>\$ 1,827,332</u>	<u>\$ 1,613,674</u>	<u>\$ 640,698</u>	<u>\$ 95,700</u>	<u>\$ 6,692,545</u>

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

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Land	\$ 183,045	\$ 190,698	\$ 189,261
Buildings	8,900	9,454	7,662
Equipments	<u>1,021</u>	<u>1,706</u>	<u>413</u>
	<u>\$ 192,966</u>	<u>\$ 201,858</u>	<u>\$ 197,336</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30
	2021	2020	2021
			2020
Additions to right-of-use assets			<u>\$ 6,235</u>
Depreciation charge for right-of-use assets			<u>\$ 6,795</u>
Land	\$ 1,259	\$ 1,272	\$ 3,795
Buildings	2,055	2,058	5,982
Equipments	<u>228</u>	<u>48</u>	<u>685</u>
	<u>\$ 3,542</u>	<u>\$ 3,378</u>	<u>\$ 10,462</u>
			<u>\$ 10,899</u>

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	\$ 5,840	\$ 6,371	\$ 4,547
Non-current	\$ 4,060	\$ 3,743	\$ 2,146

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	0.61%-4.79%	0.67%-4.79%	0.69%-4.79%
Equipments	0.67%-1.99%	0.67%-1.99%	1.99%

c. Other lease information

Lease arrangements under operating leases of the Group as lessor of investment properties are set out in Note 16.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2020	2020	2019
Expenses relating to short-term leases	\$ 8,325	\$ 14,609	\$ 27,604	\$ 36,041
Total cash outflow for leases	\$ (10,300)	\$ (16,429)	\$ (33,404)	\$ (42,259)

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

16. INVESTMENT PROPERTIES

	Completed Investment Property
<u>Cost</u>	
Balance at January 1, 2021	\$ 10,469,311
Additions	-
Transfers from construction in progress and equipment under installation	160
Balance at September 30, 2021	\$ 10,469,471

(Continued)

**Completed
Investment
Property**

Accumulated depreciation and impairment

Balance at January 1, 2021	\$ 3,083,786
Depreciation expense	<u>76,220</u>
Balance at September 30, 2021	<u>\$ 3,160,006</u>
Carrying amount at September 30, 2021	<u>\$ 7,309,465</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ 7,385,525</u>

Cost

Balance at January 1, 2020	\$ 10,468,463
Additions	<u>848</u>
Balance at September 30, 2020	<u>\$ 10,469,311</u>

Accumulated depreciation and impairment

Balance at January 1, 2020	\$ 2,979,017
Depreciation expense	<u>76,824</u>
Balance at September 30, 2020	<u>\$ 3,055,841</u>
Carrying amount at September 30, 2020	<u>\$ 7,413,470</u> (Concluded)

As lessor, the Group leased the abovementioned investment properties for 1 to 20 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties at September 30, 2021 was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Not later than 1 year	\$ 467,389	\$ 438,095	\$ 392,621
Later than 1 year and not later than 5 years	1,361,396	1,351,385	1,309,832
Later than 5 years	<u>792,500</u>	<u>1,017,500</u>	<u>1,092,500</u>
	<u>\$ 2,621,285</u>	<u>\$ 2,806,980</u>	<u>\$ 2,794,953</u>

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

Due to the new coronavirus pneumonia seriously affecting the market economy, considering the long-term cooperation with Pacific Sogo Department Store Company Limited, the minimum guaranteed rent would be reduced by 15% from July 1, 2020

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

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

The fair value of the Group's investment properties as of September 30, 2021, December 31, 2020 and September 30, 2020 was \$21,238,491 thousand, \$21,189,660 thousand and \$21,412,659 thousand, respectively. The fair value was based on the valuations carried out on October 1, 2021, January 10, 2020 and October 1, 2020 by independent qualified professional valuers. The valuation was carried out by reference to sales comparison approach and income approach.

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

17. OTHER ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Prepaid expenses	\$ 97,294	\$ 72,084	\$ 72,482
Prepayments for purchases	618,800	395,158	402,585
Refundable deposits	10,156	9,132	9,681
Other financial assets	55,084	59,559	34,174
Others	<u>41,016</u>	<u>29,322</u>	<u>43,761</u>
	<u>\$ 822,350</u>	<u>\$ 565,255</u>	<u>\$ 562,683</u>
<u>Non-current</u>			
Refundable deposits	\$ 14,863	\$ 11,794	\$ 11,484
Prepayments for equipment	12,085	193,969	170,877
Other financial assets	24,314	23,094	26,003
Others	<u>91,066</u>	<u>112,161</u>	<u>99,861</u>
	<u>\$ 142,328</u>	<u>\$ 341,018</u>	<u>\$ 308,225</u>

18. BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Secured borrowings (Note 34)</u>			
Bank loans (NTD)	\$ 80,933	\$ 84,544	\$ 85,100
<u>Unsecured borrowings</u>			
Bank loans (NTD)	1,006,000	1,650,000	2,200,000
Bank loans (RMB)	73,002	61,107	89,734
Bank loans (USD)	222,141	270,676	276,555
Bank loans (VND)	<u>146,002</u>	<u>79,650</u>	<u>63,017</u>
	<u>1,447,145</u>	<u>2,061,433</u>	<u>2,629,306</u>
	<u>\$ 1,528,078</u>	<u>\$ 2,145,977</u>	<u>\$ 2,714,406</u>

The range of weighted average effective interest rate on bank loans were 0.36%-5.50%, 0.60%-5.50% and 0.61%-5.50% per annum as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

b. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>			
Bank loans (NTD)*	\$ 850,000	\$ 850,000	\$ 850,000

* September 30, 2021: Revolving before October 2021, interest at 0.66%; December 31, 2020: Revolving before January 2021, interest at 0.66%; September 30, 2020: Revolving before October 2020, interest at 0.68%.

19. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes payable</u>			
Operating	\$ 315,614	\$ 256,633	\$ 190,179
<u>Trade payables</u>			
Trade payables	\$ 6,031,463	\$ 5,566,583	\$ 5,056,515

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

20. OTHER LIABILITIES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Other payables			
Payable for salaries and bonus	\$ 475,374	\$ 541,812	\$ 351,758
Payable for annual leave	90,721	85,319	84,367
Payable for dividends	939,916	107,366	96,678
Payable for employees' compensation	93,307	125,513	100,613
Payable for remuneration of directors	37,350	49,800	37,350
Others	<u>481,886</u>	<u>515,290</u>	<u>521,130</u>
	<u>\$ 2,118,554</u>	<u>\$ 1,425,100</u>	<u>\$ 1,191,896</u>
Other liabilities			
Temporary receipts	\$ 146,086	\$ 168,547	\$ 97,650
Deposits received	4,195	4,282	4,792
Refund liability	126,707	86,479	76,467
Others	<u>25,560</u>	<u>34,909</u>	<u>30,034</u>
	<u>\$ 302,548</u>	<u>\$ 294,217</u>	<u>\$ 208,943</u>
<u>Non-current</u>			
Other liabilities			
Deposits received	<u>\$ 102,813</u>	<u>\$ 106,062</u>	<u>\$ 105,132</u>

21. PROVISIONS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Warranties	<u>\$ 1,055,359</u>	<u>\$ 973,862</u>	<u>\$ 831,722</u>
<u>Non-current</u>			
Warranties	<u>\$ 24,159</u>	<u>\$ 19,329</u>	<u>\$ 19,757</u>
			Warranties
Balance at January 1, 2021			\$ 993,191
Additional provisions recognized			84,494
Effect of foreign currency exchange differences			<u>1,833</u>
Balance at September 30, 2021			<u>\$ 1,079,518</u>

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

22. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the pension expenses of defined benefit plans were \$3,966 thousand, \$(671) thousand, \$11,908 thousand and \$13,954 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2020 and 2019, respectively.

23. EQUITY

a. Share capital - ordinary shares

	September 30, 2021	December 31, 2020	September 30, 2020
Number of authorized shares (in thousands)	<u>580,000</u>	<u>580,000</u>	<u>580,000</u>
Amount of authorized shares	<u>\$ 5,800,000</u>	<u>\$ 5,800,000</u>	<u>\$ 5,800,000</u>
Number of issued and fully paid shares (in thousands)	<u>520,972</u>	<u>520,972</u>	<u>520,972</u>
Amount of issued and fully paid shares	<u>\$ 5,209,722</u>	<u>\$ 5,209,722</u>	<u>\$ 5,209,722</u>

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
May be used to offset a deficit, distributed, as cash dividends, or transferred to share capital (1)			
Arising from issuance of common share	\$ 1,441,424	\$ 1,441,424	\$ 1,441,424
Arising from conversion of bonds	970,457	970,457	970,457
Arising from treasury share transactions	68,529	68,529	68,529
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	75,096	75,096	75,096
<u>May only be used to offset a deficit</u>			
Arising from changes in percentage of ownership interest in subsidiaries (2)	12,349	12,615	12,615
Arising from changes in equity from investments in associates accounted for using the equity method	68,727	56,570	57,530
Arising from treasury share transactions	<u>1,530</u>	<u>1,530</u>	<u>1,530</u>
	<u>\$ 2,638,112</u>	<u>\$ 2,626,221</u>	<u>\$ 2,627,181</u>

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

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

c. Retained earnings and dividend policy

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

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

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

The Group shall appropriate to or reverse from a special reserve amounts for items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The appropriations of earnings for 2020 and 2019 had been approved in the shareholders' meetings on August 27, 2021 and June 19, 2020, respectively, as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 150,948	\$ 167,363
Cash dividends	\$ 833,556	\$ 833,556
Cash dividends per share (NT\$)	\$ 1.6	\$ 1.6

d. Special reserves

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1 and balance at September 30	\$ 5,136,954	\$ 5,136,954

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

e. Other equity items

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	<u>\$ (360,186)</u>	<u>\$ (378,937)</u>
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>(34,878)</u>	<u>(50,335)</u>
Other comprehensive income recognized for the year	<u>(34,878)</u>	<u>(50,335)</u>
Balance at September 30	<u>\$ (395,064)</u>	<u>\$ (429,272)</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	<u>\$ 1,077,718</u>	<u>\$ 772,747</u>
Recognized for the year		
Unrealized loss - equity instruments	27,600	61,186
Share from associates accounted for using the equity method	<u>(17,646)</u>	<u>34,950</u>
Other comprehensive income recognized for the year	<u>9,954</u>	<u>96,136</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>7</u>	<u>(689)</u>
Balance at September 30	<u>\$ 1,087,679</u>	<u>\$ 868,194</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	<u>\$ 528,042</u>	<u>\$ 505,761</u>
Share of profit for the year	75,313	52,751
Other comprehensive income/(loss) during the period		
Exchange difference on translating the financial statements of foreign entities	(2,985)	(2,519)
Unrealized loss on financial assets at FVTOCI	(438)	19
Share from other comprehensive income of associates accounted for using the equity method	(2,388)	(214)
Adjustment to changes in equity of associates accounted for using the equity method	(769)	(660)
Adjustment to changes in equity of subsidiaries (see Note 29)	259	40
Other comprehensive income/(loss) during the period	<u>(23,832)</u>	<u>(24,545)</u>
Balance at September 30	<u>\$ 573,202</u>	<u>\$ 530,633</u>

24. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from sale of goods	\$ 5,986,700	\$ 5,100,493	\$ 18,678,011	\$ 15,700,678
Construction contracts	583,048	791,397	1,790,017	2,353,664
Others	<u>4,000</u>	<u>1,050</u>	<u>6,000</u>	<u>1,860</u>
	6,573,748	5,892,940	20,474,028	18,056,202
Rental income				
Rental income from equipment	<u>117,083</u>	<u>115,297</u>	<u>351,541</u>	<u>365,062</u>
	<u>\$ 6,690,831</u>	<u>\$ 6,008,237</u>	<u>\$ 20,825,569</u>	<u>\$ 18,421,264</u>

a. Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Notes receivable (Note 10)	<u>\$ 1,169,312</u>	<u>\$ 880,780</u>	<u>\$ 864,341</u>	<u>\$ 969,457</u>
Notes receivable from related parties (Note 33)	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Trade receivables (Note 10)	<u>\$ 5,248,672</u>	<u>\$ 5,364,984</u>	<u>\$ 4,127,488</u>	<u>\$ 4,861,299</u>
Trade receivables from related parties (Note 33)	<u>\$ 204,341</u>	<u>\$ 233,966</u>	<u>\$ 240,418</u>	<u>\$ 172,483</u>
Contract assets				
Sale of goods	\$ 525,842	\$ 343,783	\$ 209,747	\$ 226,172
Construction contracts	<u>1,356,111</u>	<u>2,490,777</u>	<u>2,656,946</u>	<u>2,364,100</u>
Contract assets - current	<u>\$ 1,881,953</u>	<u>\$ 2,834,560</u>	<u>\$ 2,866,693</u>	<u>\$ 2,590,272</u>
Contract liabilities				
Sale of goods	\$ 1,351,635	\$ 1,349,818	\$ 1,309,823	\$ 1,122,914
Construction contracts	<u>197,705</u>	<u>314,136</u>	<u>153,711</u>	<u>599,980</u>
Contract liabilities - current	<u>\$ 1,549,340</u>	<u>\$ 1,663,954</u>	<u>\$ 1,463,534</u>	<u>\$ 1,722,894</u>

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

b. Disaggregation of revenue

For the nine months ended September 30, 2021

Type of goods or services	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Total
Sale of goods	\$ 10,296,601	\$ 4,590,586	\$ 3,386,558	\$ 404,266	\$ 18,678,011
Construction contracts	1,070,227	-	719,790	-	1,790,017
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
	<u>\$ 11,366,828</u>	<u>\$ 4,590,586</u>	<u>\$ 4,106,348</u>	<u>\$ 410,266</u>	<u>\$ 20,474,028</u>

For the nine months ended September 30, 2020

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Total
<u>Type of goods or services</u>					
Sale of goods	\$ 8,441,655	\$ 3,978,903	\$ 2,890,437	\$ 389,683	\$ 15,700,678
Construction contracts	1,826,036	-	527,628	-	2,353,664
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,860</u>	<u>1,860</u>
	<u>\$ 10,267,691</u>	<u>\$ 3,978,903</u>	<u>\$ 3,418,065</u>	<u>\$ 391,543</u>	<u>\$ 18,056,202</u>

25. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

Net Profit

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Bank deposits	\$ 3,601	\$ 3,327	\$ 12,873	\$ 9,877
Financial assets at amortized cost	<u>21</u>	<u>326</u>	<u>83</u>	<u>680</u>
	<u>\$ 3,622</u>	<u>\$ 3,653</u>	<u>\$ 12,956</u>	<u>\$ 10,557</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Dividend				
Investments in equity instruments at FVTOCI	\$ 4,125	\$ 12,639	\$ 4,125	\$ 12,677
Rental income	638	639	1,955	1,922
Others	<u>-</u>	<u>1,495</u>	<u>1,323</u>	<u>4,238</u>
	<u>\$ 4,763</u>	<u>\$ 14,773</u>	<u>\$ 7,403</u>	<u>\$ 18,837</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ (51,663)	\$ (6,816)	\$ (6,336)	\$ (1,283)
Financial liabilities held for trading	-	(7,024)	(4,481)	(9,446)
Gain/(loss) on disposal of property, plant and equipment	(7,076)	(6,940)	(8,675)	(4,664)
Gain on disposal of subsidiary (Note 28)	(352)	-	96,581	-
Net foreign exchange gains (losses)	15,718	(10,698)	(29,019)	(15,413)
Others	<u>139,667</u>	<u>21,953</u>	<u>200,713</u>	<u>69,969</u>
	<u>\$ 96,294</u>	<u>\$ (9,525)</u>	<u>\$ 248,783</u>	<u>\$ 39,163</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 4,761	\$ 7,559	\$ 16,552	\$ 24,144
Interest on finance leases	<u>66</u>	<u>72</u>	<u>195</u>	<u>229</u>
	<u>\$ 4,827</u>	<u>\$ 7,631</u>	<u>\$ 16,747</u>	<u>\$ 24,373</u>

e. Impairment losses recognized (reversed)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Trade receivables	<u>\$ 7,714</u>	<u>\$ (12,365)</u>	<u>\$ 24,714</u>	<u>\$ 5,323</u>
Inventories (included in operating costs)	<u>\$ 3,663</u>	<u>\$ 2,206</u>	<u>\$ (1,225)</u>	<u>\$ 6,517</u>

f. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 147,885	\$ 138,411	\$ 440,135	\$ 417,426
Operating expenses	<u>32,302</u>	<u>33,400</u>	<u>97,441</u>	<u>99,321</u>
	<u>\$ 180,187</u>	<u>\$ 171,811</u>	<u>\$ 537,576</u>	<u>\$ 516,747</u>
An analysis of amortization by function				
Operating costs	\$ 2,355	\$ 3,475	\$ 8,056	\$ 9,371
Operating expenses	<u>3,524</u>	<u>3,683</u>	<u>10,713</u>	<u>10,641</u>
	<u>\$ 5,879</u>	<u>\$ 7,158</u>	<u>\$ 18,769</u>	<u>\$ 20,012</u>

g. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Generated rental income	<u>\$ 8,620</u>	<u>\$ 9,034</u>	<u>\$ 29,048</u>	<u>\$ 26,973</u>

h. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2020	2020
Post-employment benefits				
Defined contribution plans	\$ 32,722	\$ 18,058	\$ 95,597	\$ 60,755
Defined benefit plans (Note 22)	<u>3,966</u>	<u>(671)</u>	<u>11,908</u>	<u>13,954</u>
	36,688	17,387	107,505	74,709
Other employee benefits	<u>888,967</u>	<u>800,036</u>	<u>2,672,268</u>	<u>2,420,565</u>
Total employee benefits expense	<u>\$ 925,655</u>	<u>\$ 817,423</u>	<u>\$ 2,779,773</u>	<u>\$ 2,495,274</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 508,031	\$ 458,619	\$ 1,509,614	\$ 1,362,635
Operating expenses	<u>417,624</u>	<u>358,804</u>	<u>1,270,159</u>	<u>1,132,639</u>
	<u>\$ 925,655</u>	<u>\$ 817,423</u>	<u>\$ 2,779,773</u>	<u>\$ 2,495,274</u>

i. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1%-8% and no higher than 4%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2021	2020
Employees' compensation	3.90%	4.04%
Remuneration of directors	1.95%	2.02%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	Cash	Cash	Cash	Cash
Employees' compensation	\$ 24,900	\$ 24,900	\$ 74,700	\$ 74,700
Remuneration of directors	12,450	12,450	37,350	37,350

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2020 and 2019 that were resolved by the board of directors on March 12, 2021 and March 13, 2020, respectively, are as shown below:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees' compensation	\$ 99,600	\$ 99,600
Remuneration of directors and supervisors	49,800	49,800

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

j. Gains or losses on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Foreign exchange gains	\$ 128,018	\$ 61,501	\$ 232,438	\$ 183,540
Foreign exchange losses	<u>(112,300)</u>	<u>(72,199)</u>	<u>(261,457)</u>	<u>(198,953)</u>
	<u>\$ 15,718</u>	<u>\$ (10,698)</u>	<u>\$ (29,019)</u>	<u>\$ (15,413)</u>

26. INCOME TAXES

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current year	\$ 116,134	\$ 133,421	\$ 473,012	\$ 390,628
Income tax on unappropriated earnings	-	-	-	28,140
Adjustments for prior years	<u>-</u>	<u>35,190</u>	<u>(28,367)</u>	<u>61,113</u>
	<u>116,134</u>	<u>168,611</u>	<u>444,645</u>	<u>479,881</u>
Deferred tax				
In respect of the current year	(9,679)	(3,595)	17,868	33,707
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>(5,575)</u>	<u>(1,975)</u>
	<u>(9,679)</u>	<u>(3,595)</u>	<u>12,293</u>	<u>31,732</u>
Income tax expense recognized in profit or loss	<u>\$ 106,455</u>	<u>\$ 165,016</u>	<u>\$ 456,938</u>	<u>\$ 511,613</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Deferred tax</u>				
In respect of the current year				
Translation of the financial statements of foreign operations	<u>\$ (3,553)</u>	<u>\$ 15,876</u>	<u>\$ (13,458)</u>	<u>\$ (10,696)</u>

c. Income tax assessments

The income tax returns of the Corporation, Hsin Lin, Rueylin, Jeen-Lin, Ting Lin, Hwo Lin, Cheng Lin, Shang Lin, Ji Lin, Yuh Lin, Jeng Lin, Chuan Lin, Yeangder Entertainment, and Wuling through 2019 have been assessed by the tax authority.

27. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 364,392</u>	<u>\$ 412,967</u>	<u>\$ 1,488,056</u>	<u>\$ 1,313,198</u>

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	520,972	520,972	520,972	520,972
Effect of potentially dilutive ordinary shares				
Employees' compensation	<u>1,476</u>	<u>1,573</u>	<u>2,066</u>	<u>2,433</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	<u>522,448</u>	<u>522,545</u>	<u>523,038</u>	<u>523,405</u>

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

28. DISPOSAL OF SUBSIDIARIES

On December 25, 2020, the Group entered into a sale agreement to dispose of Fuzhou SEEC, which carried out its entire manufacturing operations. The disposal was completed on March 1, 2021, on which dates control of Fuzhou SEEC passed to the acquirer.

a. Consideration received from disposals

Fuzhou SEEC

Total consideration received	<u>\$ 203,112</u>
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b. Analysis of assets and liabilities on the date control was lost

Fuzhou SEEC

Current assets	
Cash and cash equivalents	\$ 54,914
Other receivables	11,546
Inventories	19,500
Other current assets	510
Non-current assets	
Property, plant and equipment	29,688
Right-of-use assets	4,234
Deferred tax assets	5,122
Other current liabilities	<u>(1,254)</u>
Net assets disposed of	<u>\$ 124,260</u>

c. Gain on disposal of subsidiaries

Fuzhou SEEC

Consideration received	\$ 203,112
Exchange differences on translating the financial statements of foreign operations	15,459
Net assets disposed of	<u>(124,260)</u>
Gain on disposals	<u>\$ 94,960</u>

d. Net cash outflow on disposals of subsidiaries

Fuzhou SEEC

Consideration received in cash and cash equivalents	\$ 203,112
Less: Cash and cash equivalent balances disposed of	<u>(54,914)</u>
	<u>\$ 148,198</u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On April 11, 2021, the Group subscribed for additional new shares of Cheng Lin at a percentage different from its existing ownership percentage, and increased its continuing interest from 99.3% to 99.4%.

On March 23, 2020, the Group subscribed for additional new shares of Yuh Lin at existing ownership percentage; the Group's interest in Yuh Lin remained at 99.9%.

On March 23, 2020, the Group subscribed for additional new shares of Jeng Lin at existing ownership percentage; the Group's interest in Cheng Lin remained at 99.9%.

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

For the nine months ended September 30, 2021

	Cheng Lin
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	\$ (259)
Reattribution of other equity to (from) non-controlling interests	
Unrealized gain (loss) on financial assets at FVTOCI	<u>(7)</u>
Differences recognized from equity transactions	<u>\$ (266)</u>

Cheng Lin

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ (266)</u>
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For the nine months ended September 30, 2020

	Yuh Lin	Cheng Lin
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	\$ -	\$ (40)
Reattribution of other equity to (from) non-controlling interests		
Unrealized gain (loss) on financial assets at FVTOCI	<u>367</u>	<u>322</u>
Differences recognized from equity transactions	<u>\$ 367</u>	<u>\$ 282</u>

Yuh Lin

Cheng Lin

Total

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 367</u>	<u>\$ 282</u>	<u>\$ 649</u>
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30. CASH FLOW INFORMATION

a. Non-cash transactions

The cash dividends \$833,556 thousand approved in the shareholders' meetings were not yet distributed as of September 30, 2021 (refer to Notes 20 and 23).

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2021

			<u>Non-cash Changes</u>		
	Opening Balance	Cash Flows	New Leases	Effect of Foreign Currency Exchange Difference	Closing Balance
Short-term borrowings	\$ 2,145,977	\$ (623,146)	\$ -	\$ 5,247	\$ 1,528,078
Long-term borrowings	850,000	-	-	-	850,000
Lease liabilities	10,114	(5,605)	5,484	(93)	9,900
Deposits received (included in other current liabilities and other non-current liabilities)	<u>110,344</u>	<u>(3,325)</u>	<u>-</u>	<u>(11)</u>	<u>107,008</u>
	<u>\$ 3,116,435</u>	<u>\$ (632,076)</u>	<u>\$ 5,484</u>	<u>\$ 5,143</u>	<u>\$ 2,494,986</u>

For the nine months ended September 30, 2020

			<u>Non-cash Changes</u>		
	Opening Balance	Cash Flows	New Leases	Effect of Foreign Currency Exchange Difference	Closing Balance
Short-term borrowings	\$ 2,245,800	\$ 473,439	\$ -	\$ (4,833)	\$ 2,714,406
Long-term borrowings	850,000	-	-	-	850,000
Lease liabilities	5,870	(5,989)	6,795	17	6,693
Deposits received (included in other current liabilities and other non-current liabilities)	<u>109,819</u>	<u>109</u>	<u>-</u>	<u>(4)</u>	<u>109,924</u>
	<u>\$ 3,211,489</u>	<u>\$ 467,559</u>	<u>\$ 6,795</u>	<u>\$ (4,820)</u>	<u>\$ 3,681,023</u>

31. CAPITAL MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 11,019	\$ 11,019
Mutual funds	<u>690,220</u>	<u>-</u>	<u>-</u>	<u>690,220</u>
	<u>\$ 690,220</u>	<u>\$ -</u>	<u>\$ 11,019</u>	<u>\$ 701,239</u>
Financial assets at FVOCI				
Listed shares	\$ 98,327	\$ -	\$ -	\$ 98,327
Unlisted shares	<u>-</u>	<u>-</u>	<u>968,940</u>	<u>968,940</u>
	<u>\$ 98,327</u>	<u>\$ -</u>	<u>\$ 968,940</u>	<u>\$ 1,067,267</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 9,372	\$ 9,372
Mutual funds	<u>705,065</u>	<u>-</u>	<u>-</u>	<u>705,065</u>
	<u>\$ 705,065</u>	<u>\$ -</u>	<u>\$ 9,372</u>	<u>\$ 714,437</u>
Financial assets at FVOCI				
Listed shares	\$ 93,276	\$ -	\$ -	\$ 93,276
Unlisted shares	<u>-</u>	<u>-</u>	<u>876,829</u>	<u>876,829</u>
	<u>\$ 93,276</u>	<u>\$ -</u>	<u>\$ 876,829</u>	<u>\$ 970,105</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 10,419</u>	<u>\$ -</u>	<u>\$ 10,419</u>

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 8,325	\$ 8,325
Mutual funds	<u>675,799</u>	<u>-</u>	<u>-</u>	<u>675,799</u>
	<u>\$ 675,799</u>	<u>\$ -</u>	<u>\$ 8,325</u>	<u>\$ 684,124</u>
Financial assets at FVOCI				
Listed shares	\$ 88,683	\$ -	\$ -	\$ 88,683
Unlisted shares	<u>-</u>	<u>-</u>	<u>849,649</u>	<u>849,649</u>
	<u>\$ 88,683</u>	<u>\$ -</u>	<u>\$ 849,649</u>	<u>\$ 938,332</u>
Financial liabilities at FVTPL				
Derivative	<u>\$ -</u>	<u>\$ 4,873</u>	<u>\$ -</u>	<u>\$ 4,873</u>

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

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

For the nine months ended September 30, 2021

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 9,372	\$ 876,829	\$ 886,201
Recognized in profit or loss (included in other gains and losses)	1,647	-	1,647
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	92,111	92,111
Balance at September 30, 2021	<u>\$ 11,019</u>	<u>\$ 968,940</u>	<u>\$ 979,959</u>
Recognized in other gains and losses - unrealized	<u>\$ 1,647</u>	<u>\$ -</u>	<u>\$ 1,647</u>

For the nine months ended September 30, 2020

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2020	\$ 9,567	\$ 794,385	\$ 803,952
Recognized in profit or loss (included in other gains and losses)	(1,242)	-	(1,242)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	55,264	55,264
Balance at September 30, 2020	<u>\$ 8,325</u>	<u>\$ 849,649</u>	<u>\$ 857,974</u>
Recognized in other gains and losses - unrealized	<u>\$ (1,242)</u>	<u>\$ -</u>	<u>\$ (1,242)</u>

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

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

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

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

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

b. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 701,239	\$ 714,437	\$ 684,124
Financial assets at amortized cost (1)	10,051,178	9,672,878	8,417,270
Financial assets at FVTOCI	1,067,267	970,105	938,332
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	-	10,419	4,873
Financial liabilities at amortized cost (2)	8,852,360	8,957,853	8,953,938

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

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Group was mainly exposed to the USD, RMB and JPY.

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

	USD Impact	
	For the Nine Months Ended	
	September 30	
	2021	2020
Profit or loss	\$ (10,037) (i)	\$ (7,794) (i)
	RMB Impact	
	For the Nine Months Ended	
	September 30	
	2021	2020
Profit or loss	\$ (3,583) (ii)	\$ (1,947) (ii)
	JPY Impact	
	For the Six Months Ended	
	June 30	
	2021	2020
Profit or loss	\$ (5,849) (iii)	\$ (3,789) (iii)

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

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

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

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

b) Interest rate risk

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 221,389	\$ 382,298	\$ 297,540
Financial liabilities	1,003,024	1,740,553	1,604,706
Cash flow interest rate risk			
Financial liabilities	1,375,054	1,255,424	1,959,700

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2021 and 2020 would decrease/increase by \$10,313 thousand and \$14,698 thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$7,012 thousand and \$6,841 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2021 and 2020 would have increased/decreased by \$10,673 thousand and \$9,383 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

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

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

September 30, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	\$ 8,504,332	\$ 333,989	\$ 327,250	\$ 661,239

December 31, 2020

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	\$ 9,314,290	\$ 268,061	\$ 185,944	\$ 454,005

September 30, 2020

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	\$ 8,098,940	\$ 275,216	\$ 321,055	\$ 596,271

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group had available unutilized short-term bank loan facilities of \$9,996,357 thousand, \$9,637,455 thousand and \$7,948,096 thousand, respectively.

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

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

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,696,796	\$ 3,048,426	\$ 1,602,604	\$ 1,065,360	\$ -
Lease liabilities	717	1,697	4,433	4,659	-
Variable interest rate liabilities	355,629	72,497	129,757	850,489	-
Fixed interest rate liabilities	701,526	362,634	264,226	-	-
Refund liability	21,118	42,236	63,353	-	-
	<u>\$ 2,755,786</u>	<u>\$ 3,527,490</u>	<u>\$ 2,064,373</u>	<u>\$ 1,920,508</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 6,847</u>	<u>\$ 4,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 2,063,940	\$ 2,559,516	\$ 1,119,344	\$ 323,491	\$ -
Lease liabilities	630	1,543	4,547	3,751	-
Variable interest rate liabilities	450,913	194,792	147,207	850,489	-
Fixed interest rate liabilities	779,649	632,290	380,895	19,444	-
Refund liability	14,413	28,826	43,240	-	-
	<u>\$ 3,309,545</u>	<u>\$ 3,416,967</u>	<u>\$ 1,695,233</u>	<u>\$ 1,197,175</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 6,720</u>	<u>\$ 3,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,433,084	\$ 2,469,211	\$ 1,286,054	\$ 294,735	\$ -
Lease liabilities	543	951	3,194	2,118	-
Variable interest rate liabilities	870,731	66,307	179,770	850,489	-
Fixed interest rate liabilities	1,750,225	604,381	102,408	-	-
Refund liability	12,745	25,490	38,232	-	-
	<u>\$ 4,067,328</u>	<u>\$ 3,166,340</u>	<u>\$ 1,609,658</u>	<u>\$ 1,147,384</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 4,688</u>	<u>\$ 2,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

September 30, 2021: None

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Cross-currency swap contracts					
Inflows	\$ -	\$ 289,081	\$ -	\$ -	\$ -
Outflows	<u>-</u>	<u>(299,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ (10,419)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Cross-currency swap contracts					
Inflows	\$ 87,422	\$ -	\$ 295,255	\$ -	\$ -
Outflows	<u>(88,050)</u>	<u>-</u>	<u>(299,500)</u>	<u>-</u>	<u>-</u>
	<u>\$ (628)</u>	<u>\$ -</u>	<u>\$ (4,245)</u>	<u>\$ -</u>	<u>\$ -</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

b. Operating revenue

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Sales	Associates	\$ 165,653	\$ 201,877	\$ 566,470	\$ 456,559
	Subsidiaries of investors that have significant influence over the Group	64,838	66,085	236,050	163,921
	Related parties in substance	<u>88</u>	<u>89</u>	<u>205</u>	<u>323</u>
		<u>\$ 230,579</u>	<u>\$ 268,051</u>	<u>\$ 802,725</u>	<u>\$ 620,803</u>
Rental revenue	Subsidiaries of investors that have significant influence over the Group	\$ 6,215	\$ 6,149	\$ 18,571	\$ 18,454
	Related parties in substance	<u>7,202</u>	<u>7,862</u>	<u>19,490</u>	<u>23,585</u>
		<u>\$ 13,417</u>	<u>\$ 14,011</u>	<u>\$ 38,061</u>	<u>\$ 42,039</u>
Other operating revenue	Related parties in substance HCT Logistics	<u>\$ 4,000</u>	<u>\$ 1,050</u>	<u>\$ 6,000</u>	<u>\$ 1,860</u>

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Investors that have significant influence over the Group	\$ 222,376	\$ 7,154	\$ 505,650	\$ 285,875
Associates	14,736	12,693	34,724	28,770
Subsidiaries of investors that have significant influence over the Group	<u>16,778</u>	<u>34,011</u>	<u>59,917</u>	<u>170,439</u>
	<u>\$ 253,890</u>	<u>\$ 53,858</u>	<u>\$ 600,291</u>	<u>\$ 485,084</u>

d. Contract liabilities

Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Associates	\$ 13,439	\$ 18,141	\$ 11,037
Subsidiaries of investors that have significant influence over the Group	<u>3,034</u>	<u>3,754</u>	<u>4,597</u>
	<u>\$ 16,473</u>	<u>\$ 21,895</u>	<u>\$ 15,634</u>

e. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Trade receivables from related parties	Related parties in substance	\$ 54	\$ -	\$ -
Trade receivables from related parties	Associates			
	Changzhou Mitsubishi Shihlin	124,198	136,917	120,369
	Wuhan Mitsuba Shihlin	-	-	28,923
	Others	10,113	17,194	12,298
	Subsidiaries of investors that have significant influence over the Group			
	Mitsubishi Automotive China	69,796	77,473	74,706
	Others	198	66	22
	Related parties in substance	36	2,316	4,100
Other receivables from related parties	Associates			
	Wuhan Mitsuba Shihlin	2,340	4,895	3,545
	Others	226	339	369
	Subsidiaries of investors that have significant influence over the Group	146	-	-
	Related parties in substance			
	HCT Logistics	659	-	7,340
	Others	-	569	58
		<u>\$ 207,766</u>	<u>\$ 239,769</u>	<u>\$ 251,730</u>

f. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Trade payable to related parties	Associates			
	Changzhou Mitsubishi Shihlin	\$ 10,115	\$ 16,323	\$ 15,430
	Subsidiaries of investors that have significant influence over the Group			
	Mitsubishi China	-	-	7,767
	Mitsubishi Taiwan	9,070	9,096	6,645
Other payables to related parties	Investors that have significant influence over the Group			
	Mitsubishi Electric	35,227	20,651	13,029
	Associates			
	Ambassador Hotel	2,818	3,955	2,544
	Related parties in substance			
	HCT Logistics	<u>922</u>	<u>853</u>	<u>836</u>
		<u>\$ 58,152</u>	<u>\$ 50,878</u>	<u>\$ 46,251</u>

g. Prepayments (included in other current assets)

Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Investors that have significant influence over the Group	<u>\$ 227,418</u>	<u>\$ 197,796</u>	<u>\$ 174,071</u>

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Royalty expenses	Investors that have significant influence over the Group				
	Mitsubishi Electric	<u>\$ 9,863</u>	<u>\$ 4,549</u>	<u>\$ 28,963</u>	<u>\$ 9,620</u>
Freight expenses	Related parties in substance	<u>\$ 1,564</u>	<u>\$ 1,364</u>	<u>\$ 4,217</u>	<u>\$ 3,873</u>
Rental expenses	Related parties in substance	<u>\$ 252</u>	<u>\$ 251</u>	<u>\$ 1,369</u>	<u>\$ 756</u>

(Continued)

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Rental revenue (included in other income)	Associates Xiamen Mitsubishi	\$ 648	\$ 639	\$ 1,955	\$ 1,922
Management service revenue (included in other gains and losses)	Associates Wuhan Mitsuba Shihlin	\$ 1,170	\$ 1,350	\$ 3,359	\$ 4,277
Miscellaneous revenue (included in other gain and loss)	Related parties in substance	\$ 1,886	\$ 1,767	\$ 5,653	\$ 5,742
	Subsidiaries of investors that have significant influence over the Group	1	8	6,169	3,625
		\$ 1,887	\$ 1,775	\$ 11,822	\$ 9,367

(Concluded)

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

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

The outstanding receivables from related parties are unsecured. For the nine months ended September 30, 2021 and 2020, no impairment loss was recognized on receivables from related parties.

The outstanding payables to related parties are unsecured.

i. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 32,576	\$ 31,833	\$ 112,260	\$ 107,480
Post-employment benefits	550	391	1,396	1,059
	\$ 33,126	\$ 32,224	\$ 113,656	\$ 108,539

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2021	December 31, 2020	September 30, 2020
Demand deposits (included in other current assets)	\$ 25,699	\$ 25,699	\$ 25,718
Time deposits (included in other current assets and other non-current assets)	53,699	56,954	34,459
Investments accounted for using the equity method	262,005	259,696	255,024
Land (included in property, plant and equipment and investment properties)	6,689,717	6,680,105	6,680,105
Buildings, net (included in property, plant and equipment)	<u>201,551</u>	<u>210,901</u>	<u>214,514</u>
	<u>\$ 7,232,671</u>	<u>\$ 7,233,355</u>	<u>\$ 7,209,820</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of September 30, 2020 were as follows:

- Under technical cooperation agreements with several foreign companies expiring on various dates between October 2021 and July 2023, the Group, aside from paying upfront royalties, shall pay running royalties at specified percentages of sales (as defined). For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020, royalties were \$10,013 thousand, \$5,080 thousand, \$31,963 thousand and \$15,111 thousand, respectively.
- As of September 30, 2021, December 30, 2020 and September 30, 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$152,263 thousand, \$86,115 thousand and \$121,962 thousand, respectively.
- Unrecognized commitments were as follows:

	September 30, 2021	December 30, 2020	September 30, 2020
Acquisition of property, plant and equipment	<u>\$ 35,896</u>	<u>\$ 11,120</u>	<u>\$ 11,120</u>

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,623	27.85 (USD:NTD)	\$ 1,214,890
USD	20,027	6.46-6.59 (USD:RMB)	181,913
USD	3,117	21,121.24 (USD:VND)	59,520
RMB	88,653	4.31 (RMB:NTD)	381,652
RMB	14,139	0.1449 (RMB:USD)	57,043
JPY	2,467,513	0.2490 (JPY:NTD)	614,411
AUD	209	20.07 (AUD:NTD)	4,196
EUR	1,669	32.32 (EUR:NTD)	53,955
EUR	41	8.03 (EUR:RMB)	1,398
CAD	1,921	21.91 (CAD:NTD)	42,079
CHF	51	29.815 (CHF:NTD)	1,514
Non-monetary items			
Investments accounted for using the equity method			
RMB	392,617	0.1449 (RMB:USD)	1,685,993
Others			
USD	20,105	27.85 (USD:NTD)	559,911
<u>Financial liabilities</u>			
Monetary items			
USD	2,736	27.85 (USD:NTD)	76,189
USD	8,708	6.46-6.59 (USD:RMB)	242,137
USD	4,742	21,121.24 (USD:VND)	130,668
RMB	18,682	4.31 (RMB:NTD)	80,426
JPY	118,669	0.2490 (JPY:NTD)	29,549
EUR	837	32.32 (EUR:NTD)	27,037
CHF	175	29.815 (CHF:NTD)	5,215

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 39,682	28.48 (USD:NTD)	\$ 1,130,155
USD	11,144	6.52-6.60 (USD:RMB)	151,178
USD	1,657	23,057.99 (USD:VND)	42,397
RMB	42,090	0.1410 (RMB:USD)	184,230
RMB	9,101	4.38 (RMB:NTD)	36,543
JPY	1,567,147	0.2763 (JPY:NTD)	433,003
EUR	581	35.02 (EUR:NTD)	20,361
EUR	41	8.03 (EUR:RMB)	1,421
CAD	2,538	22.35 (CAD:NTD)	56,721
CHF	1,341	32.305 (CHF:NTD)	43,325
AUD	146	21.95 (AUD:NTD)	3,203
Non-monetary items			
Investments accounted for using the equity method			
RMB	377,589	0.1410 (RMB:USD)	1,648,105
Others			
USD	19,851	28.48 (USD:NTD)	565,367
<u>Financial liabilities</u>			
Monetary items			
USD	975	28.48 (USD:NTD)	27,764
USD	13,142	6.52-6.60 (USD:RMB)	207,192
USD	1,354	23,057.99 (USD:VND)	35,280
RMB	12,373	4.38 (RMB:NTD)	54,157
PHP	3,272	0.5861 (PHP:NTD)	1,917
JPY	19,610	0.2763 (JPY:NTD)	5,418
EUR	38	35.02 (EUR:NTD)	1,329
Non-monetary items			
Derivative instruments			
USD	264	28.48 (USD:NTD)	7,906

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 27,475	29.10 (USD:NTD)	\$ 799,532
USD	7,976	6.81-7.03 (USD:RMB)	237,993
USD	2,035	22,944.42 (USD:VND)	53,094
RMB	40,610	4.27 (RMB:NTD)	173,365
RMB	21,776	0.1410 (RMB:USD)	89,339
JPY	1,506,049	0.2756 (JPY:NTD)	415,067
CHF	2,463	31.585 (CHF:NTD)	77,805
AUD	407	20.72 (AUD:NTD)	8,432
EUR	1,193	34.15 (EUR:NTD)	40,747
EUR	41	7.84 (EUR:RMB)	1,358
CAD	1,637	21.72 (CAD:NTD)	35,554
Non-monetary items			
Investments accounted for using the equity method			
RMB	368,913	0.1410 (RMB:USD)	1,576,394
Others			
USD	18,665	29.10 (USD:NTD)	543,147
<u>Financial liabilities</u>			
Monetary items			
USD	2,590	29.10 (USD:NTD)	75,379
USD	12,921	6.81-7.03 (USD:RMB)	215,345
USD	782	22,944.42 (USD:VND)	20,452
RMB	15,934	4.27 (RMB:NTD)	68,021
JPY	131,319	0.2756 (JPY:NTD)	36,192
CHF	52	31.59 (CHF:NTD)	1,638
PHP	9,842	0.5934 (PHP:NTD)	5,840
EUR	223	34.15 (AUD:NTD)	7,632
Non-monetary items			
Derivative instruments			
USD	167	29.10 (USD:NTD)	4,873

The Group is mainly exposed to USD and RMB. The following are the functional currencies of the Group entities, the exchange rates between the functional currencies and the presentation currency, and the significant realized and unrealized foreign exchange gains (losses).

For the Three Months Ended September 30				
2021		2020		
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	27.86 (USD:NTD)	\$ (299)	29.45 (USD:NTD)	\$ 3,049
NTD	1 (NTD:NTD)	16,251	1 (NTD:NTD)	(19,252)
RMB	4.31 (RMB:NTD)	181	4.26 (RMB:NTD)	5,832
VND	0.012 (VND:NTD)	<u>(415)</u>	0.0011 (VND:NTD)	<u>(327)</u>
		<u>\$ 15,718</u>		<u>\$ (10,698)</u>

For the Nine Months Ended September 30				
2021		2020		
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.07 (USD:NTD)	\$ (4,044)	29.82 (USD:NTD)	\$ (341)
NTD	1 (NTD:NTD)	(20,803)	1 (NTD:NTD)	(19,137)
RMB	4.34 (RMB:NTD)	(3,461)	4.26 (RMB:NTD)	4,574
VND	0.0011 (VND:NTD)	<u>(711)</u>	0.0012 (VND:NTD)	<u>(509)</u>
		<u>\$ (29,019)</u>		<u>\$ (15,413)</u>

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: Table 1.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 2.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 9) Trading in derivative instruments: Refer to Note 7.
 - 10) Intercompany relationships and significant intercompany transactions: Table 5.
 - 11) Information on investees (excluding investees in mainland China): Table 6.
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
 - 2) Any of significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment terms, and unrealized gains or losses: Table 8.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

39. OPERATING SEGMENT INFORMATION

a. Operating segment:

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

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

b. Segment revenues and results:

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

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Adjustments and Eliminations	Consolidated
For the nine months ended September 30, 2021						
Revenue from external customers	\$ 11,366,828	\$ 4,590,586	\$ 4,106,348	\$ 761,807	\$ -	\$ 20,825,569
Inter-segment revenue	<u>3,148</u>	<u>1,045</u>	<u>379</u>	<u>-</u>	<u>(4,572)</u>	<u>-</u>
Total revenue	<u>\$ 11,369,976</u>	<u>\$ 4,591,631</u>	<u>\$ 4,106,727</u>	<u>\$ 761,807</u>	<u>\$ (4,572)</u>	<u>\$ 20,825,569</u>
Finance costs	<u>\$ 6,246</u>	<u>\$ 4,344</u>	<u>\$ 5,260</u>	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 16,747</u>
Depreciation expense	<u>\$ 224,471</u>	<u>\$ 174,142</u>	<u>\$ 31,958</u>	<u>\$ 107,005</u>	<u>\$ -</u>	<u>\$ 537,576</u>
Amortization expense	<u>\$ 10,254</u>	<u>\$ 7,976</u>	<u>\$ 539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,769</u>
Share of profit or loss of associates accounted for using the equity method	<u>\$ 1,301</u>	<u>\$ 138,584</u>	<u>\$ -</u>	<u>\$ 15,952</u>	<u>\$ -</u>	<u>\$ 155,837</u>
Segment income	<u>\$ 1,138,653</u>	<u>\$ 599,644</u>	<u>\$ 448,473</u>	<u>\$ 97,088</u>	<u>\$ -</u>	<u>\$ 2,283,858</u>
Unallocated amount						<u>(263,551)</u>
Profit before income tax						<u>\$ 2,020,307</u>
For the nine months ended September 30, 2020						
Revenue from external customers	\$ 10,267,691	\$ 3,978,903	\$ 3,418,065	\$ 756,605	\$ -	\$ 18,421,264
Inter-segment revenue	<u>23,835</u>	<u>146</u>	<u>4,751</u>	<u>-</u>	<u>(28,732)</u>	<u>-</u>
Total revenue	<u>\$ 10,291,526</u>	<u>\$ 3,979,049</u>	<u>\$ 3,422,816</u>	<u>\$ 756,605</u>	<u>\$ (28,732)</u>	<u>\$ 18,421,264</u>
Finance costs	<u>\$ 6,361</u>	<u>\$ 6,933</u>	<u>\$ 9,893</u>	<u>\$ 1,186</u>	<u>\$ -</u>	<u>\$ 24,373</u>
Depreciation expense	<u>\$ 220,107</u>	<u>\$ 161,672</u>	<u>\$ 29,561</u>	<u>\$ 105,407</u>	<u>\$ -</u>	<u>\$ 516,747</u>
Amortization expense	<u>\$ 9,468</u>	<u>\$ 9,952</u>	<u>\$ 592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,012</u>
Share of profit or loss of associates accounted for using the equity method	<u>\$ (680)</u>	<u>\$ 122,536</u>	<u>\$ -</u>	<u>\$ 36,392</u>	<u>\$ -</u>	<u>\$ 158,248</u>
Segment income	<u>\$ 1,078,917</u>	<u>\$ 500,270</u>	<u>\$ 228,936</u>	<u>\$ 240,768</u>	<u>\$ -</u>	<u>\$ 2,048,891</u>
Unallocated amount						<u>(171,329)</u>
Profit before income tax						<u>\$ 1,877,562</u>

TABLE 1

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 6)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 6)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 6)	Note
		Name	Relationship (Note 2)											
0	Shihlin Electric & Engineering Corp.	Shihlin Electric Engineering Equipment Vietnam Company Limited	a and b	\$ 5,164,582 (Note 3)	\$ 199,745	\$ 194,950	\$ 60,115	\$ -	0.75	\$ 12,911,455 (Note 5)	Y	-	-	
		Changzhou Shihlin Auto Parts Co., Ltd.	b	5,164,582 (Note 3)	313,887	306,350	198,327	-	1.19	12,911,455 (Note 5)	Y	-	Y	
		Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	a and f	1,265,543 (Note 4)	85,992	-	-	-	-	12,911,455 (Note 5)	-	-	Y	
		Shihlin Technology (Shenzhen) Co., Ltd.	a and b	5,164,582 (Note 3)	43,873	42,943	-	-	0.17	12,911,455 (Note 5)	Y	-	Y	
		Vietnam Shihlin Electric & Engineering Co., Ltd.	b	5,164,582 (Note 3)	142,676	139,250	86,335	-	0.54	12,911,455 (Note 5)	Y	-	-	
		Wuxi Shihlin Electric & Engineering Co., Ltd.	a and b	5,164,582 (Note 3)	185,120	139,250	-	-	0.54	12,911,455 (Note 5)	Y	-	Y	
		Suzhou Shihlin Electric & Engineering Corp.	a and b	5,164,582 (Note 3)	199,745	194,950	97,475	-	0.75	12,911,455 (Note 5)	Y	-	Y	
		Xiamen Shihlin Electric & Engineering Corp.	a and b	5,164,582 (Note 3)	214,634	210,043	-	-	0.81	12,911,455 (Note 5)	Y	-	Y	
		Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	a and b	5,164,582 (Note 3)	242,548	236,725	54,400	-	0.92	12,911,455 (Note 5)	Y	-	Y	

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

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

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

Note 3: Parent company that held more than 50% of subsidiary’s shares used the financial statements as of September 30, 2021; the limit of guarantee is 20% of the parent company’s net value. The parent company’s equity amount was \$5,164,582 thousand.

Note 4: Parent company holding more than 50% of shares of subsidiary company used the financial statements as of September 30, 2021; the limit of guarantee is 20% of the parent’s net value; the limit for Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd. was \$1,265,543 thousand.

Note 5: The Corporation’s financial statements as of September 30, 2021 had equity of \$12,911,456 thousand; limit is 50% of net asset value.

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

TABLE 2

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Shihlin Electric & Engineering Corp.	<u>Shares</u>						
	AmTrust Capital I Corp.	The Corporation is a director	Financial assets at FVTOCI	7,500,000	\$ 72,600	7.8	\$ 72,600
	Arch Meter Corp.	The Corporation is a director	Financial assets at FVTOCI	5,636,050	58,389	15.6	58,389
	Jine De Sheng Co., Ltd.	The Corporation is a supervisor	Financial assets at FVTOCI	3,333,333	134,033	7.7	134,033
	Charter Leisure Co., Ltd.	The Corporation is a supervisor	Financial assets at FVTOCI	950,000	9,158	19.0	9,158
	Power World Capital Management Inc.	-	Financial assets at FVTPL	697,819	11,019	6.0	11,019
	HCT Logistics Co., Ltd.	Same chairman	Financial assets at FVTOCI	4,757,721	412,590	1.9	412,590
	Innocom Telecom Corp.	-	Financial assets at FVTPL	250,000	-	0.6	-
	Formosa Capital Holdings Corporation	-	Financial assets at FVTPL	363,636	-	9.1	-
	TSC Finance.Com	The Corporation is a director	Financial assets at FVTOCI	138,074	794	6.0	794
	Chinese Products Promotion Center	-	Financial assets at FVTOCI	500	45	0.1	45
	Normpacific Automation Corp.	The Corporation is a director	Financial assets at FVTOCI	672,188	17,719	2.4	17,719
	eTreego Co., Ltd.	-	Financial assets at FVTOCI	8,571,420	46,800	10.4	46,800
	Windance Co., Ltd.	-	Financial assets at FVTPL	6,500,000	-	0.9	-
	Asia Technology 3 Limited	-	Financial assets at FVTPL	636,500	-	1.2	-
	Hsin Chu Golf Country Club Co., Ltd.	The Corporation is a director	Financial assets at FVTOCI	24	103,700	2.8	103,700
	The Orient Linko Golf & Country Club	-	Financial assets at FVTOCI	10	93,000	1.0	93,000
	Taichung International Country Club	-	Financial assets at FVTOCI	1	2,950	-	2,950
	O-Bank Co., Ltd. (Industrial Bank of Taiwan Co., Ltd.)	-	Financial assets at FVTOCI	8,655,769	65,870	0.4	65,870
	The Great Taipei Corporation	-	Financial assets at FVTOCI	691,901	23,109	0.1	23,109
	Taiwan Cogeneration Corporation	-	Financial assets at FVTOCI	151,844	5,876	-	5,876
	<u>Mutual funds</u>						
	Sycamore Venture Capital, L.P.	-	Financial assets at FVTPL	1,000,000	-	-	-
	KGI EM Trend ETF Fund of Funds	-	Financial assets at FVTPL	1,500,000	12,675	-	12,675
	Pacific Royal Fund - Core Asia Region Fund	-	Financial assets at FVTPL	287,825	62,483	-	62,483
	Pacific Royal Fund - High Yield Capital Fund	-	Financial assets at FVTPL	295,000	66,312	-	66,312
	Global Alliance - Asia Keystone Fund	-	Financial assets at FVTPL	213,083	135,307	-	135,307
	Global Alliance - Ocean Elite Fund	-	Financial assets at FVTPL	213,145	135,344	-	135,344
	Global Alliance - Hidden Power Fund	-	Financial assets at FVTPL	213,128	135,344	-	135,344
	Global Alliance - Titan Investment Fund	-	Financial assets at FVTPL	45,320	25,130	-	25,130
Shihlin Electric & Engineering Corp. International Holdings Ltd.	<u>Mutual funds</u>						
	Pacific Royal Fund - Strategic Growth Income Fund	-	Financial assets at FVTPL	260,000	56,439	-	56,439
	Pacific Royal Fund - Aslan Eagle Opportunity Fund	-	Financial assets at FVTPL	260,000	61,196	-	61,196
Chuan Lin Technology Corporation	<u>Shares</u>						
	Mirle Automation Corporation	-	Financial assets at FVTOCI	82,096	3,472	-	3,472

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Hsin Lin Electric Machinery Co., Ltd.	<u>Shares</u> Digi-Triumph Technology Co., Ltd.	-	Financial assets at FVTOCI	82,735	\$ 683	2.7	\$ 683
Rueylin Electric & Engineering Corp.	<u>Shares</u> Digi-Triumph Technology Co., Ltd.	-	Financial assets at FVTOCI	82,734	683	2.7	683
Ji Lin Investment, Co., Ltd.	<u>Shares</u> Tai Yi Fong Co., Ltd.	-	Financial assets at FVTOCI	750,000	7,898	2.5	7,898
Cheng Lin Investments Co., Ltd.	<u>Shares</u> Tai Yi Fong Co., Ltd.	-	Financial assets at FVTOCI	750,000	7,898	2.5	7,898

(Concluded)

TABLE 3

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)	
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Shihlin Electric & Engineering Corp.	Hsin Lin Electric Machinery Co., Ltd.	Subsidiary	Purchase	\$ 1,100,490	9.80	Payment in 60 days after acceptance	\$ -	-	\$ (411,828)	(9.20)
	Xiamen Shihlin Electric & Engineering Corp.	Subsidiary	Purchase	115,179	1.00	Payment in 75 days after acceptance	-	-	(30,631)	(0.70)
	Chuan Lin Technology Corporation	Subsidiary	Purchase	203,254	1.80	Payment in 90 days after acceptance	-	-	(80,120)	(1.80)
	Rueylin Electric & Engineering Corp.	Subsidiary	Purchase	207,646	1.80	Payment in 30 days after acceptance	-	-	(51,092)	(1.10)
	Suzhou Shihlin Electric & Engineering Corp	Subsidiary	Purchase	132,225	1.20	Payment in 90 days after acceptance	-	-	(13,794)	(0.30)
	Shihlin Electric Engineering Equipment Vietnam Company Limited	Subsidiary	Purchase	133,282	1.20	Payment in 90 days after acceptance	-	-	(14,744)	(0.30)
	Mitsubishi Electric Corporation	Director of the Corporation	Purchase	505,650	4.50	Documents against payment	-	-	-	-
Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Co.	Parent company	Purchase	162,043	17.37	Payment in 90 days after acceptance	-	-	(44,352)	(34.22)
Hsin Lin Electric Machinery Co., Ltd.	Shihlin Electric & Engineering Co.	Parent company	Sale	(1,100,490)	(100.00)	Collect receivables in 60 days after confirming	-	-	411,828	100.00
Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Corp.	Parent company	Sale	(115,179)	(9.10)	Collect receivables in 90 days after acceptance	-	-	30,631	8.60
Chuan Lin Technology Corporation	Shihlin Electric & Engineering Corp.	Parent company	Sale	(203,254)	(98.60)	Collect receivables in 90 days after acceptance	-	-	80,120	97.20
Rueylin Electric & Engineering Corp.	Shihlin Electric & Engineering Corp.	Parent company	Sale	(207,646)	(85.80)	Collect receivables in 30 days after acceptance	-	-	51,092	76.90
Suzhou Shihlin Electric & Engineering Corp	Shihlin Electric & Engineering Corp.	Parent company	Sale	(132,225)	(16.40)	Collect receivables in 90 days after acceptance	-	-	13,794	2.70
Shihlin Electric Engineering Equipment Vietnam Company Limited	Shihlin Electric & Engineering Corp.	Parent company	Sale	(133,282)	(28.50)	Collect receivables in 90 days after acceptance	-	-	14,744	10.72
Waxi Shihlin Electric & Engineering Corp.	Mitsubishi Electric Shinlin Automotive Changzhou Co., Ltd.	Associate of ultimate parent company	Sale	(210,152)	(66.20)	Collect receivables in 60 days after acceptance	-	-	53,385	59.80
Changzhou Shinlin Auto Parts Co., Ltd.	Mitsubishi Electric Shinlin Automotive Changzhou Co., Ltd.	Associate of ultimate parent company	Sale	(294,500)	(50.00)	Collect receivables in 60 days after acceptance	-	-	70,370	31.30
	Mitsubishi Electric Automation (China) Ltd.	Associate of ultimate parent company	Sale	(234,831)	(39.90)	Collect receivables in 60 days after acceptance	-	-	69,796	31.10
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	Subsidiary	Sale	(162,043)	(1.20)	Collect receivables in 90 days after acceptance	-	-	44,352	0.90

Note: The amount was eliminated upon consolidation.

TABLE 4

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Hsin Lin Electric Machinery Co., Ltd.	Shihlin Electric & Engineering Corp.	Parent company	Accounts receivable <u>\$ 411,828</u>	2.8 times for a year	<u>\$ -</u>	-	<u>\$ 137,618</u> (Note 1)	<u>\$ -</u>	Note 2

Note 1: Amounts received before November 5, 2021.

Note 2: The amount was eliminated upon consolidation.

TABLE 5

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Sales or Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Payment Terms	
0	Shihlin Electric & Engineering Corp.	Rueylin Electric & Engineering Corp.	a	Purchases	\$ 207,646	According to the general conditions	1.0
		Rueylin Electric & Engineering Corp.	a	Trade payables to related parties	51,092	According to the general conditions	0.1
		Hsin Lin Electric Machinery Co., Ltd.	a	Purchases	1,100,490	According to the general conditions	5.3
		Hsin Lin Electric Machinery Co., Ltd.	a	Trade payables to related parties	411,828	According to the general conditions	1.0
		Chuan Lin Technology Corporation	a	Purchases	203,254	According to the general conditions	1.0
		Chuan Lin Technology Corporation	a	Trade payables to related parties	80,120	According to the general conditions	0.2
		Wuling Electric Co., Ltd.	a	Purchases	10,500	According to the general conditions	0.1
		Vietnam Shihlin Electric & Engineering Corp.	a	Sales	18,335	According to the general conditions	0.1
		Vietnam Shihlin Electric & Engineering Corp.	a	Purchases	15,882	According to the general conditions	0.1
		Jeen-Lin Industrial Co., Ltd.	a	Purchases	64,074	According to the general conditions	0.3
		Jeen-Lin Industrial Co., Ltd.	a	Trade payables to related parties	25,379	According to the general conditions	0.1
		Suzhou Shihlin Electric & Engineering Corp.	a	Sales	19,704	According to the general conditions	0.1
		Suzhou Shihlin Electric & Engineering Corp.	a	Purchases	132,225	According to the general conditions	0.6
		Suzhou Shihlin Electric & Engineering Corp.	a	Trade payables to related parties	13,794	According to the general conditions	-
		Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	a	Sales	41,747	According to the general conditions	0.2
		Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	a	Purchases	11,504	According to the general conditions	0.1
		Wuxi Shihlin Electric & Engineering Co., Ltd.	a	Purchases	40,071	According to the general conditions	0.2
		Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	a	Sales	19,337	According to the general conditions	0.1
		Shihlin Electric USA	a	Prepaid expenses	13,753	According to the general conditions	-
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Sales	18,081	According to the general conditions	0.1
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Purchase	133,282	According to the general conditions	0.6
		Shihlin Electric Engineering Equipment Vietnam Company Limited	a	Trade payables to related parties	14,744	According to the general conditions	-
		Xiamen Shihlin Electric & Engineering Corp.	a	Sales	162,043	According to the general conditions	0.8
		Xiamen Shihlin Electric & Engineering Corp.	a	Purchases	115,179	According to the general conditions	0.6
		Xiamen Shihlin Electric & Engineering Corp.	a	Trade receivables from related parties	44,352	According to the general conditions	0.1
		Xiamen Shihlin Electric & Engineering Corp.	a	Trade payables to related parties	30,631	According to the general conditions	0.1
1	Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric (Shenzhen) Power Equipment Co., Ltd.	c	Sales	10,497	According to the general conditions	0.1
2	Shihlin Electric (Shenzhen) Power Equipment Co., Ltd.	Shihlin Electric Engineering Equipment Vietnam Company Limited	c	Sales	17,489	According to the general conditions	0.1

(Continued)

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

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

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

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

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

Note 4: The amount was eliminated upon consolidation.

(Concluded)

TABLE 6

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2021	December 31, 2020	Shares	%	Carrying Amount			
Shihlin Electric & Engineering Corp.	SEEC International Holdings Ltd. of the British Virgin Islands	British Virgin Islands	Investment and trade business	\$ 1,666,638	\$ 1,666,638	51,828,287	100.0	\$ 4,837,480	\$ 539,179	\$ 537,077 (Note 1)	Subsidiary (Note 6)
	SEEC International Trading Ltd. of the British Virgin Islands	British Virgin Islands	Investment	124,447	124,447	4,000,000	100.0	117,516	2,318	2,384 (Note 4)	Subsidiary (Note 6)
	Shihlin Electrical Engineering Ltd. of Vietnam	Vietnam DongNai	Electrical goods production	57,521	57,521	(Note 5)	100.0	420,379	22,727	21,937	Subsidiary (Note 6)
	Shihlin Electric USA Company Limited	California	The heavy electrical equipment product marketing promotion services	79,879	79,879	2,500,000	100.0	32,787	(7,326)	(7,326) (Note 1)	Subsidiary (Note 6)
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	429,896	429,896	42,990,000	94.3	581,389	3,346	3,155	Subsidiary (Note 6)
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	499,885	499,885	49,990,000	94.8	512,743	4,343	4,117	Subsidiary (Note 6)
	Ji Lin Investment, Co., Ltd.	Taipei	Investment	299,882	299,882	29,990,000	99.9	293,312	1,412	1,411	Subsidiary (Note 6)
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	229,896	229,896	22,990,000	89.4	320,221	1,889	1,689	Subsidiary (Note 6)
	Cheng Lin Investments Co., Ltd.	Taipei	Investment	378,038	298,038	37,807,000	99.4	327,271	5,288	5,255	Subsidiary (Note 6)
	Shang Lin Investment Co., Ltd.	Taipei	Investment	598,032	598,032	59,807,000	99.6	537,866	4,611	4,592	Subsidiary (Note 6)
	Hsin Lin Electric Machinery Co., Ltd.	Taipei	A variety of power transmission and distribution, data storage and processing equipment, machinery and communications equipment, electronic components and telecommunications equipment manufacturing, electronic materials and retail business	24,000	24,000	2,880,000	60.0	213,822	36,909	22,064 (Note 2)	Subsidiary (Note 6)
	Rueylin Electric & Engineering Corp.	Taipei	Mechanical appliances and electrical manufacturing various components of the processing of trading business	163,487	163,487	10,274,053	90.0	345,492	47,683	42,205 (Note 3)	Subsidiary (Note 6)
	Jeen-Lin Industrial Co., Ltd.	Hsinchu County	Manufacture of various metal machinery, purchase and sale of various metal materials, manufacture, purchase, sale, import and export of the products from aforementioned activities of which the first mold is managed by the Company	47,978	47,978	5,346,364	78.4	104,312	11,271	8,846	Subsidiary (Note 6)
	Chuan Lin Technology Corporation	Hsinchu County	Operating a variety of vending machines and the sale of the maintenance service, vending machines set of management consultancy services, mechanical refrigeration and air conditioning equipment and affairs of the sale and installation of mechanical equipment business, the sale of a variety of heavy electrical machinery and mechanical appliances of automation equipment maintenance holds business, import and export business before the products, trading and export business of the switch	4,100	4,100	410,000	31.5	23,473	6,184	1,949	Subsidiary (Note 6)
	Chan Der Investment Corp.	Taipei	Investment	51,030	51,030	2,438,783	8.1	46,909	11,829	958	Associate
	Cheng Der Investment Corp.	Taipei	Investment	18,950	18,950	1,149,177	3.6	17,471	8,112	292	Associate
	Yu Der Investment Corp.	Taipei	Investment	26,180	26,180	2,618,000	4.8	26,244	4,375	210	Associate
	Ting Lin Enterprise Co., Ltd.	Taipei	Mechanical parking equipment manufacture of lifting equipment and toll system sale maintenance and automated warehousing equipment manufacturing business maintenance and agents at home and abroad before the manufacturers product pricing and distribution operations as well as the import and export business	123,760	123,760	12,188,000	96.7	159,554	(52)	(50)	Subsidiary (Note 6)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2021	December 31, 2020	Shares	%	Carrying Amount			
Rueylin Electric & Engineering Corp.	Shihlin Electric (Australia) Pty. Ltd.	Melbourne, Australia	Heavy power equipment production of trafficking in and marketing services	\$ -	\$ 14,003	(Note 7)	-	\$ -	\$ 378	\$ 378	Subsidiary (Note 6)
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	1,912,495	1,912,495	66,918,617	18.2	3,464,337	(51,681)	(5,096)	Associate
	Shihlin Electric Engineering Vietnam Equipment Company Limited	Vietnam DongNai	Manufacture of mechanical equipment, mechanical appliances and their components; transmission and distribution and sales; and installation engineering; wired and wireless telecommunications wiring project; and related products import and export trade business	83,770	83,770	(Note 5)	100.0	250,170	29,669		Sub-subsidiary (Note 6)
	Wuling Electric Co., Ltd.	Taipei	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	25,197	25,197	1,500,000	30.0	34,919	26,201		Sub-subsidiary (Note 6)
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.6	55,081	18,282		Associate
Ji Lin Investment, Co., Ltd.	Chang Hong Investment Corp.	Taipei	Investment	50,017	50,017	5,002,000	8.8	60,329	4,566		Associate
	Yu Hong Investment Corp.	Taipei	Investment	50,000	50,000	5,000,000	2.6	61,024	29,018		Associate
	Yu Der Investment Corp.	Taipei	Investment	60,017	60,017	6,002,000	11.1	60,909	4,375		Associate
	Yeangder Entertainment Co., Ltd.	Taipei	Engaged in competitive and recreational sports industry	15,000	15,000	1,500,000	37.5	10,810	128		Sub-subsidiary (Note 6)
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	52,160	52,160	1,631,000	0.4	84,436	(51,681)		Associate
Shang Lin Investment Co., Ltd.	Chan Der Investment Corp.	Taipei	Investment	16,680	16,680	1,668,000	5.6	32,319	11,829		Associate
	Cheng Der Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	6.4	31,217	8,112		Associate
	Yu Hong Investment Corp.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	120,000	120,000	12,000,000	6.3	147,325	29,018		Associate
	Chang Hong Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.5	24,118	4,566		Associate
	The Ambassador Hotel, Ltd.	Taipei	Investment	54,799	54,799	1,506,000	0.4	77,965	(51,681)		Associate
Jeng Lin Investment Co., Ltd.	Xin He Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	6.0	45,541	3,303		Associate
	De Hong Investment Corp.	Taipei	Investment	130,000	130,000	13,000,000	8.3	178,537	18,282		Associate
	Cheng Der Investment Corp.	Taipei	Investment	77,012	77,012	5,733,342	18.4	89,530	8,112		Associate
	Xin He Investment Corp.	Taipei	Investment	59,970	59,970	5,997,000	8.9	68,277	3,303		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	67,855	67,855	2,421,000	0.7	125,334	(51,681)		Associate
Hwo Lin Investment Co., Ltd.	De Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	4.5	96,356	18,282		Associate
	Xin He Investment Corp.	Taipei	Investment	30,000	30,000	3,000,000	4.5	34,137	3,303		Associate
	Yu Hong Investment Corp.	Taipei	Investment	100,019	100,019	10,002,000	5.3	119,860	29,018		Associate
	Chan Der Investment Corp.	Taipei	Investment	49,011	49,011	4,700,956	15.7	91,034	11,829		Associate
	De Hong Investment Corp.	Taipei	Investment	86,019	86,019	8,002,000	5.1	108,788	18,282		Associate
Yuh Lin Investment Co., Ltd.	Chang Hong Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.5	24,118	4,566		Associate
	Yeangder Entertainment Co., Ltd.	Taipei	Engaged in competitive and recreational sports industry	25,000	25,000	2,500,000	62.5	18,016	128		Sub-subsidiary (Note 6)
	The Ambassador Hotel, Ltd.	Taipei	International Hotels business, with a restaurant, coffee shop, bar and club business	85,585	85,585	2,633,000	0.7	136,309	(51,681)		Associate
	Chan Der Investment Corp.	Taipei	Investment	40,000	40,000	1,389,558	4.6	26,920	11,829		Associate
	Chang Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	12.3	84,377	4,566		Associate
Yuh Lin Investment Co., Ltd.	Xin He Investment Corp.	Taipei	Investment	140,009	140,009	14,001,000	20.8	159,440	3,303		Associate
	De Hong Investment Corp. (“De Hong”)	Taipei	Investment	90,000	90,000	9,000,000	5.8	122,349	18,282		Associate
	Yu Der Investment Corp.	Taipei	Investment	26,000	26,000	2,600,000	4.8	26,352	4,375		Associate
	The Ambassador Hotel, Ltd.	Taipei	International Hotels business, with a restaurant, coffee shop, bar and club business	83,369	83,369	2,640,000	0.7	136,671	(51,681)		Associate
	Yu Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	3.7	86,031	29,018		Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2021	December 31, 2020	Shares	%	Carrying Amount			
Cheng Lin Investments Co., Ltd.	Chuan Lin Technology Corporation	Taipei	Various sale and service maintenance of vending machines, vending machine business management consultant business, refrigerated air conditioning machinery and mechanical appliances of installation and other businesses, a variety of electro-mechanical equipment sale for automated machinery and equipment repair and installation services, import and export of various products, the switch before sale and import and export business	\$ 9,747	\$ 9,747	540,000	41.5	\$ 30,955	\$ 6,184		Subsidiary (Note 6)
	Rueylin Electric & Engineering Corp.	Hsinchu County	All kinds of electrical machinery equipment and components of manufacturing and processing transactions	1,000	1,000	100,000	0.9	3,400	47,683		Subsidiary (Note 6)
	Xin He Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.0	22,812	3,303		Associate
	Yu Hong Investment Corp.	Taipei	Investment	80,000	80,000	12,000,000	6.3	147,070	29,018		Associate
	Yu Der Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.7	20,285	4,375		Associate
	De Hong Investment Corp.	Taipei	Investment	40,000	-	4,000,000	2.6	54,596	18,282		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	19,337	19,337	558,000	0.2	28,887	(51,681)		Associate
Chuan Lin Technology Corporation	Rueylin Electric & Engineering Corp.	Hsinchu County	All kinds of electrical machinery equipment and components of manufacturing and processing transactions	687	687	42,626	0.4	1,191	47,683		Subsidiary (Note 6)
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.6	55,167	18,282		Associate
Ting Lin Enterprise Co., Ltd.	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.6	55,081	18,282		Associate
	Yu Hong Investment Corp.	Taipei	Investment	80,000	80,000	8,000,000	4.2	97,836	29,018		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	266	266	10,000	-	518	(51,681)		Associate
Hsin Lin Electric Machinery Co., Ltd.	Hsinlin International Investment Corp. of Samoa	Samoa	Investment	57,693	57,693	1,130,000	100.0	49,943	5,096		Sub-subsiidiary (Note 6)
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	26,000	26,000	2,600,000	5.7	35,142	3,346		Subsidiary (Note 6)
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	5.1	27,584	4,343		Subsidiary (Note 6)
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	10.5	37,610	1,889		Subsidiary (Note 6)
	Wuling Electric Co., Ltd.	Taipei	Manufacturing, processing and sales of mechanical and electrical parts, power distribution equipment and switch products	25,197	25,197	1,500,000	30.0	34,919	26,201		Sub-subsiidiary (Note 6)
Jee-Lin Industrial Co., Ltd.	Yu Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.1	49,032	29,018		Associate

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

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

Note 3: The adjusted unrealized gross profit of dntstream transactions

Note 4: The adjusted unrealized gross profit o sidestream transactions

Note 5 Limited companies that do not have shares.

Note 6: The amount was eliminated upon consolidation.

Note 7: Shihlin Electric Australia has been liquidated in June 2021.

(Concluded)

TABLE 7

SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	Motorcycle starter motors, magneto, starter switch manufacturing and sales business	\$ 192,835	b (Note 3)	\$ 41,316 (Note 6)	\$ -	\$ -	\$ 41,316 (Note 6)	\$ 75,723	55.0	\$ 40,081 (Note 7)	\$ 268,855	\$ 207,725	Note 13
Xiamen Shihlin Electric & Engineering Corp.	All kinds of switches, relays, circuit breakers and other products and components of the production, trafficking, technical advice and after sales service	391,115	b (Note 3)	325,403	-	-	325,403	57,071	100.0	59,662 (Note 7)	871,503	523,515	Note 13
Suzhou Shihlin Electric & Engineering Corp.	Capacitors, transformers, electric motors and other electronic components manufacturing and sales business	401,584	b (Note 3)	247,193	-	-	247,193	113,482	100.0	112,008 (Note 7)	729,630	110,102	Note 13
Wuxi Shihlin Electric & Engineering Co., Ltd.	Magneto and starter motor in locomotive transmission facilities, mobile and starter motors, power generators, and DC motor manufacturing and sales business	312,552	b (Note 3)	283,033	-	-	283,033	11,894	100.0	8,656 (Note 7)	303,791	12,134	Note 13
Fuzhou Shihlin Electric & Engineering Corp.	DC motor, rotary pumps for liquids, motor vehicle fuel pumps and other electrical or power equipment manufacturing and sales business	-	b (Note 3)	101,192	-	101,192	-	(2,850)	100.0	(1,993) (Note 7)	-	-	Notes 13 and 14
Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Motorcycle starter motors, magneto, ignition coils and other control or distribution equipment manufacturing and sales business	167,512	b (Note 3)	37,021	-	-	37,021	188,021	49.0	92,130 (Note 7)	1,277,882	354,894	
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	High and low pressure switch, switchgear, digital meters, transformers, capacitors, reactors, bridge and related products manufacturing and sales business	174,614	b (Note 3)	56,439	-	-	56,439	25,480	50.5	12,868 (Note 7)	116,725	141,109	Note 13
Mitsuba Shihlin Electric (Wuhan) Co., Ltd.	Automotive cooling fans, wiper systems, starter, fuel pump, electronic control systems and other automotive electrical parts and accessory collar manufacturing sales and service business	230,811	b (Note 3)	103,865	-	-	103,865	103,228	45.0	46,452 (Note 7)	337,262	273,902	
Kingdom Trading Shanghai Co., Ltd.	All kinds of switches, relays, circuit breakers and other product sales operations	124,355	b (Note 4)	124,355	-	-	124,355	2,318	100.0	2,318 (Note 7)	118,155	9,164	Note 13
Shihlin Technology (Shenzhen) Co., Ltd.	Electronic products, machinery, mechanical and electrical equipment, industrial electric equipment, plastic products technology development, design, technical advice, technology transfers, wholesale, commission agent, import/export and related business	32,000	b (Note 3)	32,000	-	-	32,000	13,257	100.0	13,934 (Note 7)	48,401	8,706	Note 13

(Continued)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021	Note
					Outward	Inward							
Xiamen Chen-Ieu Transportation Implements Co., Ltd.	Manufacturing and motorcycle metal materials, electronic parts, all kinds of punch products parts, machine tools, machine tools, etc.	\$ 72,679	b (Note 3)	\$ - (Note 8)	\$ -	\$ -	\$ - (Note 8)	\$ 3,253	100.0	\$ 2,837 (Note 7)	\$ 66,806	\$ -	Note 13
Mitsubishi Electric Low Voltage Equipment (Xiamen) Co., Ltd.	Low-voltage circuit breakers, magnetic switches of low voltage electrical apparatus and its components, such as research and development, manufacturing and after-sales service and technical advisory services	194,805	b (Note 3)	58,441	-	-	58,441	4,339	30.0	1,302 (Note 7)	70,849	-	-
Changzhou Shihlin Auto Parts Co., Ltd.	Motorcycle starter motors, magneto, starter switch manufacturing and sales business	303,173	b (Note 3)	183,948 (Note 9)	-	-	183,948 (Note 9)	76,243	100.0	76,294 (Note 7)	525,377	39,049	Note 13
Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	High and low pressure switch, switchgear, digital meters, transformers, capacitors, reactors, bridge and related products manufacturing and sales business	174,614	b (Note 5)	22,173 (Note 10)	-	-	22,173 (Note 10)	25,480	20.0 (Note 10)	5,096 (Note 7)	46,228	46,916	Note 13

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,493,014 (Note 11)	\$1,493,014 (Note 11)	No upper limit on the amount of investment (Note 12)

Note 1: Three investing methods:

- Direct investment in mainland China.
- Investment made in mainland China through company in third area.
- Other methods.

Note 2: Recognized gain or loss in investment:

- Gain or loss not recognized during operating period.
- Three bases to recognize gain or loss.
 - Financial statements are audited through the cooperation between international accounting firm and accounting firm in the ROC.
 - Financial statements are audited by licensed CPA of the parent company.
 - Others.

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

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

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

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

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

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

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

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

(Continued)

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

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

Note 13: The amount was eliminated upon consolidation.

Note 14: Fuzhou Shihlin Electric & Engineering Corp. had been sold in March 2021.

(Concluded)

TABLE 8**SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES****SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021****(In Thousands of New Taiwan Dollars)**

1. Purchases

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details		Purchases		Notes/Accounts Payable		Note
			Price	Payment Term	Amount	%	Ending Balance	%	
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 75 days	\$ 115,179	1.0	\$ 30,631	0.7	Note 2
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 105 days	132,225	1.2	13,794	0.3	Note 2
	Wuxi Shihlin Electric & Engineering Co.	-	Trading fairly general	Paid in 30 days	40,071	0.4	6,244	0.1	Note 2
	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	-	Trading fairly general	Paid in 75 days	11,504	0.1	958	-	Note 2

2. Sales

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details		Sales		Gross Profit	Unrealized Gross Profit	Notes/Accounts Receivable		Note
			Price	Payment Term	Amount	%			Ending Balance	%	
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 90 days	\$ 162,043	1.2	\$ 4,853	\$ 4,784 (Note 1)	\$ 44,352	0.9	Note 2
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 90 days	19,704	0.1	3,754	550 (Note 1)	8,700	0.2	Note 2
	Changzhou Shihlin Mitsuba Electric Engineering Co., Ltd.	-	Trading fairly general	Received in 90 days	41,747	0.3	10,089	-	8,341	0.2	Note 2
	Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	-	Trading fairly general	Received in 90 days	19,337	0.1	5,296	-	9,353	0.2	Note 2

3. Endorsements/guarantees provided are reported in Table 1.

Note 1: It was unrealized before September 30, 2021.

Note 2: The amount was eliminated upon consolidation.

TABLE 9**SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mitsubishi Electric	110,242,966	21.16
Ambassador Hotel	44,285,175	8.50
CTBC Trust Property Account	38,093,743	7.31
Citibank (Taiwan) Entrusted with the Custody of the First Gold Hesheng Securities Co., Ltd. Investment Account	33,469,000	6.42

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.