

Shihlin Electric & Engineering Corp.

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Shihlin Electric & Engineering Corp. (the "Corporation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. Accordingly, these matters were addressed in our audit of the financial statements as a whole, and in forming our opinion thereon. Therefore, we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2021 is described as follows:

The Occurrence of Operating Revenue

The Corporation is engaged in the manufacture of heavy electrical equipment and machinery and automotive electrical equipment, devices, and related parts. Heavy electrical equipment sales revenue accounted for 43.00% of the total operating revenue in 2021. Since the amount of heavy electrical equipment sales is material and higher than the prior year, the sales revenue of heavy electrical equipment was deemed as a key audit matter. Refer to Notes 4 and 22 to the Corporation's financial statements for the related revenue recognition policies and information.

The audit procedures performed in response to the abovementioned key audit matter were as follows:

1. We obtained a thorough understanding of the Corporation's policies on recognizing sales revenue, evaluated the design of the internal controls related to the occurrence of sales revenue, and determined whether the controls had been implemented.
2. We performed detailed verification tests on the selected samples of sales revenue, and checked transaction vouchers, subsequent collections as well as future sales returns to confirm the occurrence of sales revenue.

Other Matter

We did not audit the financial statements of certain investees of the Corporation as of and for the years ended December 31, 2021 and 2020, which were reflected in the accompanying financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Corporation's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT\$6,697,031 thousand and NT\$6,396,646 thousand as of December 31, 2021 and 2020, respectively, which represented 16.08% and 16.51% of the Corporation's total assets, respectively. The Corporation's share of the profit or loss of such subsidiaries and associates amounted to NT\$32,155 thousand and NT\$40,482 thousand for the years ended December 31, 2021 and 2020, respectively, which represented 1.46% and 2.02% of the Corporation's profit before income tax, respectively. The Corporation's share of the comprehensive income of such subsidiaries and associates amounted to NT\$284,444 thousand and NT\$250,244 thousand for the years ended December 31, 2021 and 2020, respectively, which represented 13.48% and 13.63% of the Corporation's total comprehensive income, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2022



Notice to Readers

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

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

SHIHLIN ELECTRIC & ENGINEERING CORP.

BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 6)	\$ 2,033,402	5	\$ 1,199,193	3
Contract assets - current (Note 22)	2,029,482	5	2,790,637	7
Notes receivable (Notes 9 and 22)	1,083,722	3	687,426	2
Notes receivable from related parties (Notes 22 and 29)	932	-	305	-
Trade receivables (Notes 9 and 22)	4,083,095	10	4,069,496	11
Trade receivables from related parties (Notes 22 and 29)	81,326	-	105,886	-
Other receivables	4,410	-	1,637	-
Other receivables from related parties (Note 29)	4,963	-	7,870	-
Inventories (Notes 5 and 10)	4,413,148	10	2,868,657	7
Other current assets (Notes 15, 29 and 30)	<u>784,451</u>	<u>2</u>	<u>426,374</u>	<u>1</u>
Total current assets	<u>14,518,931</u>	<u>35</u>	<u>12,157,481</u>	<u>31</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	583,528	1	588,239	2
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,077,884	3	953,656	2
Investments accounted for using the equity method (Note 11)	12,659,247	30	12,157,441	31
Property, plant and equipment (Notes 12 and 30)	5,105,121	12	5,034,944	13
Right-of-use assets (Note 13)	2,104	-	853	-
Investment properties (Notes 14 and 30)	7,283,822	18	7,385,525	19
Deferred tax assets (Note 24)	285,908	1	275,208	1
Other non-current assets (Notes 15 and 30)	<u>132,316</u>	<u>-</u>	<u>199,561</u>	<u>1</u>
Total non-current assets	<u>27,129,930</u>	<u>65</u>	<u>26,595,427</u>	<u>69</u>
TOTAL	<u>\$ 41,648,861</u>	<u>100</u>	<u>\$ 38,752,908</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,400,000	4	\$ 1,650,000	4
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,419	-
Contract liabilities - current (Notes 22 and 29)	2,909,883	7	1,369,337	4
Notes payable (Note 17)	135,147	-	118,190	-
Trade payables (Note 17)	3,855,506	9	3,580,518	9
Trade payables to related parties (Note 29)	792,246	2	795,276	2
Other payables (Note 18)	1,185,157	3	1,083,629	3
Other payable to related parties (Note 29)	41,281	-	25,464	-
Current tax liabilities (Note 24)	143,234	-	223,951	1
Provisions - current (Note 19)	911,330	2	858,722	2
Lease liabilities-current (Note 13)	1,043	-	329	-
Other current liabilities (Notes 18 and 29)	<u>414,566</u>	<u>1</u>	<u>276,678</u>	<u>1</u>
Total current liabilities	<u>11,789,393</u>	<u>28</u>	<u>9,992,513</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	650,000	2	850,000	2
Provisions - non-current (Note 19)	22,896	-	19,329	-
Deferred tax liabilities (Note 24)	2,237,297	5	2,213,408	6
Lease liabilities - non-current (Note 13)	1,070	-	525	-
Net defined benefit liabilities - non-current (Note 20)	396,065	1	399,541	1
Other non-current liabilities (Note 18)	<u>102,104</u>	<u>-</u>	<u>105,289</u>	<u>-</u>
Total non-current liabilities	<u>3,409,432</u>	<u>8</u>	<u>3,588,092</u>	<u>9</u>
Total liabilities	<u>15,198,825</u>	<u>36</u>	<u>13,580,605</u>	<u>35</u>
EQUITY (Note 21)				
Ordinary shares	<u>5,209,722</u>	<u>13</u>	<u>5,209,722</u>	<u>13</u>
Capital surplus	<u>2,639,057</u>	<u>6</u>	<u>2,626,221</u>	<u>7</u>
Retained earnings				
Legal reserve	2,881,934	7	2,730,986	7
Special reserve	5,136,954	12	5,136,954	13
Unappropriated earnings	<u>9,562,841</u>	<u>23</u>	<u>8,750,888</u>	<u>23</u>
Total retained earnings	<u>17,581,729</u>	<u>42</u>	<u>16,618,828</u>	<u>43</u>
Other equity	<u>1,019,528</u>	<u>3</u>	<u>717,532</u>	<u>2</u>
Total equity	<u>26,450,036</u>	<u>64</u>	<u>25,172,303</u>	<u>65</u>
TOTAL	<u>\$ 41,648,861</u>	<u>100</u>	<u>\$ 38,752,908</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2022)

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)				
Sales	\$ 17,478,201	85	\$ 16,040,868	82
Rental revenue	467,360	2	483,064	2
Construction revenue	<u>2,615,768</u>	<u>13</u>	<u>3,098,765</u>	<u>16</u>
Total operating revenue	<u>20,561,329</u>	<u>100</u>	<u>19,622,697</u>	<u>100</u>
OPERATING COSTS (Notes 10, 23 and 29)				
Cost of goods sold	14,622,212	71	13,332,129	68
Rental costs	202,711	1	194,404	1
Construction costs	<u>2,400,925</u>	<u>12</u>	<u>2,842,150</u>	<u>14</u>
Total operating costs	<u>17,225,848</u>	<u>84</u>	<u>16,368,683</u>	<u>83</u>
GROSS PROFIT	<u>3,335,481</u>	<u>16</u>	<u>3,254,014</u>	<u>17</u>
OPERATING EXPENSES (Notes 9, 23 and 29)				
Selling and marketing expenses	770,657	4	678,613	4
General and administrative expenses	824,376	4	758,556	4
Research and development expenses	481,138	2	442,450	2
Expected credit loss reversed on trade receivables	<u>16,421</u>	<u>-</u>	<u>3,339</u>	<u>-</u>
Total operating expenses	<u>2,092,592</u>	<u>10</u>	<u>1,882,958</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>1,242,889</u>	<u>6</u>	<u>1,371,056</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	896	-	1,551	-
Other income (Notes 23 and 29)	23,568	-	24,990	-
Other gains and losses (Notes 23 and 29)	190,145	1	40,490	-
Finance costs (Note 23)	(14,858)	-	(17,110)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	<u>759,608</u>	<u>4</u>	<u>581,306</u>	<u>3</u>
Total non-operating income	<u>959,359</u>	<u>5</u>	<u>631,227</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	2,202,248	11	2,002,283	10
INCOME TAX EXPENSE (Note 24)	<u>397,334</u>	<u>2</u>	<u>476,154</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,804,914</u>	<u>9</u>	<u>1,526,129</u>	<u>8</u>

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SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ (22,677)	-	\$ (23,816)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	61,518	-	99,077	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	251,986	1	211,659	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	4,537	-	4,763	-
	<u>295,364</u>	<u>1</u>	<u>291,683</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(3,927)	-	32,254	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	13,569	-	(7,053)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	786	-	(6,450)	-
	<u>10,428</u>	<u>-</u>	<u>18,751</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>305,792</u>	<u>1</u>	<u>310,434</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,110,706</u>	<u>10</u>	<u>\$ 1,836,563</u>	<u>9</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 3.46</u>		<u>\$ 2.93</u>	
Diluted	<u>\$ 3.45</u>		<u>\$ 2.92</u>	

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

(With Deloitte & Touche auditors' report dated March 10, 2022)

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Retained Earnings						Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total				
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
Appropriation of the 2019 earnings										
Legal reserve	-	-	167,363	-	(167,363)	-	-	-	-	-
Cash dividends	-	-	-	-	(833,556)	(833,556)	-	-	-	(833,556)
Changes in equity from investments in associates accounted for using the equity method	-	3,368	-	-	(2,676)	(2,676)	-	-	-	692
Actual acquisitions of interests in subsidiaries	-	649	-	-	-	-	-	(689)	(689)	(40)
Net profit for year ended December 31, 2020	-	-	-	-	1,526,129	1,526,129	-	-	-	1,526,129
Other comprehensive loss for year ended December 31, 2020, net of income tax	-	-	-	-	(15,846)	(15,846)	18,751	307,529	326,280	310,434
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,510,283	1,510,283	18,751	307,529	326,280	1,836,563
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,869	1,869	-	(1,869)	(1,869)	-
BALANCE, DECEMBER 31, 2020	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
Appropriation of the 2020 earnings										
Legal reserve	-	-	150,948	-	(150,948)	-	-	-	-	-
Cash dividends	-	-	-	-	(833,556)	(833,556)	-	-	-	(833,556)
Changes in equity from investments in associates accounted for using the equity method	-	13,102	-	-	(12,260)	(12,260)	-	-	-	842
Actual acquisitions of interests in subsidiaries	-	(266)	-	-	-	-	-	7	7	(259)
Net profit for the year ended December 31, 2021	-	-	-	-	1,804,914	1,804,914	-	-	-	1,804,914
Other comprehensive income (loss) for the year ended December 31, 2021 net of income tax	-	-	-	-	(18,152)	(18,152)	10,428	313,516	323,944	305,792
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,786,762	1,786,762	10,428	313,516	323,944	2,110,706
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	21,955	21,955	-	(21,955)	(21,955)	-
BALANCE, DECEMBER 31, 2021	\$ 5,209,722	\$ 2,639,057	\$ 2,881,934	\$ 5,136,954	\$ 9,562,841	\$ 17,581,729	\$ (349,758)	\$ 1,369,286	\$ 1,019,528	\$ 26,450,036

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

(With Deloitte & Touche auditors' report dated March 10, 2022)

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,202,248	\$ 2,002,283
Adjustments for:		
Depreciation expense	502,684	489,630
Expected credit loss reversed on trade receivables	16,421	3,339
Gain/(loss) on fair value change of financial assets and liabilities at fair value through profit or loss	5,077	(7,216)
Finance costs	14,858	17,110
Interest income	(896)	(1,551)
Dividend income	(11,267)	(12,677)
Share of profit of subsidiaries and associates accounted for using the equity method	(759,608)	(581,306)
Gain/(loss) on disposal of property, plant and equipment	2,690	1,715
Loss on disposal of subsidiaries	(2,622)	-
Loss on lease modification	(3)	-
Changes in operating assets and liabilities		
Contract assets	761,155	(237,232)
Notes receivable	(396,296)	39,407
Notes receivable from related parties	(627)	(149)
Trade receivables	(30,020)	(479,270)
Trade receivables from related parties	24,560	(17,328)
Other receivables	(2,773)	4,238
Other receivables from related parties	2,907	(1,170)
Inventories	(1,567,092)	25,740
Other current assets	(370,517)	99,036
Financial liabilities held for trading	(10,785)	(9,478)
Contract liabilities	1,540,546	(208,845)
Notes payable	16,957	23,626
Trade payables	274,988	(225,655)
Trade payables to related parties	(3,030)	60,615
Other payables	102,170	(64,229)
Other payables to related parties	15,817	1,178
Provisions	56,175	111,356
Other current liabilities	137,979	133,544
Net defined benefit liabilities	(26,153)	(47,095)
Cash generated from operations	2,495,543	1,119,616
Interest received	887	1,641
Interest paid	(15,500)	(16,282)
Income tax paid	(459,539)	(293,344)
Net cash generated from operating activities	<u>2,021,391</u>	<u>811,631</u>

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SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (62,710)	\$ (10,625)
Proceeds from sale of financial assets at fair values through other comprehensive income	-	32,300
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
Payments for property, plant and equipment	(326,600)	(247,925)
Net cash generated from disposal of subsidiaries	1,421	-
Proceeds from disposal of property, plant and equipment	10,702	9,776
Payments for investment properties	-	(848)
Decrease in other financial assets	(11,473)	9,252
Increase in other non-current assets	(43,495)	(88,550)
Dividends received from subsidiaries and associates	518,453	381,050
Other dividends received	<u>11,267</u>	<u>12,677</u>
Net cash generated from investing activities	<u>97,565</u>	<u>97,262</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital reduction and refund of share payment of subsidiaries accounted for using the equity method	82,761	-
Decrease in short-term borrowings	(250,000)	(50,000)
Payment of long-term borrowings	(200,000)	-
Payment of the principal portion of lease liabilities	(676)	(741)
(Decrease)/increase in refundable deposits	(3,276)	514
Dividends paid	(833,556)	(833,556)
Partial acquisition of interests in subsidiaries	<u>(80,000)</u>	<u>(80,000)</u>
Net cash used in financing activities	<u>(1,284,747)</u>	<u>(963,783)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	834,209	(54,890)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,199,193</u>	<u>1,254,083</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,033,402</u>	<u>\$ 1,199,193</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2022)

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 10, 2022.

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

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

Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (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 will be 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” will be 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” will be 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.

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	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 financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of presentation

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

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

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

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

d. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

Subsidiaries are the entities controlled by the Corporation.

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

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

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method or the fixed-percentage-of-declining-balance method. Each significant part of depreciable asset is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets and assets related to contract assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

l. Provision

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

m. Revenue recognition

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

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

1) Revenue from the sale of goods

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

2) Construction contract revenue

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

n. Leasing

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH

	December 31	
	2021	2020
Cash on hand	\$ 987	\$ 1,843
Checking accounts and demand deposits	<u>2,032,415</u>	<u>1,197,350</u>
	<u>\$ 2,033,402</u>	<u>\$ 1,199,193</u>

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

	December 31	
	2021	2020
Bank balance	0.01%-0.05%	0.01%-0.05%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Unlisted shares	\$ 10,251	\$ 9,372
Mutual funds	<u>573,277</u>	<u>578,867</u>
	<u>\$ 583,528</u>	<u>\$ 588,239</u>

Financial liabilities - current

Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts (b)	<u>\$</u>	<u>\$ 10,419</u>

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>December 31, 2020</u>			
US\$10,000/NT\$299,500	January 2021	-	1.43%

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
<u>Non-current</u>		
Listed shares	\$ 97,972	\$ 89,592
Unlisted shares	<u>979,912</u>	<u>864,064</u>
	<u>\$ 1,077,884</u>	<u>\$ 953,656</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 Corporation's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized amount		
Gross carrying amount	<u>\$ 1,083,722</u>	<u>\$ 687,426</u>
<u>Trade receivables</u>		
At amortized amount		
Gross carrying amount	\$ 4,206,860	\$ 4,177,888
Less: Allowance for impairment loss	<u>(123,765)</u>	<u>(108,392)</u>
	<u>\$ 4,083,095</u>	<u>\$ 4,069,496</u>

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

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

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

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

December 31, 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	0.23%	13.86%	37.53%	66.81%	100%	
Gross carrying amount	\$ 4,925,739	\$ 212,296	\$ 83,182	\$ 52,571	\$ 16,794	\$ 5,290,582
Loss allowance (Lifetime ECL)	<u>(11,205)</u>	<u>(29,426)</u>	<u>(31,219)</u>	<u>(35,121)</u>	<u>(16,794)</u>	<u>(123,765)</u>
Amortized cost	<u>\$ 4,914,534</u>	<u>\$ 182,870</u>	<u>\$ 51,963</u>	<u>\$ 17,450</u>	<u>\$ -</u>	<u>\$ 5,166,817</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	0.23%	12.76%	37.18%	65.80%	100%	
Gross carrying amount	\$ 4,499,865	\$ 240,278	\$ 66,532	\$ 47,058	\$ 11,581	\$ 4,865,314
Loss allowance (Lifetime ECL)	<u>(10,447)</u>	<u>(30,664)</u>	<u>(24,736)</u>	<u>(30,964)</u>	<u>(11,581)</u>	<u>(108,392)</u>
Amortized cost	<u>\$ 4,489,418</u>	<u>\$ 209,614</u>	<u>\$ 41,796</u>	<u>\$ 16,094</u>	<u>\$ -</u>	<u>\$ 4,756,922</u>

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

	2021	2020
Balance at January 1	\$ 108,392	\$ 106,663
Add: Net remeasurement of loss allowance	16,421	3,339
Less: Amounts written off	<u>(1,048)</u>	<u>(1,610)</u>
Balance at December 31	<u>\$ 123,765</u>	<u>\$ 108,392</u>

10. INVENTORIES

	<u>December 31</u>	
	2021	2020
Finished goods	\$ 1,496,293	\$ 1,393,761
Work in progress	1,828,515	926,485
Raw materials	<u>1,088,340</u>	<u>548,411</u>
	<u>\$ 4,413,148</u>	<u>\$ 2,868,657</u>

The cost of goods sold included inventory write-downs of \$5,194 thousand and \$16,331 thousand for the years ended December 31, 2021 and 2020, respectively. The reversals of previous write-downs resulted from reducing of estimated cost for same products to be completed.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 8,985,381	\$ 8,633,257
Investments in associates	<u>3,673,866</u>	<u>3,524,184</u>
	<u>\$ 12,659,247</u>	<u>\$ 12,157,441</u>

a. Investments in subsidiaries

Name of Subsidiaries	December 31	
	2021	2020
SEEC International Holdings Ltd. of the British Virgin Islands (“SEEC International Holdings”)	\$ 4,844,427	\$ 4,752,421
Yuh Lin Investment Co., Ltd. (“Yuh Lin”)	611,675	592,334
Hwo Lin Investment Co., Ltd. (“Hwo Lin”)	537,786	520,080
Shihlin Electrical Engineering Ltd. of Vietnam (“Vietnam SEEC”)	423,901	405,179
Shang Lin Investment Co., Ltd. (“Shang Lin”)	560,409	544,844
Rueylin Electric & Engineering Corp. (“Rueylin”)	352,637	314,783
Ji Lin Investment, Co., Ltd. (“Ji Lin”)	305,028	293,403
Jeng Lin Investment Co., Ltd. (“Jeng Lin”)	335,719	323,672
Hsin Lin Electric Machinery Co., Ltd. (“Hsin Lin”)	229,847	216,225
Cheng Lin Investments Co., Ltd. (“Cheng Lin”)	340,835	221,933
SEEC International Trading Ltd. of the British Virgin Islands (“SEEC International Trading”)	114,971	117,057
Ting Lin Enterprise Co., Ltd. (“Ting Lin”)	165,347	162,435
Jeen-Lin Industrial Co., Ltd. (“Jeen-Lin”)	110,267	103,862
Shihlin Electric USA Company Limited (“Shihlin Electric USA”)	27,938	40,963
Chuan Lin Technology Corporation (“Chuan Lin”)	24,594	22,998
Shihlin Electric (Australia) Pty. Ltd. (“Shihlin Electric Australia”)	-	1,068
	<u>\$ 8,985,381</u>	<u>\$ 8,633,257</u>

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

Name of Subsidiaries	December 31	
	2021	2020
SEEC International Holdings	100.0%	100.0%
Yuh Lin	94.3%	94.3%
Hwo Lin	94.8%	94.8%
Vietnam SEEC	100.0%	100.0%
Shang Lin	99.6%	99.6%
Rueylin	90.0%	90.0%
Ji Lin	99.9%	99.9%
Jeng Lin	89.4%	89.4%
		(Continued)

Name of Subsidiaries	December 31	
	2021	2020
Hsin Lin	60.0%	60.0%
Cheng Lin	99.4%	99.3%
SEEC International Trading	100.0%	100.0%
Ting Lin	96.7%	96.7%
Jeen-Lin	78.4%	78.4%
Shihlin Electric USA	100.0%	100.0%
Chuan Lin	31.5%	31.5%
Shihlin Electric Australia	-	100.0%
		(Concluded)

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

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

b. Investments in associates

	December 31	
	2021	2020
Material associate		
The Ambassador Hotel, Ltd. ("Ambassador Hotel")	\$ 3,578,880	\$ 3,433,799
Associates that are not individually material	<u>94,986</u>	<u>90,385</u>
	<u>\$ 3,673,866</u>	<u>\$ 3,524,184</u>

1) Material associate

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Ambassador Hotel	18.2%	18.2%

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associate.

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

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

Name of Associate	December 31	
	2021	2020
Ambassador Hotel	<u>\$ 2,081,169</u>	<u>\$ 2,027,634</u>

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

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

Ambassador Hotel

	December 31	
	2021	2020
Current assets	\$ 7,652,098	\$ 4,784,472
Non-current assets	17,887,014	16,866,023
Current liabilities	(4,067,270)	(1,880,778)
Non-current liabilities	<u>(1,843,718)</u>	<u>(937,011)</u>
Equity	19,628,124	18,832,706
Non-controlling interests	<u>(4,622)</u>	<u>(4,707)</u>
	<u>\$ 19,623,502</u>	<u>\$ 18,827,999</u>
Proportion of the Corporation's ownership	18.2%	18.2%
Equity attributable to the Corporation	\$ 3,578,880	\$ 3,433,799
Other adjustments	<u>-</u>	<u>-</u>
Carrying amount	<u>\$ 3,578,880</u>	<u>\$ 3,433,799</u>
	For the Year Ended December 31	
	2021	2020
Operating revenue	<u>\$ 1,518,343</u>	<u>\$ 2,008,699</u>
Net profit for the year	\$ (56,530)	\$ 34,908
Other comprehensive income	<u>851,123</u>	<u>489,682</u>
Total comprehensive income for the year	<u>\$ 794,593</u>	<u>\$ 524,590</u>
Dividends received from Ambassador Hotel	<u>\$ -</u>	<u>\$ -</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Corporation's share of:		
Net profit for the year	\$ 1,205	\$ 1,571
Other comprehensive income	<u>3,549</u>	<u>5,616</u>
Total comprehensive income for the year	<u>\$ 4,754</u>	<u>\$ 7,187</u>

12. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Corporation

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Unfinished Construction and Equipment to Be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 2,450,723	\$ 3,190,293	\$ 3,951,160	\$ 2,119,201	\$ -	\$ 11,711,377
Additions	-	21,582	151,592	37,496	115,930	326,600
Disposals	-	-	(30,879)	(48,204)	(3,010)	(82,093)
Transferred from inventories	-	-	-	19,289	3,312	22,601
Transferred from prepayments for equipment	-	-	-	-	134,662	134,662
Transferred to investment real estate	-	-	-	-	(160)	(160)
Reclassification	-	68,382	70,296	49,102	(187,780)	-
Balance at December 31, 2021	<u>\$ 2,450,723</u>	<u>\$ 3,280,257</u>	<u>\$ 4,142,169</u>	<u>\$ 2,176,884</u>	<u>\$ 62,954</u>	<u>\$ 12,112,987</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 2,015,803	\$ 2,969,430	\$ 1,691,200	\$ -	\$ 6,676,433
Disposals	-	-	(30,260)	(38,441)	-	(68,701)
Depreciation expense	-	87,309	186,836	125,989	-	400,134
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,103,112</u>	<u>\$ 3,126,006</u>	<u>\$ 1,778,748</u>	<u>\$ -</u>	<u>\$ 7,007,866</u>
Carrying amounts at December 31, 2021	<u>\$ 2,450,723</u>	<u>\$ 1,177,145</u>	<u>\$ 1,016,163</u>	<u>\$ 398,136</u>	<u>\$ 62,954</u>	<u>\$ 5,105,121</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 2,450,723	\$ 3,113,194	\$ 3,891,344	\$ 2,054,998	\$ -	\$ 11,510,259
Additions	-	50,399	121,898	75,628	-	247,925
Disposals	-	-	(110,233)	(39,131)	-	(149,364)
Transferred from inventories	-	1,603	33,168	18,601	-	53,372
Transferred from prepayments for equipment	-	25,097	14,983	9,105	-	49,185
Balance at December 31, 2020	<u>\$ 2,450,723</u>	<u>\$ 3,190,293</u>	<u>\$ 3,951,160</u>	<u>\$ 2,119,201</u>	<u>\$ -</u>	<u>\$ 11,711,377</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 1,932,625	\$ 2,902,925	\$ 1,594,599	\$ -	\$ 6,430,149
Disposals	-	-	(108,633)	(29,240)	-	(137,873)
Depreciation expense	-	83,178	175,138	125,841	-	384,157
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 2,015,803</u>	<u>\$ 2,969,430</u>	<u>\$ 1,691,200</u>	<u>\$ -</u>	<u>\$ 6,676,433</u>
Carrying amounts at December 31, 2020	<u>\$ 2,450,723</u>	<u>\$ 1,174,490</u>	<u>\$ 981,730</u>	<u>\$ 428,001</u>	<u>\$ -</u>	<u>\$ 5,034,944</u>

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

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

Buildings	
Main buildings	40-60 years
Building improvements	20-35 years
Electrical power equipment and engineering systems	8-35 years
Others	2-15 years
Machinery and equipment	2-20 years
Other equipment	2-30 years

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Buildings	\$ 2,104	\$ 853
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	\$ 2,543	\$ 990
Depreciation charge for right-of-use assets		
Buildings	\$ 687	\$ 704

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	\$ 1,043	\$ 329
Non-current	\$ 1,070	\$ 525

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	0.61%	0.69%

c. Other lease information

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Expenses relating to short-term leases	<u>\$ 22,374</u>	<u>\$ 22,143</u>
Total cash outflow for leases	<u>\$ (23,059)</u>	<u>\$ (22,888)</u>

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

14. INVESTMENT PROPERTIES

	Completed Investment Property
<u>Cost</u>	
Balance at January 1, 2020	\$ 10,468,463
Additions	<u>848</u>
Balance at December 31, 2020	<u>\$ 10,469,311</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 2,979,017
Depreciation expense	<u>104,769</u>
Balance at December 31, 2020	<u>\$ 3,083,786</u>
Carrying amounts at December 31, 2020	<u>\$ 7,385,525</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 10,469,311
Additions	-
Transferred from unfinished construction and equipment to be inspected	<u>160</u>
Balance at December 31, 2021	<u>\$ 10,469,471</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 3,083,786
Depreciation expense	<u>101,863</u>
Balance at December 31, 2021	<u>\$ 3,185,649</u>
Carrying amounts at December 31, 2021	<u>\$ 7,283,822</u>

The future minimum lease payments of non-cancellable operating lease are as follows:

	For the Year Ended December 31	
	2021	2020
Not later than 1 year	\$ 475,578	\$ 438,095
Later than 1 year and not later than 5 years	1,433,628	1,351,385
Later than 5 years	<u>717,500</u>	<u>1,017,500</u>
	<u>\$ 2,626,706</u>	<u>\$ 2,806,980</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 reduce by 15% from July 1, 2020.

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

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

The fair value of the Corporation's investment properties as of December 31, 2021 and 2020 was \$20,843,414 thousand \$21,189,660 thousand, respectively. The fair value was based on the valuations carried out on January 12, 2022 and January 8, 2021 by independent qualified professional valuers. The valuation was carried out by reference to sales comparison approach and income approach.

Refer to Note 30 for the carrying amount of investment properties pledged to secure general banking facilities granted to the Corporation.

15. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Prepaid expenses	\$ 32,208	\$ 55,996
Prepayments for purchases	709,036	322,720
Refundable deposits	562	6,162
Other financial assets	26,359	33,199
Others	<u>16,286</u>	<u>8,297</u>
	<u>\$ 784,451</u>	<u>\$ 426,374</u>

(Continued)

	December 31	
	2021	2020
<u>Non-current</u>		
Refundable deposits	\$ 22,456	\$ 8,408
Prepayments for equipment	43,494	134,661
Other financial assets	25,951	16,078
Others	<u>40,415</u>	<u>40,414</u>
	<u>\$ 132,316</u>	<u>\$ 199,561</u> (Concluded)

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans (NTD)	<u>\$ 1,400,000</u>	<u>\$ 1,650,000</u>

The range of weighted average effective interest rate on bank loans was 0.52%-0.58% and 0.60%-0.63% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans (NTD)*	<u>\$ 650,000</u>	<u>\$ 850,000</u>

* As of December 31, 2021, the interest rate of the unsecured bank borrowings was 0.64% and revolving must be made before January 2022. As of December 31, 2020, the interest rate of the unsecured bank borrowings was 0.66% and revolving must be made before January 2021.

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
<u>Notes payable</u>		
Operating	<u>\$ 135,147</u>	<u>\$ 118,190</u>
<u>Trade payables</u>		
Operating	<u>\$ 3,855,506</u>	<u>\$ 3,580,518</u>

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

18. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payable for salaries or bonus	\$ 422,405	\$ 387,608
Payable for annual leave	87,302	80,035
Payable for dividends	99,325	96,247
Payable for employees' compensation	118,207	125,513
Payable for remuneration of directors	49,800	49,800
Payable for royalties	2,603	3,570
Payable for labor and health insurance	22,236	21,895
Others	<u>383,279</u>	<u>318,961</u>
	<u>\$ 1,185,157</u>	<u>\$ 1,083,629</u>
Other liabilities		
Temporary receipts	\$ 283,423	\$ 167,601
Deposits received	4,191	4,282
Refund liability	72,353	69,450
Others	<u>54,599</u>	<u>35,345</u>
	<u>\$ 414,566</u>	<u>\$ 276,678</u>
<u>Non-current</u>		
Other liabilities		
Deposits received	<u>\$ 102,104</u>	<u>\$ 105,289</u>

19. PROVISIONS

	December 31	
	2021	2020
<u>Current</u>		
Warranties	<u>\$ 911,330</u>	<u>\$ 858,722</u>
<u>Non-current</u>		
Warranties	<u>\$ 22,896</u>	<u>\$ 19,329</u>
		Warranties
Balance at January 1, 2020		\$ 878,051
Additional provisions recognized		<u>56,175</u>
Balance at December 31, 2020		<u>\$ 934,226</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 Corporation's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the Republic of China ("ROC"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equivalent to 3% (5% before September 2017) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,501,640	\$ 1,543,819
Fair value of plan assets	<u>(1,105,575)</u>	<u>(1,144,278)</u>
Net defined benefit liability	<u>\$ 396,065</u>	<u>\$ 399,541</u>

Movements of net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	<u>\$ 1,607,756</u>	<u>\$ (1,184,936)</u>	<u>\$ 422,820</u>
Service costs			
Current service cost	14,942	-	14,942
Past service cost	3,285	-	3,285
Net interest expense (income)	<u>11,713</u>	<u>(8,750)</u>	<u>2,963</u>
Recognized in profit or loss	<u>29,940</u>	<u>(8,750)</u>	<u>21,190</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (39,033)	\$ (39,033)
Actuarial loss - changes in demographic assumptions	968	-	968
Actuarial loss - changes in financial assumptions	42,706	-	42,706
Actuarial loss - experience adjustments	19,175	-	19,175
Recognized in other comprehensive income	62,849	(39,033)	23,816
Contributions from the employer	-	(33,511)	(33,511)
Benefits paid	(156,726)	121,952	(34,774)
Balance at December 31, 2020	<u>1,543,819</u>	<u>(1,144,278)</u>	<u>399,541</u>
Service costs			
Current service cost	13,252	-	13,252
Past service cost	825	-	825
Net interest expense (income)	7,593	(5,693)	1,900
Recognized in profit or loss	<u>21,670</u>	<u>(5,693)</u>	<u>15,977</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(15,018)	(15,018)
Actuarial loss - changes in demographic assumptions	42,588	-	42,588
Actuarial loss - changes in financial assumptions	(20,073)	-	(20,073)
Actuarial loss - experience adjustments	15,180	-	15,180
Recognized in other comprehensive income	37,695	(15,018)	22,677
Contributions from the employer	-	(33,283)	(33,283)
Benefits paid	(101,544)	92,697	(8,847)
Balance at December 31, 2021	<u>\$ 1,501,640</u>	<u>\$ (1,105,575)</u>	<u>\$ 396,065</u>

(Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate	0.6254%	0.5000%
Expected rate of salary increase	2.000%	2.0000%

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

	December 31	
	2021	2020
Discount rate		
0.250% increase	<u>\$ (39,980)</u>	<u>\$ (42,707)</u>
0.250% decrease	<u>\$ 41,471</u>	<u>\$ 44,363</u>
Expected rate of salary increase		
0.250% increase	<u>\$ 40,191</u>	<u>\$ 42,931</u>
0.250% decrease	<u>\$ (38,955)</u>	<u>\$ (41,554)</u>

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 34,091</u>	<u>\$ 33,512</u>
The average duration of the defined benefit obligation	10.9 years	11.4 years

21. EQUITY

a. Share capital - ordinary shares

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

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Arising from issuance of common share	\$ 1,441,424	\$ 1,441,424
Arising from conversion of bonds	970,457	970,457
Arising from treasury share transactions	68,529	68,529
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	75,096	75,096
<u>May be used to offset a deficit only</u>		
Arising from changes in percentage of ownership interest in subsidiaries (2)	12,349	12,615
Arising from changes in equity from investments in associates for using the equity method	69,672	56,570
Arising from treasury share transactions	<u>1,530</u>	<u>1,530</u>
	<u>\$ 2,639,057</u>	<u>\$ 2,626,221</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy of the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as a legal reserve, setting aside a special reserve in accordance with the laws and regulations, and then allowing for other special reserves and a distribution of dividends to be recommended by the board of directors. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "employees' compensation and remuneration of directors" in Note 23, a-9.

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

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

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

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

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	<u>\$ 150,948</u>	<u>\$ 167,363</u>
Cash dividends	<u>\$ 833,556</u>	<u>\$ 833,556</u>
Share dividends per share (NT\$)	\$1.6	\$1.6

The appropriation of earnings for 2021 had been proposed by the Corporation's board of directors on March 10, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	<u>\$ 179,646</u>
Cash dividends	<u>\$ 937,750</u>
Share dividends per share (NT\$)	<u>\$ 1.8</u>

The appropriation of earnings for 2021 are subject to the resolution of the shareholders' meeting to be held on June 24, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1 and balance at December 31	<u>\$ 5,136,954</u>	<u>\$ 5,136,954</u>

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

e. Other equity

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	<u>\$ (360,186)</u>	<u>\$ (378,937)</u>
Recognized for the year		
Exchange differences arising on translating the financial statements of foreign operations	(3,141)	25,804
Share from subsidiaries and associates accounted for using the equity method	<u>13,569</u>	<u>(7,053)</u>
Other comprehensive income (loss) recognized for the year	<u>10,428</u>	<u>18,751</u>
Balance at December 31	<u>\$ (349,758)</u>	<u>\$ (360,186)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 1,077,718	\$ 772,747
Recognized for the year		
Unrealized loss - equity instruments	61,518	99,077
Share from subsidiaries and associates accounted for using the equity method	251,998	208,452
Other comprehensive income recognized for the year	313,516	307,529
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(21,955)	(1,869)
Partial acquisition of interests in subsidiaries	7	(689)
Balance at December 31	\$ 1,369,286	\$ 1,077,718

22. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	\$ 17,478,201	\$ 16,040,868
Construction contract	2,615,768	3,098,765
	20,093,969	19,139,633
Rental income		
Rental income from equipment	467,360	483,064
	\$ 20,561,329	\$ 19,622,697

a. Contact balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 9)	\$ 1,083,722	\$ 687,426	\$ 726,833
Notes receivable to related parties (Note 29)	\$ 932	\$ 305	\$ 156
Trade receivables (Note 9)	\$ 4,083,095	\$ 4,069,496	\$ 3,593,565
Trade receivables to related parties (Note 29)	\$ 81,326	\$ 105,886	\$ 88,558
Contract assets			
Sale of goods	\$ 458,962	\$ 299,860	\$ 189,305
Construction contracts	1,570,520	2,490,777	2,364,100
Contract assets - current	\$ 2,029,482	\$ 2,790,637	\$ 2,553,405
Contract liabilities			
Sale of goods	\$ 2,577,635	\$ 1,055,201	\$ 978,202
Construction contracts	332,248	314,136	599,980
Contract liabilities - current	\$ 2,909,883	\$ 1,369,337	\$ 1,578,182

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

b. Disaggregation of revenue

2021

	Electric Distribution Segment	Automobile Parts Segment	Automation Equipment and Parts Segment	Other Segment	Total
<u>Type of goods or services</u>					
Sale of goods	\$ 11,472,864	\$ 3,101,085	\$ 2,587,353	\$ 316,899	\$ 17,478,201
Construction contracts	<u>1,627,755</u>	<u>-</u>	<u>988,013</u>	<u>-</u>	<u>2,615,768</u>
	<u>\$ 13,100,619</u>	<u>\$ 3,101,085</u>	<u>\$ 3,575,366</u>	<u>\$ 316,899</u>	<u>\$ 20,093,969</u>

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	\$ 10,448,081	\$ 2,956,962	\$ 2,255,284	\$ 380,541	\$ 16,040,868
Construction contracts	<u>2,298,867</u>	<u>-</u>	<u>799,898</u>	<u>-</u>	<u>3,098,765</u>
	<u>\$ 12,746,948</u>	<u>\$ 2,956,962</u>	<u>\$ 3,055,182</u>	<u>\$ 380,541</u>	<u>\$ 19,139,633</u>

23. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME

a. Net profit:

1) Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits	\$ 777	\$ 1,439
Others	<u>119</u>	<u>112</u>
	<u>\$ 896</u>	<u>\$ 1,551</u>

2) Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Dividends		
Investments in equity instruments at FVTOCI	\$ 11,267	\$ 12,677
Others	<u>12,301</u>	<u>12,313</u>
	<u>\$ 23,568</u>	<u>\$ 24,990</u>

3) Other gains and losses

	<u>For the Year Ended December 31</u>	
	2021	2020
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (4,711)	\$ 19,207
Financial liabilities held for trading	(366)	(11,991)
Loss on disposal of property, plant and equipment	(2,690)	(1,715)
Loss on disposal of subsidiaries	2,622	-
Net foreign exchange loss	(3,097)	(26,303)
Others	<u>198,387</u>	<u>61,292</u>
	<u>\$ 190,145</u>	<u>\$ 40,490</u>

4) Finance costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest on bank loans	\$ 14,849	\$ 17,106
Interest on finance leases	<u>9</u>	<u>4</u>
	<u>\$ 14,858</u>	<u>\$ 17,110</u>

5) Impairment losses recognized (reversed)

	<u>For the Year Ended December 31</u>	
	2021	2020
Trade receivables	<u>\$ (16,421)</u>	<u>\$ (3,339)</u>
Inventories (included in operating costs)	<u>\$ (5,194)</u>	<u>\$ (16,331)</u>

6) Depreciation

	<u>For the Year Ended December 31</u>	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 431,268	\$ 415,653
Operating expenses	<u>71,416</u>	<u>73,977</u>
	<u>\$ 502,684</u>	<u>\$ 489,630</u>

7) Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2021	2020
Direct operating expenses of investment properties that generated rental income	<u>\$ 38,638</u>	<u>\$ 36,129</u>

8) Employee benefits

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 56,385	\$ 55,924
Defined benefit plans (Note 20)	<u>15,977</u>	<u>21,190</u>
	72,362	77,114
Other employee benefits	<u>2,339,227</u>	<u>2,212,984</u>
Total employee benefits expense	<u>\$ 2,411,589</u>	<u>\$ 2,290,098</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,261,632	\$ 1,230,873
Operating expenses	<u>1,149,957</u>	<u>1,059,225</u>
	<u>\$ 2,411,589</u>	<u>\$ 2,290,098</u>

9) Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at rates of no less than 1%-8% and no higher than 4%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 10, 2022 and March 12, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	4.24%	4.62%
Remuneration of directors	2.12%	2.31%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	\$ 99,600	\$ 99,600
Remuneration of directors	49,800	49,800

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

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

10) Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 314,968	\$ 262,224
Foreign exchange losses	<u>(318,065)</u>	<u>(288,527)</u>
	<u>\$ (3,097)</u>	<u>\$ (26,303)</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 384,610	\$ 350,410
Income tax on unappropriated earnings	-	28,140
Adjustments for prior years	<u>(5,788)</u>	<u>61,967</u>
	<u>378,822</u>	<u>440,517</u>
Deferred tax		
In respect of the current year	24,087	37,612
Adjustments for prior years' tax	<u>(5,575)</u>	<u>(1,975)</u>
	<u>18,512</u>	<u>35,637</u>
Income tax expense recognized in profit or loss	<u>\$ 397,334</u>	<u>\$ 476,154</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	<u>\$ 2,202,248</u>	<u>\$ 2,002,283</u>
Income tax expense calculated at the statutory rate	\$ 440,450	\$ 400,457
Nondeductible expenses in determining taxable income	22,824	33,435
Tax-exempt income	(41,790)	(40,925)
Investment tax credits used in the current year	(19,803)	(29,159)
Income tax on unappropriated earnings	-	28,140
Unrecognized deductible temporary differences	7,016	24,214
Adjustments for prior years' tax	<u>(11,363)</u>	<u>59,992</u>
Income tax expense recognized in profit or loss	<u>\$ 397,334</u>	<u>\$ 476,154</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of the financial statements of foreign operations	\$ (786)	\$ 6,450
Remeasurement on defined benefit plans	<u>(4,537)</u>	<u>(4,763)</u>
Total income tax recognized in other comprehensive income	<u>\$ (5,323)</u>	<u>\$ 1,687</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 143,234</u>	<u>\$ 223,951</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory write-downs	\$ 29,046	\$ (565)	\$ -	\$ 28,481
Provisions	61,463	3,933	-	65,396
Defined benefit plans	79,908	(5,231)	4,537	79,214
Exchange differences on translating the financial statements of foreign operations	75,231	-	257	75,488
Payables for annual leave	16,007	1,453	-	17,460
Others	<u>13,553</u>	<u>6,316</u>	<u>-</u>	<u>19,869</u>
	<u>\$ 275,208</u>	<u>\$ 5,906</u>	<u>\$ 4,794</u>	<u>\$ 285,908</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Depreciation differences on property, plant and equipment	\$ 264,360	\$ (4,255)	\$ -	\$ 260,105
Rental revenue receivable	16,023	(112)	-	15,911
Exchange differences on translating the financial statements of foreign operations	529	-	(529)	-
Investments accounted for using the equity method	728,698	29,717	-	758,415
Financial assets at FVTPL	28,080	(932)	-	27,148
Reserve for land value increment tax	<u>1,175,718</u>	<u>-</u>	<u>-</u>	<u>1,175,718</u>
	<u>\$ 2,213,408</u>	<u>\$ 24,418</u>	<u>\$ (529)</u>	<u>\$ 2,237,297</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory write-downs	\$ 27,949	\$ 1,097	\$ -	\$ 29,046
Provisions	53,669	7,794	-	61,463
Defined benefit plans	84,564	(9,419)	4,763	79,908
Exchange differences on translating the financial statements of foreign operations	81,681	-	(6,450)	75,231
Payables for annual leave	18,685	(2,678)	-	16,007
Others	<u>11,221</u>	<u>2,332</u>	<u>-</u>	<u>13,553</u>
	<u>\$ 277,769</u>	<u>\$ (874)</u>	<u>\$ (1,687)</u>	<u>\$ 275,208</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Depreciation differences on property, plant and equipment	\$ 255,543	\$ 8,817	\$ -	\$ 264,360
Rental revenue receivable	17,469	(1,446)	-	16,023
Exchange differences on translating the financial statements of foreign operations	529	-	-	529
Investments accounted for using the equity method	698,841	29,857	-	728,698
Financial assets at FVTPL	24,584	3,496	-	28,080
Reserve for land value increment tax	1,175,718	-	-	1,175,718
Others	<u>5,961</u>	<u>(5,961)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,178,645</u>	<u>\$ 34,763</u>	<u>\$ -</u>	<u>\$ 2,213,408</u>

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

	December 31	
	2021	2020
Deductible temporary differences	<u>\$ 1,056,495</u>	<u>\$ 1,021,415</u>

- f. Income tax assessments

The Corporation's income tax returns through 2019 have been examined by the tax authority.

25. EARNINGS PER SHARE

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 3.46</u>	<u>\$ 2.93</u>
Diluted earnings per share	<u>\$ 3.45</u>	<u>\$ 2.92</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,804,914</u>	<u>\$ 1,526,129</u>

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	520,972	520,972
Effect to potentially dilutive ordinary shares		
Employees' compensation	<u>2,309</u>	<u>2,445</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	<u>523,281</u>	<u>523,417</u>

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

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

On April 11, 2021, the Corporation subscribed for additional new shares of Cheng Lin at existing ownership percentage, the Corporation's interest in Cheng Lin remained from 99.3% to 99.4%.

On March 23, 2020, the Corporation subscribed for additional new shares of Yuh Lin at existing ownership percentage, the Corporation's interest in Yuh Lin remained from 93.7% to 94.2%.

On March 23, 2020, the Corporation subscribed for additional new shares of Jeng Lin at existing ownership percentage, the Corporation's interest in Cheng Lin remained from 87.5% to 89.4%.

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

27. CAPITAL MANAGEMENT

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

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

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Corporation's management believes that the carrying amount of financial assets not carried at fair value approximates their fair value.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 10,251	\$ 10,251
Mutual funds	<u>573,277</u>	<u>-</u>	<u>-</u>	<u>573,277</u>
	<u>\$ 573,277</u>	<u>\$ -</u>	<u>\$ 10,251</u>	<u>\$ 583,528</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 97,972	\$ -	\$ -	\$ 97,972
Unlisted shares	<u>-</u>	<u>-</u>	<u>979,912</u>	<u>979,912</u>
	<u>\$ 97,972</u>	<u>\$ -</u>	<u>\$ 979,912</u>	<u>\$ 1,077,884</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 9,372	\$ 9,372
Mutual funds	<u>578,867</u>	<u>-</u>	<u>-</u>	<u>578,867</u>
	<u>\$ 578,867</u>	<u>\$ -</u>	<u>\$ 9,372</u>	<u>\$ 588,239</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 89,592	\$ -	\$ -	\$ 89,592
Unlisted shares	<u>-</u>	<u>-</u>	<u>864,064</u>	<u>864,064</u>
	<u>\$ 89,592</u>	<u>\$ -</u>	<u>\$ 864,064</u>	<u>\$ 953,656</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 10,419</u>	<u>\$ -</u>	<u>\$ 10,419</u>

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

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

For the year ended December 31, 2021

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 9,372	\$ 864,064	\$ 873,436
Recognized in profit or loss (included in other gains and losses)	879	-	879
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	53,138	53,138
Purchases	<u>-</u>	<u>62,710</u>	<u>62,710</u>
Balance at December 31, 2021	<u>\$ 10,251</u>	<u>\$ 979,912</u>	<u>\$ 990,163</u>
Recognized in other gains and losses - unrealized	<u>\$ 879</u>		<u>\$ 879</u>

For the year ended December 31, 2020

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Equity Instruments	Equity Instruments	Equity Instruments	Total
Balance at January 1, 2020	\$ 9,567	\$ 782,455	\$ 792,022
Recognized in profit or loss (included in other gains and losses)	(195)	-	(195)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	101,417	101,417
Purchases	-	10,625	10,625
Sales	-	(30,433)	(30,433)
Balance at December 31, 2020	<u>\$ 9,372</u>	<u>\$ 864,064</u>	<u>\$ 873,436</u>
Recognized in other gains and losses - unrealized	<u>\$ (195)</u>		<u>\$ (195)</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 for Level 3 fair value measurement

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

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

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 583,528	\$ 588,239
Financial assets at amortized cost (1)	7,367,178	6,135,659
Financial assets at FVTOCI	1,077,884	953,656
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	-	10,419
Financial liabilities at amortized cost (2)	6,939,924	7,104,926

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivable and other financial assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, long-term borrowings and other financial liabilities.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<u>USD Impact</u>		<u>JPY Impact</u>		<u>JPY Impact</u>	
	<u>For the Year Ended December 31</u>	<u>For the Year Ended December 31</u>	<u>For the Year Ended December 31</u>	<u>For the Year Ended December 31</u>	<u>For the Year Ended December 31</u>	<u>For the Year Ended December 31</u>
	2021	2020	2021	2020	2021	2020

Profit or loss	\$ (10,945) (i)	\$ (10,636) (i)	\$ (4,318) (ii)	\$ (1,263) (ii)	\$ (4,506) (iii)	\$ (4,276) (iii)
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- i. This was mainly attributable to the exposure on outstanding the USD bank deposits, receivables and payables which were not hedged at the end of the reporting period.
- ii. This was mainly attributable to the exposure on outstanding the 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 the JPY bank deposits, receivables and payables which were not hedged at the end of the reporting period.

The Corporation's sensitivity to the USD, RMB and JPY has not changed significantly from the prior year.

b) Interest rate risk

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

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Fair value interest rate risk		
Financial assets	\$ 26,611	\$ 23,578
Financial liabilities	640,000	1,000,000
Cash flow interest rate risk		
Financial liabilities	1,410,000	1,000,000

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease/increase by \$14,100 thousand and \$15,000 thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$5,835 thousand and \$5,882 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$10,779 thousand and \$9,537 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

December 31, 2021

	Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	\$ 7,278,557	\$ 234,410	\$ 161,500	\$ 395,910

December 31, 2020

	Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables and contract assets	\$ 7,653,750	\$ 228,355	\$ 112,946	\$ 341,301

3) Liquidity risk

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

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Corporation had available unutilized short-term bank loan facilities of \$9,250,000 thousand and \$8,410,000 thousand, respectively.

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

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

Corporation can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-2 Years	2+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,359,705	\$ 2,326,626	\$ 1,100,961	\$ 120,802	\$ 80,426
Lease liabilities	89	178	816	1,092	-
Variable interest rate liabilities	353	841,604	3,134	650,342	-
Fixed interest rate liabilities	260,106	300,162	-	-	-
Refund liability	12,059	24,118	36,176	-	-
	<u>\$ 1,632,312</u>	<u>\$ 3,492,688</u>	<u>\$ 1,141,087</u>	<u>\$ 772,236</u>	<u>\$ 80,426</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 1,083</u>	<u>\$ 1,092</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-2 Years	2+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,538,280	\$ 1,826,021	\$ 1,141,965	\$ 119,111	\$ 74,425
Lease liabilities	28	56	250	528	-
Variable interest rate liabilities	450,551	100,957	4,227	850,400	-
Fixed interest rate liabilities	250,065	570,195	280,725	-	-
Refund liability	11,575	23,150	34,725	-	-
	<u>\$ 2,250,499</u>	<u>\$ 2,520,379</u>	<u>\$ 1,461,892</u>	<u>\$ 970,039</u>	<u>\$ 74,425</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 334</u>	<u>\$ 528</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 risk rate table for derivative financial liabilities

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

December 31, 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
<u>Gross settled</u>					
Cross-currency swap contracts					
Inflows	\$ -	\$ 289,081	\$ -	\$ -	\$ -
Outflows	-	(299,500)	-	-	-
	<u>\$ -</u>	<u>\$ (10,419)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

(Continued)

Name of Related Party	Relationship with the Corporation
Mitsubishi Electric Taiwan Co., Ltd.	Subsidiary of investor that has significant influence over the Corporation
HCT Logistics Co., Ltd. (HCT Logistics)	Related party in substance
Shihlin Development Company Limited (Shihlin Development)	Related party in substance (Concluded)

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales	Subsidiaries	\$ 358,150	\$ 301,096
	Associates	3,129	5,975
	Subsidiaries of investors that have significant influence over the Corporation	1,416	966
	Related parties in substance	<u>201</u>	<u>424</u>
		<u>\$ 362,896</u>	<u>\$ 308,461</u>
Rental revenue	Subsidiaries of investors that have significant influence over the Corporation	\$ 24,800	\$ 24,607
	Related parties in substance	<u>26,904</u>	<u>31,447</u>
		<u>\$ 51,704</u>	<u>\$ 56,054</u>

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Investors that have significant influence over the Corporation	\$ 703,447	\$ 412,624
Subsidiaries		
Hsin Lin	1,679,113	1,684,078
Others	1,278,199	1,015,944
Subsidiaries of investors that have significant influence over the Corporation	<u>98,176</u>	<u>110,301</u>
	<u>\$ 3,758,935</u>	<u>\$ 3,222,947</u>

d. Contract liabilities

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries	\$ -	\$ 7,565
Subsidiaries of investors that have significant influence over the Corporation	<u>6,775</u>	<u>-</u>
	<u>\$ 6,775</u>	<u>\$ 7,565</u>

e. Temporary credits

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries		
SEEC International Trading	\$ 115,543	\$ -

f. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Notes receivable from related parties	Subsidiaries Wuling	\$ 932	\$ 305
Trade receivables from related parties	Subsidiaries Xiamen SEEC Suzhou Power Equipment Vietnam Electric Engineering Equipment Changzhou Shihlin Mitsuba Others Associates Subsidiaries of investors that have significant influence over the Corporation Related parties in substance	30,728 21,035 8,369 8,990 11,631 442 131 -	36,901 - 27,783 11,318 26,698 804 66 2,316
Other receivables from related parties	Associates Wuhan Mitsuba Shihlin Subsidiaries SEEC International Holdings Hsin Lin Others Related parties in substance	3,510 1,170 - 283 -	4,895 - 2,268 138 569
		<u>\$ 87,221</u>	<u>\$ 114,061</u>

g. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables to related parties	Subsidiaries Hsin Lin Others Subsidiaries of investors that have significant influence over the Corporation	\$ 605,697 176,864 9,685	\$ 642,633 143,547 9,096

(Continued)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Other payables to related parties	Investors that have significant influence over the Corporation		
	Mitsubishi Electric	\$ 37,130	\$ 20,651
	Associates		
	Ambassador Hotel	3,050	3,955
	Subsidiaries		
	Shihlin Electric USA	5	5
	Related parties in substance	<u>1,096</u>	<u>853</u>
		<u>\$ 833,527</u>	<u>\$ 820,740</u>
			(Concluded)

h. Prepayments (included in other current assets)

Related Party Category/Name	December 31	
	2021	2020
Investors that have significant influence over the Corporation	\$ 436,109	\$ 197,796
Subsidiaries		
Shihlin Electric USA	<u>15,666</u>	<u>15,416</u>
	<u>\$ 451,775</u>	<u>\$ 213,212</u>

i. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Royalty expenses	Investors that have significant influence over the Corporation		
	Mitsubishi Electric	<u>\$ 34,740</u>	<u>\$ 17,242</u>
Freight expenses	Related parties in substance	<u>\$ 5,636</u>	<u>\$ 5,216</u>
Rental expenses	Subsidiaries		
	Shihlin Electric USA	\$ 1,226	\$ 1,281
	Related parties in substance	<u>1,008</u>	<u>1,016</u>
		<u>\$ 2,234</u>	<u>\$ 2,297</u>
Commission expenses	Subsidiaries		
	Shihlin Electric USA	<u>\$ 5,490</u>	<u>\$ 34,393</u>
Advertising expenses	Subsidiaries		
	Yeangder Entertainment	<u>\$ 9,000</u>	<u>\$ 3,000</u>
Technical service fees	Subsidiaries		
	Shihlin Electric Australia	<u>\$ -</u>	<u>\$ 4,807</u>
			(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Rental revenue (included in other income)	Subsidiaries		
	Hsin Lin	\$ 12,129	\$ 12,103
	Others	<u>173</u>	<u>210</u>
		<u>\$ 12,302</u>	<u>\$ 12,313</u>
Management service revenue (included in other gains and losses)	Subsidiaries		
	Xiamen SEEC	\$ 6,551	\$ 6,783
	Suzhou SEEC	11,902	11,888
	Others	4,426	6,756
	Associates		
	Wuhan Mitsuba Shinlin	<u>4,745</u>	<u>5,627</u>
		<u>\$ 27,624</u>	<u>\$ 31,054</u>
Miscellaneous revenue (included in other gains and losses)	Subsidiaries	\$ -	\$ 1,657
	Subsidiaries of investors that have significant influence over the Corporation	9,089	7,566
	Related parties in substance	<u>7,538</u>	<u>7,005</u>
		<u>\$ 16,627</u>	<u>\$ 16,228</u>

(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 years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

j. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 141,127	\$ 135,055
Post-employment benefits	<u>1,545</u>	<u>1,452</u>
	<u>\$ 142,672</u>	<u>\$ 136,507</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Demand deposits (included in other current assets)	\$ 25,699	\$ 25,699
Time deposits (included in other current assets and other non-current assets)	26,611	23,578
Land (included in property, plant and equipment and investment properties)	6,635,862	6,635,862
Buildings, net (included in property, plant and equipment)	<u>187,714</u>	<u>199,795</u>
	<u>\$ 6,875,886</u>	<u>\$ 6,884,934</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2020 were as follows:

- Under technical cooperation agreements with several foreign companies expiring on various dates between January 2022 and October 2023, the Corporation, aside from paying upfront royalties, shall pay running royalties at specified percentages of sales (as defined). For the years ended December 31, 2021 and 2020, royalties were \$40,022 thousand and \$23,264 thousand, respectively.
- As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$97,097 thousand and \$86,115 thousand, respectively.
- Unrecognized commitments were as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 16,142</u>	<u>\$ 11,120</u>

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,604	27.68 (USD:NTD)	\$ 1,123,919
JPY	1,890,672	0.2405 (JPY:NTD)	454,707
RMB	114,555	4.34 (RMB:NTD)	497,626
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
EUR	\$ 1,487	31.32 (EUR:NTD)	\$ 46,575
CAD	9,042	21.62 (CAD:NTD)	195,496
CHF	83	30.18 (CHF:NTD)	2,496
AUD	206	20.08 (AUD:NTD)	4,141
Non-monetary items			
Investments accounted for using the equity method			
USD	180,748	27.68 (USD:NTD)	5,003,101
VND	356,159,611	0.0012 (VND:NTD)	425,611
Others			
USD	20,257	27.68 (USD:NTD)	560,707

Financial liabilities

Monetary items			
RMB	15,161	4.34 (RMB:NTD)	65,860
USD	1,063	27.68 (USD:NTD)	29,418
JPY	17,009	0.2405 (JPY:NTD)	4,091
EUR	49	31.32 (EUR:NTD)	1,542
PHP	2,230	0.5353 (PHP:NTD)	1,194
			(Concluded)

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,321	28.48 (USD:NTD)	\$ 1,091,393
JPY	1,567,147	0.2763 (JPY:NTD)	433,003
RMB	41,238	4.38 (RMB:NTD)	180,501
EUR	581	35.02 (EUR:NTD)	20,361
CAD	2,538	22.35 (CAD:NTD)	56,721
CHF	1,341	32.31 (CHF:NTD)	43,325
AUD	146	21.95 (AUD:NTD)	3,203
Non-monetary items			
Investments accounted for using the equity method			
USD	173,379	28.48 (USD:NTD)	4,937,830
VND	366,183,499	0.0011 (VND:NTD)	406,464
AUD	49	21.95 (AUD:NTD)	1,068
Others			
USD	19,851	28.48 (USD:NTD)	565,367
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 12,373	4.38 (RMB:NTD)	\$ 54,157
USD	975	28.48 (USD:NTD)	27,764
JPY	1,610	0.2763 (JPY:NTD)	5,418
EUR	38	35.02 (EUR:NTD)	1,329
PHP	3,272	0.5861 (PHP:NTD)	1,917
Non-monetary items			
Derivative instruments			
USD	366	28.48 (USD:NTD)	10,419
			(Concluded)

The significant unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
2021		2020		
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	27.68 (USD:NTD)	\$ (26,812)	28.48 (USD:NTD)	\$ (33,490)
CAD	21.62 (CAD:NTD)	(3,592)	22.35 (CAD:NTD)	(690)
JPY	0.2405 (JPY:NTD)	(70,388)	0.2763 (JPY:NTD)	(21,930)
EUR	31.32 (EUR:NTD)	(4,304)	35.02 (EUR:NTD)	266
SGD	20.46 (SGD:NTD)	-	21.56 (SGD:NTD)	(29)
AUD	20.08 (AUD:NTD)	(233)	21.95 (AUD:NTD)	15
RMB	4.34 (RMB:NTD)	7,585	4.38 (RMB:NTD)	687
PHP	0.5353 (PHP:NTD)	98	0.5861 (PHP:NTD)	(1,865)
CHF	30.18 (CHF:NTD)	(93)	32.31 (CHF:NTD)	1,616
PHP	3.07 (PHP:NTD)	6	3.48 (PHP:NTD)	-
GBP	37.3 (GBP:NTD)	-	38.90 (GBP:NTD)	2
		<u>\$ (97,733)</u>		<u>\$ (55,418)</u>

33. 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.
- b. Information on investees: Table 5.
 - c. 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 6.
 - 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 7.
 - d. 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 8.

TABLE 1

SHIHLIN ELECTRIC & ENGINEERING CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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)
		Name	Relationship (Note 2)										
0	Shihlin Electric & Engineering Corp.	Vietnam Shihlin Electric Power Equipment Co., Ltd.	a and b	\$ 5,290,007 (Note 3)	\$ 199,745	\$ 193,760	\$ 29,470	-	0.73%	\$ 13,225,018 (Note 5)	Y	-	-
		Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	a and (f)	1,331,962 (Note 4)	85,992	-	-	-	-	13,225,018 (Note 5)	-	-	Y
		Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	b	5,290,007 (Note 3)	313,887	304,480	218,246	-	1.15%	13,225,018 (Note 5)	Y	-	Y
		Wuxi Shihlin Electric & Engineering Co., Ltd.	a and b	5,290,007 (Note 3)	185,120	138,400	-	-	0.52%	13,225,018 (Note 5)	Y	-	Y
		Suzhou Shihlin Electric & Engineering Corp.	a and b	5,290,007 (Note 3)	199,745	193,760	96,880	-	0.73%	13,225,018 (Note 5)	Y	-	Y
		Shihlin Electric (Suzhou) Power Equipment Co., Ltd.	a and b	5,290,007 (Note 3)	242,548	83,040	71,997	-	0.31%	13,225,018 (Note 5)	Y	-	Y
		Xiamen Shihlin Electric & Engineering Corp.	a and b	5,290,007 (Note 3)	214,634	209,551	-	-	0.79%	13,225,018 (Note 5)	Y	-	Y
		Shihlin Technology (Shenzhen) Co., Ltd.	a and b	5,290,007 (Note 3)	43,873	43,471	-	-	0.16%	13,225,018 (Note 5)	Y	-	Y
		Vietnam Shihlin Electric & Engineering Co., Ltd.	a and b	5,290,007 (Note 3)	142,676	138,400	85,808	-	0.52%	13,225,018 (Note 5)	Y	-	-

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

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

- A 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.
- In between companies that held over 90% of voting shares 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: The company held more than 50% of subsidiary’s shares; in accordance with the recent financial statements as of December 31, 2021, the parent company had a limited net value of 20% - this became the quota of the guaranteed party. The parent company had an equity amount of \$5,290,007 thousand. (Net value of \$26,450,036 thousand as of December 31, 2020 × 20%).

Note 4: The shares of subsidiary company were held more than 50% by non-Company; The financial statements of the Company as of December 31, 2021 had a net value limit of 20% (to calculate the equity amount of the following guaranteed company: Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd. \$1,331,962 thousand became the lowest quota.

Note 5: The Corporation’s financial statement as of December 31, 2021 had a limited net value of 50% with an equity amount of \$13,225,018 thousand. (Net value of \$ 26,450,036 thousand as of December 31, 2021 × 50%).

Note 6: The 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.

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 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	\$ 74,850	7.8	\$ 74,850
	Arch Meter Corp.	The Corporation is a director	Financial assets at FVTOCI	5,636,050	88,430	15.6	88,430
	Jine De Sheng Co., Ltd.	The Corporation is a supervisor	Financial assets at FVTOCI	3,333,333	136,433	6.2	136,433
	Charter Leisure Co., Ltd.	The Corporation is a supervisor	Financial assets at FVTOCI	950,000	8,711	19.0	8,711
	Power World Capital Management Inc.		Financial assets at FVTPL	697,819	10,251	6.0	10,251
	HCT Logistics Co., Ltd.	Same chairman	Financial assets at FVTOCI	4,757,721	403,312	1.9	403,312
	Innocom Telecom Corp.		Financial assets at FVTPL	250,000	-	0.6	-
	Formosa Capital Holdings Corporation		Financial assets at FVTPL	363,636	-	9.1	-
	Union Storage Energy System Ltd.	The Corporation is a director	Financial assets at FVTOCI	409,087	4,079	5.6	4,079
	Chinese Products Promotion Center		Financial assets at FVTOCI	500	46	0.1	46
	Normpacific Automation Corp.		Financial assets at FVTOCI	672,188	11,837	2.4	11,837
	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	112,050	2.8	112,050
	The Orient Linko Golf & Country Club Co., Ltd.		Financial assets at FVTOCI	10	95,800	1.0	95,800
	Taichung International Entertainment Corporation		Financial assets at FVTOCI	1	3,050	-	3,050
	O-Bank Co., Ltd.		Financial assets at FVTOCI	8,655,769	69,246	0.3	69,246
	The Great Taipei Corporation		Financial assets at FVTOCI	691,901	22,971	0.1	22,971
	Taiwan Cogeneration Corporation		Financial assets at FVTOCI	151,844	5,755	-	5,755
	E Treego Co., Ltd		Financial assets at FVTOCI	8,571,420	41,314	10.3	41,314
	<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	12,570	-	12,570
	Pacific Royal Fund - Core Asia Region Fund		Financial assets at FVTPL	287,825	66,610	-	66,610
	Pacific Royal Fund - High Yield Capital Fund		Financial assets at FVTPL	295,000	72,972	-	72,972
	Global Alliance - Asia Keystone Fund		Financial assets at FVTPL	213,083	132,228	-	132,228
	Global Alliance - Ocean Elite Fund		Financial assets at FVTPL	213,145	132,266	-	132,266
	Global Alliance - Hidden Power Fund		Financial assets at FVTPL	213,128	132,256	-	132,256
	Global Alliance - Titan Investment Fund		Financial assets at FVTPL	45,320	24,375	-	24,375
Shihlin Electric & Engineering Corp. International Holdings Ltd.	<u>Mutual funds</u>						
	Pacific Royal Fund - Strategic Growth Income Fund		Financial assets at FVTPL	260,000	60,260	-	60,260
	Pacific Royal Fund - Aslan Eagle Opportunity Fund		Financial assets at FVTPL	260,000	65,424	-	65,424
Chuan Lin Technology Corporation	<u>Shares</u>						
	Mirle Automation Corporation		Financial assets at FVTOCI	82,096	3,664	-	3,664

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Hsin Lin Electric Machinery Co., Ltd.	<u>Shares</u> Digi-Triumph Technology Inc.		Financial assets at FVTOCI	82,735	\$ 652	2.7	\$ 652
Rueylin Electric & Engineering Corp.	<u>Shares</u> Digi-Triumph Technology Inc.		Financial assets at FVTOCI	82,734	652	2.7	652
Ji Lin Investment, Co., Ltd.	<u>Shares</u> Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	8,460	1.5	8,460
Cheng Lin Investments Co., Ltd.	<u>Shares</u> Tai Yi Fong Co., Ltd.		Financial assets at FVTOCI	750,000	8,460	1.5	8,460

(Concluded)

TABLE 3

SHIHLIN ELECTRIC & ENGINEERING CORP.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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. Mitsubishi Electric Corporation Xiamen Shihlin Electric & Engineering Corp.	Subsidiary	Purchase	\$ 1,679,113	10.9	Payment in 60 days after acceptance	\$ -	-	\$ (605,697)	(12.7)
		Director of the Corporation	Purchase	703,447	4.6	Documents against payment	-	-	-	-
		Indirect subsidiary	Purchase	161,791	1.0	Collect receivables in 75 days after confirming	-	-	(18,425)	(0.4)
	Chuan Lin Technology Corporation Rueylin Electric & Engineering Corp. Suzhou Shihlin Electric & Engineering Corp. Shihlin Electric Engineering Equipment Vietnam Company Limited Xiamen Shihlin Electric & Engineering Corp.	Subsidiary	Purchase	250,341	1.6	Payment in 90 days after confirming	-	-	(49,229)	(1.0)
		Subsidiary	Purchase	274,231	1.8	Payment in 30 days after acceptance	-	-	(46,819)	(1.0)
		Indirect subsidiary	Purchase	190,898	1.2	Payment in 90 days after confirming	-	-	(8,816)	(0.2)
		Subsidiary	Purchase	210,542	1.4	Payment in 90 days after confirming	-	-	(17,272)	(0.4)
		Indirect subsidiary	Sale	(185,472)	1.1	Payment in 90 days after confirming	-	-	30,728	0.6
Changzhou Shihlin Auto Parts Co., Ltd.	Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd. Mitsubishi Electric (China) Corporation	Subsidiary of the director of ultimate parent company	Sale	(413,747)	(52.0)	Collect receivables in 60 days after confirming	-	-	94,097	-
		Subsidiary of the director of ultimate parent company	Sale	(311,809)	(39.2)	Collect receivables in 60 days after confirming	-	-	85,729	-
Wuxi Shihlin Electric & Engineering Co., Ltd.	Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Subsidiary of the director of ultimate parent company	Sale	(297,525)	(68.8)	Collect receivables in 90 days after confirming	-	-	68,616	66.9
Hsin Lin Electric Machinery Co., Ltd.	Shihlin Electric & Engineering Co.	Parent company	Sale	(1,679,113)	(100.0)	Collect receivables in 60 days after confirming	-	-	605,697	100.0
Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Co	Ultimate parent company	Sale	(161,791)	(10.0)	Collect receivables in 90 days after confirming	-	-	18,425	6.0
Chuan Lin Technology Corporation	Shihlin Electric & Engineering Co.	Parent company	Sale	(250,341)	(98.8)	Collect receivables in 90 days confirming	-	-	49,229	99.6
Rueylin Electric & Engineering Corp.	Shihlin Electric & Engineering Co.	Parent company	Sale	(274,231)	(86.3)	Collect receivables in 30 days confirming	-	-	46,819	80.4
Suzhou Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Co.	Ultimate parent company	Sale	(190,898)	(18.3)	Collect receivables in 90 days confirming	-	-	8,816	1.8
Xiamen Shihlin Electric & Engineering Corp.	Shihlin Electric & Engineering Co.	Ultimate parent company	Purchase	185,472	16.3	Payment in 75 days after acceptance	-	-	(30,728)	(23.4)
Shihlin Electric Engineering Equipment Vietnam Company Limited	Shihlin Electric & Engineering Co.	Parent company	Sale	(210,542)	(33.6)	Payment in 90 days confirming	-	-	17,272	12.7

TABLE 4

SHIHLIN ELECTRIC & ENGINEERING CORP.

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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
					Amount	Actions Taken		
Hsin Lin Electric Machinery Co., Ltd.	Shihlin Electric & Engineering Corp.	Parent company	Accounts receivable <u>\$ 605,697</u>	2.7 times for a year	<u>\$ -</u>	-	<u>\$ 332,319</u> (Note)	<u>\$ -</u>

Note: The amount received before March 10, 2022.

TABLE 5

SHIHLIN ELECTRIC & ENGINEERING CORP.

**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 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	\$ 1,583,877	\$ 1,666,638	51,828,287	100.0	\$ 4,844,427	\$ 626,491	\$ 627,885 (Note 1)	Subsidiary
	SEEC International Trading Ltd. of the British Virgin Islands	British Virgin Islands	Investment	124,447	124,447	4,000,000	100.0	114,971	(1,833)	(1,833) (Note 4)	Subsidiary
	Shihlin Electrical Engineering Ltd. of Vietnam	Vietnam DongNai	Electrical goods production	57,521	57,521	(Note 5)	100.0	423,901	29,639	29,186 (Note 1)	Subsidiary
	Shihlin Electric USA Company Limited	California	The heavy electrical equipment product marketing promotion services	79,879	79,879	2,500,000	100.0	27,938	(12,015)	(12,015)	Subsidiary
	Shihlin Electric (Australia) Pty. Ltd.	Melbourne, Australia	Heavy power equipment production and marketing services	-	14,003	(Note 6)	-	-	378	378	Subsidiary
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	429,896	429,896	42,990,000	94.3	611,675	2,209	2,084	Subsidiary
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	499,885	499,885	49,990,000	94.8	537,786	4,045	3,835	Subsidiary
	Ji Lin Investment, Co., Ltd.	Taipei	Investment	299,882	299,882	29,990,000	99.9	305,028	1,797	1,795	Subsidiary
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	229,896	229,896	22,990,000	89.4	335,719	1,108	990	Subsidiary
	Cheng Lin Investments Co., Ltd.	Taipei	Investment	378,038	298,038	37,807,000	99.4	340,835	6,354	6,315	Subsidiary
	Shang Lin Investment Co., Ltd.	Taipei	Investment	598,032	598,032	59,807,000	99.6	560,409	3,887	3,871	Subsidiary
	Hsin Lin Electric Machinery Co., Ltd.	Taipei	A variety of power transmission and distribution, data storage and processing equipment, machinery and communications equipment, electronic components and telecommunications equipment manufacturing, electronic materials and retail business	24,000	24,000	2,880,000	60.0	229,847	57,474	34,651 (Note 2)	Subsidiary
	Rueylin Electric & Engineering Corp.	Hsinchu County	Mechanical appliances and electrical manufacturing various components of the processing of trading business	163,487	163,487	10,274,053	90.0	352,637	60,889	54,074 (Note 3)	Subsidiary
	Jeen-Lin Industrial Co., Ltd.	Hsinchu County	Manufacture of various metal machinery, purchase and sale of various metal materials, manufacture, purchase, sale, import and export of the products from aforementioned activities of which the first mold is managed by the company	47,978	47,978	5,346,364	78.4	110,267	17,661	13,856	Subsidiary
	Chuan Lin Technology Corporation	Taipei	Operating a variety of vending machines and the sale of the maintenance service, vending machines set of management consultancy services, mechanical refrigeration and air conditioning equipment and affairs of the sale and installation of mechanical equipment business, the sale of a variety of heavy electrical machinery and mechanical appliances of automation equipment maintenance holds business, import and export business before the products, trading and export business of the switch	4,100	4,100	410,000	31.5	24,594	7,914	2,494	Subsidiary
	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	165,347	1,267	1,225	Subsidiary
	Chan Der Investment Corp.	Taipei	Investment	51,030	51,030	2,438,783	8.1	49,598	11,111	900	Associate
	Cheng Der Investment Corp.	Taipei	Investment	18,950	18,950	1,149,177	3.6	18,324	6,859	247	Associate
	Yu Der Investment Corp.	Taipei	Investment	26,180	26,180	2,618,000	4.8	27,064	1,224	59	Associate
	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	3,578,880	(88,618)	(10,389)	Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
Rueylin Electric & Engineering Corp.	Shihlin Electric Engineering Equipment Vietnam Company Limited	Vietnam DongNai	Manufacture of mechanical equipment, mechanical appliances and their components; transmission and distribution and sales; and installation engineering; wired and wireless telecommunications wiring project; and related products import and export trade business	\$ 83,770	\$ 83,770	(Note 5)	100.0	\$ 251,381	\$ 33,395		Sub-subsidiary
	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	32,809	11,661		Sub-subsidiary
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.6	57,107	16,973		Associate
Ji Lin Investment, Co., Ltd.	Chang Hong Investment Corp.	Taipei	Investment	50,017	50,017	5,002,000	8.8	63,388	4,347		Associate
	Yu Hong Investment Corp.	Taipei	Investment	50,000	50,000	5,000,000	2.6	63,433	23,263		Associate
	Yu Der Investment Corp.	Taipei	Investment	60,017	60,017	6,002,000	11.1	62,811	1,224		Associate
	Yeangder Entertainment Co., Ltd.	Taipei	Engaged in competitive and recreational sports industry	15,000	15,000	1,500,000	37.5	11,063	802		Sub-subsidiary
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	52,160	52,160	1,631,000	0.4	87,228	(88,618)		Associate
Shang Lin Investment Co., Ltd.	Chan Der Investment Corp.	Taipei	Investment	16,680	16,680	1,668,000	5.6	34,170	11,111		Associate
	Cheng Der Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	6.4	32,729	6,859		Associate
	Yu Hong Investment Corp.	Taipei	Investment	120,000	120,000	12,000,000	6.3	151,999	23,263		Associate
	Chang Hong Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.5	25,341	4,347		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	54,799	54,799	1,506,000	0.4	80,543	(88,618)		Associate
	Xin He Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	6.0	49,056	2,289		Associate
	De Hong Investment Corp.	Taipei	Investment	130,000	130,000	13,000,000	8.3	185,821	16,973		Associate
Jeng Lin Investment Co., Ltd.	Cheng Der Investment Corp.	Taipei	Investment	77,012	77,012	5,733,342	18.4	93,861	6,859		Associate
	Xin He Investment Corp.	Taipei	Investment	59,970	59,970	5,997,000	8.9	73,543	2,289		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	129,478	(88,618)		Associate
	De Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	4.5	100,160	16,973		Associate
Hwo Lin Investment Co., Ltd.	Xin He Investment Corp.	Taipei	Investment	30,000	30,000	3,000,000	4.5	36,771	2,289		Associate
	Yu Hong Investment Corp.	Taipei	Investment	100,019	100,019	10,002,000	5.3	126,626	23,263		Associate
	Chan Der Investment Corp.	Taipei	Investment	49,011	49,011	4,700,956	15.7	96,264	11,111		Associate
	De Hong Investment Corp.	Taipei	Investment	86,019	86,019	8,002,000	5.1	114,437	16,973		Associate
	Chang Hong Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.5	25,341	4,347		Associate
	Yeangder Entertainment Co., Ltd.	Taipei	Engaged in competitive and recreational sports industry	25,000	25,000	2,500,000	62.5	18,437	802		Sub-subsidiary
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	85,585	85,585	2,633,000	0.7	140,816	(88,618)		Associate
Yuh Lin Investment Co., Ltd.	Chan Der Investment Corp.	Taipei	Investment	40,000	40,000	1,389,558	4.6	28,473	11,111		Associate
	Chang Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	12.3	88,657	4,347		Associate
	Xin He Investment Corp.	Taipei	Investment	140,009	140,009	14,001,000	20.8	171,738	2,289		Associate
	De Hong Investment Corp.	Taipei	Investment	90,000	90,000	9,000,000	5.8	128,714	16,973		Associate
	Yu Der Investment Corp.	Taipei	Investment	26,000	26,000	2,600,000	4.8	27,177	1,224		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	141,190	(88,618)		Associate
	Yu Hong Investment Corp.	Taipei	Investment	70,000	70,000	7,000,000	3.7	88,603	23,263		Associate

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 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	\$ 32,433	\$ 7,914		Subsidiary
	Rueylin Electric & Engineering Corp.	Hsinchu County	All kinds of electrical machinery equipment and components of manufacturing and processing transactions	1,000	1,000	100,000	0.9	3,470	60,889		Subsidiary
	Xin He Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.0	24,570	2,289		Associate
	Yu Hong Investment Corp.	Taipei	Investment	120,000	80,000	12,000,000	6.3	151,999	23,263		Associate
	Yu Der Investment Corp.	Taipei	Investment	20,000	20,000	2,000,000	3.7	20,918	1,224		Associate
	De Hong Investment Corp.	Taipei	Investment	40,000	-	4,000,000	2.6	57,107	16,973		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	29,843	(88,618)		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	60,889		Subsidiary
	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.6	57,509	16,973		Associate
Ting Lin Enterprise Co., Ltd.	De Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.6	57,433	16,973		Associate
	Yu Hong Investment Corp.	Taipei	Investment	80,000	80,000	8,000,000	4.2	101,589	23,263		Associate
	The Ambassador Hotel, Ltd.	Taipei	International hotels business, with a restaurant, coffee shop, bar and club business	266	266	10,000	-	535	(88,618)		Associate
Hsin Lin Electric Machinery Co., Ltd.	Hsinlin International Investment Corp. of Samoa	Samoa	Investment	57,693	57,693	1,130,000	100.0	47,812	5,701		Sub-subsidiary
	Yuh Lin Investment Co., Ltd.	Taipei	Investment	26,000	26,000	2,600,000	5.7	36,973	378		Subsidiary
	Hwo Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	5.1	28,932	4,045		Subsidiary
	Jeng Lin Investment Co., Ltd.	Taipei	Investment	27,000	27,000	2,700,000	10.5	39,430	1,108		Subsidiary
	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	32,809	11,661		Sub-subsidiary
Jee-Lin Industrial Co., Ltd.	Yu Hong Investment Corp.	Taipei	Investment	40,000	40,000	4,000,000	2.1	50,746	23,263		Associate

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

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

Note 3: The adjusted unrealized gross profit and realized gross profit consist of downstream transactions.

Note 4: The adjusted unrealized gross profit of sidestream transactions

Note 5: The limited companies do not have shares.

Note 6: Shihlin Electric Australia was completed its liquidation in June 2021.

(Concluded)

TABLE 6

SHIHLIN ELECTRIC & ENGINEERING CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					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)	\$ 101,935	55.0	\$ 54,679 (Note 7)	\$ 270,585	\$ 229,904
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	61,010	100.0	65,640 (Note 7)	888,256	523,515
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	126,417	100.0	124,621 (Note 7)	751,216	110,102
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	17,812	100.0	16,178 (Note 7)	315,105	12,134
Fuzhou Shihlin Electric & Engineering Corp.	DC motor, rotary pumps for liquids, motor vehicle fuel pumps and other electrical or power equipment manufacturing and sales business	-	b (Note 3)	101,192	-	101,192	-	(2,850)	100.0	(1,993) (Note 7)	- (Note 13)	-
Mitsubishi Electric Shihlin Automotive Changzhou Co., Ltd.	Motorcycle starter motors, magneto, ignition coils and other control or distribution equipment manufacturing and sales business	167,512	b (Note 3)	37,021	-	-	37,021	212,026	49.0	103,893 (Note 7)	1,305,323	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	28,475	50.5	14,380 (Note 7)	119,666	141,109
Mitsuba Shihlin Electric (Wuhan) Co., Ltd.	Automotive cooling fans, wiper systems, starter, fuel pump, electronic control systems and other automotive electrical parts and accessory collar manufacturing sales and service business	230,811	b (Note 3)	103,865	-	-	103,865	138,127	45.0	62,157 (Note 7)	357,102	314,649
Kingdom Trading Shanghai Co., Ltd.	All kinds of switches, relays, circuit breakers and other product sales operations	-	b (Note 4)	124,355	-	124,355	-	(28)	100.0	(28) (Note 7)	- (Note 14)	-
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	8,941	100.0	9,619 (Note 7)	44,665	8,706
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)	4,435	100.0	3,880 (Note 7)	68,671	-
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	8,633	30.0	2,590 (Note 7)	73,010	-

(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 December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
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)	\$ 89,950	100.0	\$ 89,950 (Note 7)	\$ 458,607	\$ 125,560
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)	28,475	20 (Note 10)	5,695 (Note 7)	47,392	50,200

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,368,659 (Note 11)	\$1,368,659 (Note 11)	No upper limit on the amount of investment (Note 12)

Note 1: Three investing methods:

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

Note 2: Recognized gain or loss in investment:

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

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

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

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

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

Note 7 Recognized gain and loss are based on Note 2. b. 2.

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

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

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

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

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

Note 13: Fuzhou SEEC was sold in March 2021.

Note 14: Shanghai Kingdom Trading was completed its liquidation in November 2021.

(Concluded)

TABLE 7

SHIHLIN ELECTRIC & ENGINEERING CORP.

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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	
			Price	Payment Term	Amount	%	Ending Balance	%
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 75 days	\$ 161,791	1.0	\$ 18,425	0.4
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Paid in 105 days	190,898	1.2	8,816	0.2
	Wuxi Shihlin Electric & Engineering Co., Ltd.	-	Trading fairly general	Paid in 30 days	52,576	0.3	4,558	0.1
	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	-	Trading fairly general	Paid in 75 days	13,299	0.1	1,140	-
	Suzhou Power Equipment	-	Trading fairly general	Paid in 90 days	4,128	-	-	-

2. Sales

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details		Sales		Gross Profit	Unrealized Gross Profit	Notes/Accounts Receivable	
			Price	Payment Term	Amount	%			Ending Balance	%
Shihlin Electric & Engineering Corp.	Xiamen Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 90 days	\$ 185,472	1.1	\$ 5,503	\$ 1,987 (Note)	\$ 30,728	0.6
	Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	-	Trading fairly general	Received in 90 days	52,938	0.3	14,019	- (Note)	8,990	0.2
	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 90 days	25,975	0.1	3,317	456 (Note)	7,576	0.1
	Shihlin Technology (Shenzhen) Co., Ltd.	-	Trading fairly general	Received in 90 days	7,633	-	1,195	17 (Note)	-	-
	Suzhou Power Equipment	-	Trading fairly general	Received in 90 days	31,019	0.2	-	- (Note)	21,035	0.4
	Wuxi Shihlin Electric & Engineering Co., Ltd.	-	Trading fairly general	Received in 90 days	10,262	0.1	(547)	(140) (Note)	1,373	-

3. Management service revenue

Company Name	Investee Company in Mainland China	Company in the Third Area	Transaction Details			Management Service Revenue	
			Price	Payment Term	Comparison with Normal Transaction	Amount	%
Shihlin Electric & Engineering Corp.	Suzhou Shihlin Electric & Engineering Corp.	-	Trading fairly general	Received in 30 days	In general	\$ 11,902	43.09

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

Note: It was unrealized before December 31, 2022.

TABLE 8**SHIHLIN ELECTRIC & ENGINEERING CORP. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 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	38,911,545	7.46
Citibank (Taiwan) Entrusted with the Custody of the First Gold Hesheng Securities Co., Ltd. Investment Account	33,469,000	6.42
Taipei Fubon Commercial Bank Trust Property Account	26,979,468	5.17

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.

SHIHLIN ELECTRIC & ENGINEERING CORP.

THE CONTENTS OF STATEMENTS FOR MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of notes receivable, net	2
Statement of changes in contract assets	3
Statement of inventories	4
Statement of other current assets	Note 15
Statement of financial assets at fair value through profit or loss - non-current	Notes 7 and 5
Statement of financial assets at fair value through other comprehensive income - non-current	6
Statement of changes in investments accounted for using the equity method	7
Statement of changes in property, plant and equipment	Note 12
Statement of changes in accumulated depreciation of property, plant and equipment	Note 12
Statement of changes in accumulated impairment of property, plant and equipment	Note 12
Statement of changes in investment properties	Note 14
Statement of changes in accumulated depreciation of investment properties	Note 14
Statement of changes in accumulated impairment of investment properties	Note 14
Statement of deferred income tax assets	Note 24
Statement of other non-current assets	Note 15
Statement of short-term borrowings	8
Statement of notes payables	9
Statement of trade payables	10
Statement of changes in contract liabilities	3
Statement of other payables	Note 18
Statement of provisions - current	Note 19
Statement of other current liabilities	Note 18
Statement of long-term borrowing	11
Statement of provisions - non-current	Note 19
Statement of deferred tax liabilities	Note 24
Statement of other non-current liabilities	Note 18
Major Accounting Items in Profit or Loss	
Statement of operating revenue	12
Statement of operating costs	13
Statement of operating expenses	14
Statement of finance costs	Note 23
Statement of labor and depreciation by function	15

SHIHLIN ELECTRIC & ENGINEERING CORP.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash on hand		\$ <u>987</u>
Cash in banks		
Checking accounts and demand deposits		672,979
Foreign currency deposits	Including US\$15,859 thousand @27.68, JPY1,888,935 thousand @0.2405, PHP40 thousand @0.5353, AUD206 thousand @20.08, CAD4,609 thousand @21.62, RMB72,982 thousand @4.344, EUR1,367 thousand @31.32 and CHF83 thousand @30.175	<u>1,359,436</u>
		<u>2,032,415</u>
		<u>\$ 2,033,402</u>

SHIHLIN ELECTRIC & ENGINEERING CORP.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Client Name	Amount
Non-related party	
Taiwan Semiconductor Manufacturing Company Limited	\$ 495,226
Dynaichi Technology Co., Ltd.	332,352
Others (Note)	<u>3,379,282</u>
	4,206,860
Less: Allowance for impairment loss	<u>(123,765)</u>
	<u>\$ 4,083,095</u>
Related party	
Xiamen Shihlin Electrical & Engineering Corp.	\$ 30,728
Suzhou Shihlin Electric & Engineering Corp.	21,035
Changzhou Shihlin Mitsuba Electric & Engineering Co., Ltd.	8,990
Shihlin Electric Engineering Equipment Vietnam Company Limited	8,369
Suzhou Shihlin Electric & Engineering Corp.	7,576
Others (Note)	<u>4,628</u>
	<u>\$ 81,326</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF CHANGES IN CONTRACT ASSETS AND CONTRACT LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Name of Construction	Accumulated Amount of Construction Cost Incurred Plus Recognized Profits					Accumulated Amount of Progress Billings				Contract Assets, Net, December 31, 2021	Contract Liabilities, Net, December 31, 2021
	Balance, January 1, 2021	Increase in Construction Cost Incurred	Increase in Recognized Profits	Contractual Completion	Balance, December 31, 2021	Balance, January 1, 2021	Increase in Progress Billings	Contractual Completion	Balance, December 31, 2021		
SE10003	\$ 4,200,089	\$ 363,581	\$ 35,943	\$ -	\$ 4,599,613	\$ 2,916,633	\$ 1,093,620	\$ -	\$ 4,010,253	\$ 589,360	\$ -
SE10002	-	-	-	-	-	-	-	-	-	-	-
SE10004	1,156,068	856,926	26,190	-	2,039,184	979,200	1,031,657	-	2,010,857	28,327	-
SE10005	705,730	63,827	6,350	-	775,907	731,587	-	-	731,587	44,320	-
IL5104151	29,755	-	-	-	29,755	24,323	4,375	-	28,698	1,057	-
IL5104153	72,626	-	-	-	72,626	58,252	10,839	-	69,091	3,535	-
IL5105054	17,233	-	-	-	17,233	16,339	859	-	17,198	35	-
IL5105169	63,939	-	-	-	63,939	59,789	-	-	59,789	4,150	-
IL5106152	67,957	-	-	-	67,957	64,528	3,397	-	67,925	32	-
IL5106156	45,061	-	-	-	45,061	38,703	-	-	38,703	6,358	-
IL5106003	33,943	-	-	-	33,943	30,119	3,554	-	33,673	270	-
IL5106105	178,691	-	-	-	178,691	128,716	-	-	128,716	49,975	-
IL5106153	337,593	-	-	-	337,593	280,912	-	-	280,912	56,681	-
IL5106159	15,866	-	-	-	15,866	7,873	6,439	-	14,312	1,554	-
IL5107202	39,804	-	-	-	39,804	25,896	-	-	25,896	13,908	-
IL5107002	461,568	-	-	-	461,568	337,326	87,546	-	424,872	36,696	-
IL5107001	796,685	-	-	-	796,685	575,946	164,557	-	740,503	56,182	-
IL5107010	72,290	-	-	-	72,290	54,467	-	-	54,467	17,823	-
IL5107151	174,400	4,771	747	-	179,918	127,535	37,216	-	164,751	15,167	-
IL5107103	5,580	-	-	-	5,580	-	-	-	-	5,580	-
IL5107011	13,922	-	-	-	13,922	9,965	-	-	9,965	3,957	-
IL5108202	39,362	-	-	-	39,362	25,675	-	-	25,675	13,687	-
IL5108053	14,126	-	-	-	14,126	-	11,760	-	11,760	2,366	-
IL5108203	13,234	-	-	-	13,234	8,736	-	-	8,736	4,498	-
IL5108001	274,588	63,279	(2,455)	-	335,412	229,113	64,435	-	293,548	41,864	-
IL5108004	69,369	26,417	(1,162)	-	94,624	83,394	-	-	83,394	11,230	-
IL5108056	28,565	442	104	-	29,111	-	-	-	-	29,111	-
IL5108101	106,648	3,387	284	-	110,319	80,114	-	-	80,114	30,205	-
IL5108204	13,309	36	8	-	13,353	7,001	1,735	-	8,736	4,617	-
IL5108064	16,391	215	33	-	16,639	11,991	(1,735)	-	10,256	6,383	-
IL5109101	9,145	3,671	326	-	13,142	9,447	-	-	9,447	3,695	-
IL5109201	16,435	25,342	5,558	-	47,335	1,168	-	-	1,168	46,167	-
IL5109204	20,563	22,468	4,928	-	47,959	8,759	-	-	8,759	39,200	-
IL5109205	6,605	12,389	2,586	-	21,580	648	-	-	648	20,932	-
IL5109206	13,271	14,957	3,358	-	31,586	6,403	-	-	6,403	25,183	-
IL5109209	28,151	1,205	252	-	29,608	23,366	3,919	-	27,285	2,323	-

(Continued)

Name of Construction	Accumulated Amount of Construction Cost Incurred Plus Recognized Profits					Accumulated Amount of Progress Billings				Contract	Contract
	Balance, January 1, 2021	Increase in Construction Cost Incurred	Increase in Recognized Profits	Contractual Completion	Balance, December 31, 2021	Balance, January 1, 2021	Increase in Progress Billings	Contractual Completion	Balance, December 31, 2021	Assets, Net, December 31, 2021	Liabilities, Net, December 31, 2021
IL5109276	\$ 14,342	\$ 2,040	\$ 245	\$ -	\$ 16,627	\$ -	\$ -	\$ -	\$ -	\$ 16,627	\$ -
IL5109151	135,585	95,216	1,664	-	232,465	117,683	108,501	-	226,184	6,281	-
IL5109152	114,298	53,759	3,168	-	171,225	77,172	70,008	-	147,180	24,045	-
IL5109208	12,992	8,313	1,829	-	23,134	-	14,136	-	14,136	8,998	-
IL5109153	-	12,978	3,021	-	15,999	-	13,687	-	13,687	2,312	-
IL5110101	-	16,007	3,652	-	19,659	-	18,758	-	18,758	901	-
IL5110201	-	9,954	2,576	-	12,530	-	-	-	-	12,530	-
IL5110301	-	29,135	6,528	-	35,663	-	9,436	-	9,436	26,227	-
IL5110302	-	33,654	7,466	-	41,120	-	15,401	-	15,401	25,719	-
IL5110303	-	12,983	3,064	-	16,047	-	5,265	-	5,265	10,782	-
IL5110304	-	21,840	4,787	-	26,627	-	648	-	648	25,979	-
IL5110305	-	46,614	10,261	-	56,875	-	8,466	-	8,466	48,409	-
IL5110151	-	57,447	7,510	-	64,957	-	36,969	-	36,969	27,988	-
IL5110103	-	30,322	6,187	-	36,509	-	30,951	-	30,951	5,558	-
IL5110102	-	19,954	4,458	-	24,412	-	20,722	-	20,722	3,690	-
IL5110202	-	7,037	1,996	-	9,033	-	-	-	-	9,033	-
IL5110051	-	13,348	2,425	-	15,773	-	12,738	-	12,738	3,035	-
IL5110052	-	11,847	2,287	-	14,134	-	12,441	-	12,441	1,693	-
IL5110057	-	9,984	2,109	-	12,093	-	-	-	-	12,093	-
IL5110059	-	21,341	4,709	-	26,050	-	25,200	-	25,200	850	-
IL5110060	-	5,734	1,363	-	7,097	-	-	-	-	7,097	-
IL5110307	-	40,732	8,570	-	49,302	-	1,174	-	1,174	48,128	-
IL5110308	-	9,615	2,279	-	11,894	-	-	-	-	11,894	-
IL5110204	-	1,108	174	-	1,282	-	-	-	-	1,282	-
IL5110309	-	2,543	605	-	3,148	-	-	-	-	3,148	-
IL5110311	-	8,406	1,374	-	9,780	-	-	-	-	9,780	-
IL5110155	-	12	1	-	13	-	-	-	-	13	-
	<u>\$ 9,435,779</u>	<u>\$ 2,044,836</u>	<u>\$ 177,358</u>	<u>\$ -</u>	<u>\$ 11,657,973</u>	<u>\$ 7,158,779</u>	<u>\$ 2,928,674</u>	<u>\$ -</u>	<u>\$ 10,087,453</u>	1,570,520	<u>\$ -</u>
Contract assets - product sales										458,962	
										<u>\$ 2,029,482</u>	
SE10006	\$ 424,898	\$ 260,367	\$ 14,572	\$ -	\$ 699,837	\$ 629,992	\$ 303,261	\$ -	\$ 933,253	\$ -	\$ 233,416
SE10007	-	-	-	-	-	26,588	-	(26,588)	-	-	-
IL5105002	187,344	-	-	(187,344)	-	192,778	-	(192,778)	-	-	-
IL5106355	26,903	784	413	(28,100)	-	28,100	-	(28,100)	-	-	-
IL5106254	11,463	-	-	-	11,463	11,551	-	-	11,551	-	88
IL5106206	18,185	-	-	-	18,185	18,600	-	-	18,600	-	415
IL5107058	11,839	-	161	(12,000)	-	12,000	-	(12,000)	-	-	-
IL5107201	22,819	331	(150)	(23,000)	-	23,000	-	(23,000)	-	-	-
IL5107110	36,628	3,000	1,314	-	40,942	62,048	-	-	62,048	-	21,106
IL5108059	11,289	-	-	-	11,289	12,000	-	-	12,000	-	711
IL5108063	23,890	-	60	(23,950)	-	23,950	-	(23,950)	-	-	-
IL5105151	82,609	-	-	-	82,609	86,095	4,532	-	90,627	-	8,018
IL5105066	22,981	996	523	(24,500)	-	24,500	-	(24,500)	-	-	-
IL5106058	13,893	49	58	(14,000)	-	14,000	-	(14,000)	-	-	-

(Continued)

Name of Construction	Accumulated Amount of Construction Cost Incurred Plus Recognized Profits					Accumulated Amount of Progress Billings				Contract	Contract
	Balance, January 1, 2021	Increase in Construction Cost Incurred	Increase in Recognized Profits	Contractual Completion	Balance, December 31, 2021	Balance, January 1, 2021	Increase in Progress Billings	Contractual Completion	Balance, December 31, 2021	Assets, Net, December 31, 2021	Liabilities, Net, December 31, 2021
IL5105061	\$ 21,455	\$ -	\$ 1,145	\$ (22,600)	\$ -	\$ 22,600	\$ -	\$ (22,600)	\$ -	\$ -	\$ -
IL5105253	12,820	115	65	(13,000)	-	13,000	-	(13,000)	-	-	-
IL5106257	30,421	-	-	-	30,421	30,600	-	-	30,600	-	179
IL5106051	29,469	-	-	-	29,469	29,500	-	-	29,500	-	31
IL5106204	16,531	-	44	(16,575)	-	16,575	-	(16,575)	-	-	-
IL5105058	22,955	-	1,545	(24,500)	-	24,500	-	(24,500)	-	-	-
IL5107053	9,897	-	103	(10,000)	-	10,000	-	(10,000)	-	-	-
IL5109203	11,472	250	8	-	11,730	11,736	-	-	11,736	-	6
IL5109154	-	10,729	2,011	-	12,740	-	20,467	-	20,467	-	7,727
IL5110208	-	38	3	-	41	-	2,545	-	2,545	-	2,504
IL5103157	111,813	-	-	(111,813)	-	104,321	4,807	(109,128)	-	-	-
IL5103158	94,595	-	-	(94,595)	-	87,336	4,037	(91,373)	-	-	-
IL5104152	173,977	-	770	(174,747)	-	167,459	6,194	(173,653)	-	-	-
IL5105001	445,589	-	-	(445,589)	-	409,453	39,499	(448,952)	-	-	-
IL5105003	51,883	-	-	(51,883)	-	46,886	4,526	(51,412)	-	-	-
IL5105254	41,602	20	28	(41,650)	-	40,950	700	(41,650)	-	-	-
IL5106061	18,000	-	-	(18,000)	-	18,000	-	(18,000)	-	-	-
IL5107055	76,245	42	13	-	76,300	53,900	23,100	-	77,000	-	700
IL5107057	10,000	-	-	(10,000)	-	10,000	-	(10,000)	-	-	-
IL5107059	19,269	-	-	-	19,269	13,650	5,850	-	19,500	-	231
IL5107069	13,524	302	77	-	13,903	11,620	4,980	-	16,600	-	2,697
IL5107152	32,800	207	52	-	33,059	25,200	10,800	-	36,000	-	2,941
IL5108055	23,000	-	-	-	23,000	-	23,000	-	23,000	-	-
IL5109202	9,848	550	131	-	10,529	7,814	2,866	-	10,680	-	151
IL5109351	7,295	1,567	431	-	9,293	-	11,000	-	11,000	-	1,707
IL5109212	91,302	10,378	1,744	-	103,424	50,560	54,940	-	105,500	-	2,076
IL5110105	-	24,315	4,723	-	29,038	-	35,910	-	35,910	-	6,872
IL5110106	-	24,682	4,934	-	29,616	-	41,118	-	41,118	-	11,502
IL5110107	-	17,259	2,683	-	19,942	-	36,444	-	36,444	-	16,502
IL5110108	-	-	-	-	-	-	-	-	-	-	-
IL5110361	-	108	24	-	132	-	12,800	-	12,800	-	12,668
IL5110053	-	-	-	-	-	-	-	-	-	-	-
IL5111241	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,270,503</u>	<u>\$ 356,089</u>	<u>\$ 37,485</u>	<u>\$ (1,347,846)</u>	<u>\$ 1,316,231</u>	<u>\$ 2,370,862</u>	<u>\$ 653,376</u>	<u>\$ (1,375,759)</u>	<u>\$ 1,648,479</u>	<u>\$ -</u>	<u>332,248</u>
Contract liabilities - product sales											<u>2,577,635</u>
											<u>\$ 2,909,883</u>

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP.**STATEMENT OF INVENTORY****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 1,496,293	\$ 1,838,821
Work in progress	1,828,515	2,713,365
Raw materials	<u>1,088,340</u>	<u>2,464,305</u>
	<u>\$ 4,413,148</u>	<u>\$ 7,016,491</u>

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Additions		Decrease		Unrealized Gain (Loss) on Fair Value Change of FVTOCI	Balance, December 31, 2021		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Fair Value		
Unlisted shares											
Innocom Telecom Corp.	250,000	\$ -	-	\$ -	-	\$ -	\$ -	250,000	\$ -	None	
Formosa Capital Holdings Corporation	363,636	-	-	-	-	-	-	363,636	-	None	
Windance Co., Ltd.	6,500,000	-	-	-	-	-	-	6,500,000	-	None	
Asia Technology 3 Limited	636,500	-	-	-	-	-	-	636,500	-	None	
Power World Capital Management Inc.	697,819	<u>9,372</u>	-	<u>-</u>	-	<u>-</u>	<u>879</u>	697,819	<u>10,251</u>	None	
		<u>9,372</u>		<u>-</u>		<u>-</u>	<u>879</u>		<u>10,251</u>		
Funds and securities											
Sycamore Venture Capital, L.P.	1,000,000	-	-	-	-	-	-	1,000,000	-	None	
KGI EM Trend EFT Fund of Funds	1,500,000	13,500	-	-	-	-	(930)	1,500,000	12,570	None	
Pacific Royal Fund - Core Asia Region Fund	287,825	66,277	-	-	-	-	333	287,825	66,610	None	
Pacific Royal Fund - High Yield Capital Fund	295,000	69,515	-	-	-	-	3,457	295,000	72,972	None	
Global Alliance - Asia Keystone Fund	213,083	134,762	-	-	-	-	(2,534)	213,083	132,228	None	
Global Alliance - Ocean Elite Fund	213,145	134,801	-	-	-	-	(2,535)	213,145	132,266	None	
Global Alliance - Hidden Power Fund	213,128	134,791	-	-	-	-	(2,535)	213,128	132,256	None	
Global Alliance - Titan Investment Fund	45,320	<u>25,221</u>	-	<u>-</u>	-	<u>-</u>	<u>(846)</u>	45,320	<u>24,375</u>	None	
		<u>578,867</u>		<u>-</u>		<u>-</u>	<u>(5,590)</u>		<u>573,277</u>		
		<u>\$ 588,239</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ (4,711)</u>		<u>\$ 583,528</u>		

SHIHLIN ELECTRIC & ENGINEERING CORP.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Additions		Decrease		Unrealized Gain (Loss) on Fair Value Change of FVTPL	Balance, December 31, 2021		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Fair Value		
Unlisted shares											
TSC Finance.Com	138,074	\$ 1,384	271,013	\$ 2,710	-	\$ -	\$ (15)	409,087	\$ 4,079	None	
Jine De Sheng Co., Ltd	3,333,333	163,800	-	-	-	-	(27,367)	3,333,333	136,433	None	
HCT Logistics Co., Ltd.	4,757,721	333,754	-	-	-	-	69,558	4,757,721	403,312	None	
Charter Leisure Co., Ltd.	950,000	12,084	-	-	-	-	(3,373)	950,000	8,711	None	
Normpacific Automation Corp.	672,188	22,074	-	-	-	-	(10,237)	672,188	11,837	None	
Arch Meter Corp.	5,636,050	88,599	-	-	-	-	(169)	5,636,050	88,430	None	
Chinese Products Promotion Center	500	46	-	-	-	-	-	500	46	None	
AmTrust Capital I Corp.	7,500,000	66,225	-	-	-	-	8,625	7,500,000	74,850	None	
Hsin Chu Golf Country Club Co., Ltd.	24	87,319	-	-	-	-	24,731	24	112,050	None	
The Orient Linko Golf & Country Club Co., Ltd.	10	86,120	-	-	-	-	9,680	10	95,800	None	
Taichung International Entertainment Corporation	1	2,659	-	-	-	-	391	1	3,050	None	
ETreego Co., Ltd.	-	-	8,571,420	60,000	-	-	(18,686)	8,571,420	41,314	None	
		<u>864,064</u>		<u>62,710</u>		<u>-</u>	<u>53,138</u>		<u>979,912</u>		
Listed shares											
The Great Taipei Corporation	691,901	23,732	-	-	-	-	(761)	691,901	22,971	None	
Taiwan Cogeneration Corporation	151,844	5,876	-	-	-	-	(121)	151,844	5,755	None	
O-Bank Co., Ltd.	8,655,769	59,984	-	-	-	-	9,262	8,655,769	69,246	None	
		<u>89,592</u>		<u>-</u>		<u>-</u>	<u>8,380</u>		<u>97,972</u>		
		<u>\$ 953,656</u>		<u>\$ 62,710</u>		<u>\$ -</u>	<u>\$ 61,518</u>		<u>\$ 1,077,884</u>		

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Balance, December 31, 2021			Market Value or Net Assets Value		Collateral	Note
	Shares	Amount	Acquired Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	Unit Price	Total Amount		
Unlisted shares													
SEEC International Holdings Ltd. of the British Virgin Islands	51,828,287	\$ 4,752,421	-	\$ 627,885	-	\$ 535,879	51,828,287	100.0	\$ 4,844,427	\$93.77	\$ 4,859,753	None	Note 1
SEEC International Trading Ltd. of the British Virgin Islands	4,000,000	117,057	-	-	-	2,086	4,000,000	100.0	114,971	28.74	114,970	None	Note 2
Shihlin Electrical Engineering Ltd. of Vietnam	-	405,179	-	62,053	-	43,331	-	100.0	423,901	-	425,591	None	Notes 3 and 21
Shihlin Electric USA Company Limited	2,500,000	40,963	-	-	-	13,025	2,500,000	100.0	27,938	11.18	27,939	None	Note 4
Shihlin Electric (Australia) Pty. Ltd	500,000	1,068	-	3,000	500,000	4,068	-	-	-	-	-	None	Note 5
Hwo Lin Investment Co., Ltd.	49,990,000	520,080	-	21,435	-	3,729	49,990,000	94.8	537,786	10.76	537,788	None	Note 6
Ji Lin Investment, Co., Ltd.	29,990,000	293,403	-	12,201	-	576	29,990,000	99.9	305,028	10.17	305,027	None	Note 7
Jeng Lin Investment Co., Ltd.	29,990,000	323,672	-	13,936	-	1,889	29,990,000	89.4	335,719	14.60	335,719	None	Note 8
Cheng Lin Investments Co., Ltd.	29,807,000	221,933	8,000,000	118,929	-	27	37,807,000	99.4	340,835	9.02	340,836	None	Note 9
Shang Lin Investment Co., Ltd.	59,807,000	544,844	-	21,199	-	5,634	59,807,000	99.6	560,409	9.37	560,409	None	Note 10
Yuh Lin Investment Co., Ltd.	42,990,000	592,334	-	22,773	-	3,432	42,990,000	94.3	611,675	14.23	611,675	None	Note 11
Hsin Lin Electric Machinery Co., Ltd.	2,880,000	216,225	-	34,835	-	21,213	2,880,000	60.0	229,847	79.87	230,038	None	Note 12
Rueylin Electric & Engineering Corp.	10,274,053	314,783	-	67,650	-	29,796	10,274,053	90.0	352,637	34.56	355,074	None	Note 13
Jeen-Lin Industrial Co., Ltd.	5,346,364	103,862	-	14,801	-	8,396	5,346,364	78.4	110,267	20.62	110,267	None	Note 14
Chuan Lin Technology Corporation	410,000	22,998	-	3,047	-	1,451	410,000	31.5	24,594	59.99	24,594	None	Note 15
Ting Lin Enterprise Co., Ltd.	12,188,000	162,435	-	5,427	-	2,515	12,188,000	96.7	165,347	13.57	165,346	None	Note 16
Chan Der Investment Corp.	2,438,783	46,540	-	3,138	-	80	2,438,783	8.1	49,598	20.34	49,599	None	Note 17
Cheng Der Investment Corp.	1,149,177	17,426	-	933	-	35	1,149,177	3.6	18,324	15.95	18,324	None	Note 18
Yu Der Investment Corp.	2,618,000	<u>26,419</u>	-	<u>684</u>	-	<u>39</u>	2,618,000	4.8	<u>27,064</u>	10.34	<u>27,064</u>	None	Note 19
		8,723,642		1,033,926		677,201			9,080,367		9,100,013		
Listed shares													
The Ambassador Hotel, Ltd.	66,918,617	<u>3,433,799</u>	-	<u>157,233</u>	-	<u>12,152</u>	66,918,617	18.2	<u>3,578,880</u>	31.10	<u>2,081,169</u>	None	Note 20
		<u>\$ 12,157,441</u>		<u>\$ 1,191,159</u>		<u>\$ 689,353</u>			<u>\$ 12,659,247</u>		<u>\$ 11,181,182</u>		

Note 1: Increase in amount resulted from share of profit accounted for using the equity method was \$627,885 thousand. Decrease in amount resulted from decrease in investment was \$82,761 thousand, exchange difference on translating the financial statements of foreign entities was \$32,885 thousand, prepaid income tax was \$42,342 thousand and cash dividend received was \$377,891 thousand.

Note 2: Decrease in amount resulted from share of loss accounted for using the equity method was \$1,833 thousand and exchange difference on translating the financial statements of foreign entities was \$253 thousand.

Note 3: Increase in amount resulted from share of profit accounted for using the equity method was \$29,186 thousand and exchange difference on translating the financial statements of foreign entities was \$32,867 thousand. Decrease in amount resulted from prepaid income tax was \$4,332 thousand and cash dividend received was \$38,999 thousand.

Note 4: Decrease in amount resulted from share of loss accounted for using the equity method was \$12,015 thousand and exchange difference on translating the financial statements of foreign entities was \$1,010 thousand.

Note 5: Increase in amount resulted from gain on disposal of share accounted for using the equity method was \$2,622 thousand and share of profit accounted for using the equity method was \$378 thousand. Decrease in amount resulted from decrease in investment was \$1,421 thousand, exchange difference on translating the financial statements of foreign entities was \$25 thousand and disposal of exchange difference on translating the financial statements of foreign entities was \$2,622 thousand.

Note 6: Increase in amount resulted from share of profit accounted for using the equity method was \$3,835 thousand and other comprehensive income accounted for using the equity method was \$17,600 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$2,447 thousand and adjustment relating to changes in capital surplus accounted for using the equity method was \$1,282 thousand.

Note 7: Increase in amount resulted from share of profit accounted for using the equity method was \$1,795 thousand; other comprehensive income accounted for using the equity method was \$10,406 thousand. Decrease in amount and retained earnings was \$43 thousand resulted from adjustment relating to changes in capital surplus accounted for using the equity method was \$533 thousand.

(Continued)

- Note 8: Increase in amount resulted from share of profit accounted for using the equity method was \$990 thousand; other comprehensive income accounted for using the equity method was \$12,946 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$63 thousand and adjustment relating to changes in capital surplus accounted for using the equity method was \$1,826 thousand.
- Note 9: Increase in shares resulted from increasing investment. Increase in amount resulted from increasing investment 80,000 was thousand and share of profit accounted for using the equity method was \$6,315 thousand, other comprehensive income accounted for using the equity method was \$11,802 thousand, exchange difference on translating the financial statements of foreign entities was \$118 thousand and adjustment relating to changes in capital surplus accounted for using the equity method was \$20,694 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$27 thousand.
- Note 10: Increase in amount resulted from share of profit accounted for using the equity method was \$3,871 thousands and other comprehensive income accounted for using the equity method was \$17,328 thousand. Decrease in the amount resulted from adjustment relating to changes in capital surplus for using the equity method was \$5,529 thousand and adjustment relating to changes in retained earnings accounted for using the equity method was \$105 thousand.
- Note 11: Increase in amount resulted from share of profit accounted for using the equity method was \$2,084 thousand; other comprehensive income accounted for using the equity method was \$20,675 thousand and adjustment relating to changes in capital surplus accounted for using the equity method was \$14 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$3,432 thousand.
- Note 12: Increase in amount resulted from share of profit accounted for using the equity method was \$34,651 thousand, and adjustment relating to changes in other comprehensive income accounted for using the equity method was \$184 thousand. Decrease in amount resulted from cash dividend received was \$20,160 thousand, and adjustment relating to changes in capital surplus was \$170 thousand; adjustment relating to changes in retained earnings was \$299 thousand, exchange difference on translating the financial statements of foreign entities was \$113 thousand and adjustment relating to changes in other comprehensive income accounted for using the equity method was \$471 thousand.
- Note 13: Increase in amount resulted from share of profit accounted for using the equity method was \$54,074 thousand, and adjustment relating to changes in exchange difference on translating the financial statements of foreign entities was \$13,576 thousand. Decrease in the amount resulted from cash dividend received was \$25,685 thousand, adjustment relating to changes in retained earnings was \$1,160 thousand and adjustment relating to changes in other comprehensive income accounted for using the equity method was \$2,951 thousand.
- Note 14: Increase in amount resulted from share of profit accounted for using the equity method was \$13,856 thousand; other comprehensive income accounted for using the equity method was \$945 thousand. Decrease in amount resulted from cash dividend received was \$8,020 thousand, adjustment relating to changes in capital surplus was \$53 thousand and adjustment relating to changes in retained earnings accounted for using the equity method was \$324 thousand.
- Note 15: Increase in amount resulted from share of profit accounted for using the equity method was \$2,494 thousand and other comprehensive income accounted for using the equity method was \$553 thousand. Decrease in amount resulted from cash dividend received was \$1,025 thousand, adjustment relating to changes in capital surplus accounted for using the equity method was \$414 thousand; adjustment relating to changes in retained earnings was \$1 thousand and exchange difference on translating the financial statements of foreign entities was \$11 thousand.
- Note 16: Increase in amount resulted from share of profit accounted for using the equity method was \$1,225 thousand, and adjustment relating to changes in other comprehensive income was \$4,202 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$2,515 thousand.
- Note 17: Increase in amount resulted from share of profit accounted for using the equity method was \$900 thousand and other comprehensive income accounted for using the equity method was \$2,238 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$80 thousand.
- Note 18: Increase in amount resulted from share of profit accounted for using the equity method was \$247 thousand and other comprehensive income accounted for using the equity method was \$686 thousand. Decrease in amount resulted from adjustment relating to changes in retained earnings accounted for using the equity method was \$1 thousand and adjustment relating to changes in capital surplus accounted for using the equity method was \$34 thousand.
- Note 19: Increase in amount resulted from share of profit accounted for using the equity method was \$59 thousand and other comprehensive income accounted for using the equity method was \$625 thousand. Decrease in amount resulted from adjustment relating to changes in capital surplus accounted for using the equity method was \$39 thousand.
- Note 20: Increase in amount resulted from adjustment relating to changes in capital surplus was \$2,008 thousand and other comprehensive income accounted for using the equity method was \$155,225 thousand. Decrease in amount resulted from share of loss accounted for using the equity method was \$10,389 thousand and adjustment relating to changes in retained earnings accounted for using the equity method was \$1,763 thousand.
- Note 21: The company is limited companies, so it does not need to issue shares.

(Concluded)

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF SHORT-TERM BORROWING

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments (Note 1)	Collateral	Note
Unsecured borrowings						
Sumitomo Mitsui Bank	\$ 360,000	2021.12.17-2022.1.20	0.58	\$ 1,350,000	None	Note 2
HSBC Bank Ltd.	560,000	2021.12.15-2022.2.15	0.56	2,100,000	None	Note 3
Mizuho Bank Ltd.	200,000	2021.12.15-2022.1.12	0.56	1,150,000	None	Note 4
Standard Chartered Bank (Taiwan)	280,000	2021.10.15-2022.1.18	0.52	600,000	None	Note 5
Citibank	-			600,000	None	Note 6
	<u>\$ 1,400,000</u>			<u>\$ 5,800,000</u>		

Note 1: The exchange rate of US denominated loan commitments was 1: 27.68 on December 31, 2021. The loan commitments excluded the utilization of available short-term bank borrowings of \$4,850,000 thousand.

Note 2: The loan commitment of \$1,350,000 thousand was shareable.

Note 3: The loan commitment of \$2,100,000 thousand was shareable.

Note 4: The loan commitment of \$1,150,000 thousand was shareable.

Note 5: The loan commitment of \$600,000 thousand was shareable.

Note 6: The loan commitment of \$600,000 thousand was shareable.

SHIHLIN ELECTRIC & ENGINEERING CORP.**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Non-related party	
Jih Sun Human Resources Co., Ltd.	\$ 10,288
Hsin Yang Industry Co., Ltd.	22,993
Hung Jian Precious Metal Industrial Co., Ltd.	45,305
Taiwan Electric Contacts Corp.	24,013
Shen Kung Precision Co., Ltd.	9,443
Amada Holdings Co., Ltd.	7,245
Others (Note)	<u>15,860</u>
	<u>\$ 135,147</u>

Note: The amount of individual client included in other does not exceed 5% of the account balance.

SHIHLIN ELECTRIC & ENGINEERING CORP.**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Non-related party	
Setsuyo Enterprise Co., Ltd.	\$ 269,618
Others (Note)	<u>3,585,888</u>
	<u>\$ 3,855,506</u>
Related party	
Hsin Lin Electric Machinery Co., Ltd.	\$ 605,697
Rueylin Electric & Engineering Corp.	46,819
Chuan Lin Technology Corporation	49,229
Others (Note)	<u>90,501</u>
	<u>\$ 792,246</u>

Note: The amount of individual client included in other does not exceed 5% of the account balance.

SHIHLIN ELECTRIC & ENGINEERING CORP.
STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Collateral
Unsecured borrowings					
MUFG Bank, Ltd., Taipei Branch	Revolve before January 2023	<u>\$ 650,000</u>	2021.12.15-2023.1.15	0.64	None

SHIHLIN ELECTRIC & ENGINEERING CORP.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Quantities	Amount
Sale of goods		
Heavy electric products	211,529	\$ 8,841,543
Electromechanical products	33,676,500	<u>8,636,658</u>
		17,478,201
Rental revenue		467,360
Construction revenue		<u>2,615,768</u>
Total operating revenue		<u>\$ 20,561,329</u>

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials, beginning of year	\$ 548,411
Purchases in the period	10,187,051
Transferred to property, plant and equipment	(1,489)
Transferred to expenses and others	(35,059)
Raw materials, end of year	<u>(1,088,340)</u>
Raw materials used	9,610,574
Direct labor	704,116
Manufacturing expenses	<u>1,658,661</u>
Manufacturing costs	11,973,351
Work in process, beginning of year	926,485
Work in process purchased	350,427
Transferred to property, plant and equipment	(1,823)
Transferred to expenses and others	(157,718)
Work in process, end of year	<u>(1,828,515)</u>
Cost of finished goods	11,262,207
Finished goods, beginning of year	1,393,761
Finished goods purchased	3,437,500
Transferred to property, plant and equipment	(19,289)
Transferred to expenses and others	(5,954)
Finished goods, end of year	<u>(1,496,293)</u>
Cost of goods excluded other adjustment	14,571,932
Warranty cost	56,175
Revenues from sale of scraps	<u>(5,895)</u>
Total cost of goods sold	14,622,212
Rental cost	202,711
Construction cost	<u>2,400,925</u>
Total operating costs	<u>\$ 17,225,848</u>

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$ 297,437	\$ 495,796	\$ 235,372	\$ 1,028,605
Freight expense	158,742	60	197	158,999
Research expense	-	-	91,798	91,798
Traveling expense	24,407	4,668	2,044	31,119
Advertisement expense	45,428	5,754	150	51,332
Post-employment benefits	13,827	13,500	9,171	36,498
Depreciation expense	5,070	28,540	37,806	71,416
Insurance expense	32,395	24,756	18,529	75,680
Entertainment expense	24,332	59,420	1,257	85,009
Repairs and maintenance expense	4,386	12,756	5,242	22,384
Consumable expense	1,480	325	457	2,262
Training expense	-	-	9,594	9,594
Building related expense	2,213	15,348	-	17,561
Utilities expense	3,485	7,049	2,404	12,938
Postage and phone expense	5,937	6,749	199	12,885
Commission	8,046	-	-	8,046
Employee welfare	6,190	6,040	4,100	16,330
Miscellaneous expense	137,282	143,615	62,818	343,715
	<u>\$ 770,657</u>	<u>\$ 824,376</u>	<u>\$ 481,138</u>	<u>2,076,171</u>
Expected credit loss reversed on trade receivables				<u>16,421</u>
				<u>\$ 2,092,592</u>

SHIHLIN ELECTRIC & ENGINEERING CORP.

STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 1,108,736	\$ 970,335	\$ 2,079,071	\$ 1,079,690	\$ 882,345	\$ 1,962,035
Labor and health insurance	90,673	64,656	155,329	85,153	62,627	147,780
Post-employment benefits	35,864	36,498	72,362	40,384	36,730	77,114
Remuneration of directors	-	58,270	58,270	-	58,680	58,680
Others	26,359	20,198	46,557	25,646	18,843	44,489
	<u>\$ 1,261,632</u>	<u>\$ 1,149,957</u>	<u>\$ 2,411,589</u>	<u>\$ 1,230,873</u>	<u>\$ 1,059,225</u>	<u>\$ 2,290,098</u>
Depreciation	<u>\$ 431,268</u>	<u>\$ 71,416</u>	<u>\$ 502,684</u>	<u>\$ 415,653</u>	<u>\$ 73,977</u>	<u>\$ 489,630</u>

Note 1: As of December 31, 2021 and 2020, the Corporation had 1,964 and 1,916 employees, respectively. Among them 9 directors did not serve concurrently as employees in 2021 and 2020, respectively.

Note 2: The average amount of employee benefits was \$1,204 thousand and the prior year's average amount of employee benefit was \$1,170 thousand.

Note 3: The average amount of employee salaries was \$1,063 thousand and the prior year's average amount of employee salaries was \$1,029 thousand. The average adjustment of employee salaries was (3%).

Note 4: The salary and compensation of the Company's employees include salary and bonus. Salary is determined by position and contribution. Bonus is based on performance evaluation and company profitability evaluation.

Note 5: The salary and remuneration of the Company's directors and managers are the reasonableness of the personal performance, the Company's operating performance and future risks.