

**TA YA ELECTRIC WIRE & CABLE CO., LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements  
with Independent Auditors' Review Report for the  
Three Month Ended March 31, 2021 and 2020**

# **TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**

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**INDEPENDENT AUDITORS' REVIEW REPORT**

English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders

TA YA ELECTRIC WIRE & CABLE CO., LTD.

**Opinion**

We have reviewed the accompanying consolidated balance sheets of Ta Ya Electric Wire & Cable Co., Ltd and its subsidiaries (the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these interim financial statements based on our reviews.

**Scope of Review**

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Generally Accepted Auditing Standards (GAAS) No. 65, "Review of Financial Statements". A review of interim financial information consists of making inquiries, primarily of person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would

become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Modified Conclusion**

As disclosed in Note 4 to the consolidated financial statements, the financial statements of some insignificant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2021 and 2020, the combined total assets of these insignificant subsidiaries were respectively NT\$17,521,596 thousand and NT\$11,585,853 thousand, representing 61.10% and 54.13%, of the corresponding consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$9,903,453 thousand and NT\$6,048,425 thousand, representing 52.48% and 47.13% of the corresponding consolidated total liabilities. For the three months ended March 31, 2021 and 2020, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$212,938 thousand and NT\$30,349 thousand, representing 43.76% and 23.31% of the corresponding consolidated total comprehensive income and loss. As of March 31, 2021 and 2020, the investment accounted for using equity method were NT\$ 891,743 thousand and NT\$787,215 thousand, respectively. For the three months ended March 31, 2021 and 2020, the share of other comprehensive income (loss) of associates accounted for using the equity method were respectively NT\$ 20,611 and NT\$6,843 thousand. These amounts as well as the related financial information of the investees as disclosed in Note 12 to the consolidated financial statements were based on the subsidiaries' and associates' unreviewed financial statements for the same reporting periods as those of the Company.

### **Modified Conclusion**

Based on our reviews, except as discussed in the preceding paragraph whereby the

carrying amounts of the investments in subsidiaries and associates are based on unreviewed financial statements of the subsidiaries and associates, and except for the effects of related adjustments, if any, as might have been made had we applied review procedures on the financial statements of the investees referred to in the preceding paragraph, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the financial position of the Company as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

*Solomon & Co., CPAs*

May 13, 2021

Notice to Readers

*For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 consolidated financial statements shall prevail.*

**TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Thousands of New Taiwan Dollars)  
(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

<b>ASSETS</b>	<b>March 31, 2021</b>		<b>December 31, 2020</b>		<b>March 31, 2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (notes 4 and 6)	\$ 3,708,424	12.9	\$ 2,906,624	11.5	\$ 3,644,640	17.0
Financial assets at fair value through profit or loss (notes 4, 7 and 35)	956,498	3.3	590,344	2.3	628,541	2.9
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	28,785	0.1	26,065	0.1	19,974	0.1
Financial assets at amortized cost (notes 9)	398,238	1.4	333,031	1.3	206,490	1.0
Contract assets	157,074	0.6	49,772	0.2	131,407	0.6
Notes receivable, net (notes 4, 10 and 36)	260,204	0.9	156,484	0.7	280,726	1.3
Accounts receivable, net (notes 4, 10 and 36)	3,820,115	13.3	3,448,935	13.7	2,408,503	11.3
Other receivables (note 36)	89,351	0.3	51,430	0.2	80,202	0.4
Income tax receivable	5	—	438	—	—	—
Inventories, net (notes 4 and 11)	3,234,832	11.3	2,935,739	11.6	2,899,118	13.5
Inventories (Construction), net (notes 4 and 11)	229,337	0.8	225,370	0.9	225,703	1.1
Prepayments	348,067	1.2	202,583	0.9	217,118	1.0
Other current assets	25,975	0.1	105,891	0.4	448,315	2.1
Total current assets	13,256,905	46.2	11,032,706	43.8	11,190,737	52.3
<b>NONCURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (notes 4, 7 and 35)	2,225,825	7.8	2,232,668	8.9	1,452,763	6.8
Financial assets at fair value through other comprehensive income (notes 4, 8 and 35)	926,095	3.2	920,106	3.7	870,188	4.1
Investments accounted for using equity method (notes 4, 12 and 37)	891,743	3.1	884,224	3.5	787,215	3.7
Property, plant and equipment (notes 4, 13 and 37)	8,074,140	28.3	7,543,746	29.9	4,837,196	22.6
Right-of-use assets (notes 4 and 14)	949,130	3.3	487,434	1.9	465,317	2.2
Investment Property, net (notes 4 and 15)	1,148,880	4.0	1,150,406	4.6	1,103,138	5.1
Intangible assets (notes 16)	262	—	325	—	615	—
Deferred income tax assets (notes 2 and 26)	141,924	0.5	149,720	0.6	177,369	0.8
Prepayments for equipment	53,603	0.2	49,058	0.2	54,355	0.2
Refundable deposits (note 37)	97,472	0.3	101,659	0.4	149,770	0.7
Net defined benefit asset	9,208	—	6,227	—	4,263	—
Other non-current assets	900,402	3.1	645,924	2.5	311,401	1.5
Total noncurrent assets	15,418,684	53.8	14,171,497	56.2	10,213,590	47.7
<b>TOTAL</b>	<b>\$ 28,675,589</b>	<b>100.0</b>	<b>\$ 25,204,203</b>	<b>100.0</b>	<b>\$ 21,404,327</b>	<b>100.0</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term loans (note 17)	\$ 6,085,756	21.2	\$ 4,522,706	17.9	\$ 4,215,506	19.7
Short-term notes and bills payable (note 18)	504,929	1.8	454,930	1.8	755,000	3.5
Financial liabilities at fair value through profit or loss (notes 4 and 7)	14,346	0.1	127,753	0.5	27,796	0.1
Contract liabilities	219,520	0.8	141,319	0.6	194,970	0.9
Notes payable	70,657	0.2	85,919	0.3	70,831	0.3
Accounts payable (note 36)	539,110	1.9	581,544	2.3	500,107	2.3
Other payables	576,780	2.0	725,608	2.9	383,066	1.8
Income tax payable (note 26)	118,720	0.4	91,081	0.4	78,352	0.4
Provisions (note 21)	106,933	0.4	100,000	0.4	113,109	0.5
Lease liabilities (notes 4 and 14)	38,371	0.1	19,302	0.1	18,661	0.1
Receipts in advance	2,385	—	923	—	4,146	—
Current portion of long-term loans (notes 19 and 20)	883,123	3.1	1,157,986	4.6	1,976,796	9.2
Other current liabilities	60,793	0.2	29,444	0.1	56,277	0.4
Total current liabilities	9,221,423	32.2	8,038,515	31.9	8,394,617	39.2
<b>NONCURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss (notes 4 and 7)	—	—	—	—	8,701	—
Bonds payable (note 19)	1,500,000	5.2	1,500,000	6.0	500,000	2.3
Long-term loans (note 20)	7,052,894	24.6	5,891,656	23.4	3,262,524	15.2
Provisions (note 21)	36,425	0.1	35,841	0.1	39,518	0.2
Deferred income tax liabilities (note 26)	307,612	1.1	268,665	1.1	265,900	1.2
Lease liabilities (notes 4 and 14)	653,637	2.3	242,796	1.0	228,892	1.1
Net defined benefit liability (note 22)	22,824	0.1	27,325	0.1	40,085	0.2
Guarantee deposits	37,015	0.1	29,785	0.1	39,130	0.2
Other noncurrent liabilities	39,201	0.1	39,576	0.1	53,060	0.3
Total noncurrent liabilities	9,649,608	33.6	8,035,644	31.9	4,437,810	20.7
Total liabilities	18,871,031	65.8	16,074,159	63.8	12,832,427	59.9
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (note 23)</b>						
Share capital	5,950,680	20.8	5,950,680	23.6	5,950,680	27.8
Capital surplus	601,588	2.1	602,220	2.4	531,140	2.5
Retained earnings						
Appropriated as legal capital reserve	137,749	0.5	137,749	0.5	87,245	0.4
Appropriated as special capital reserve	147,555	0.5	147,555	0.6	147,555	0.7
Unappropriated earnings	1,522,463	5.3	1,088,298	4.3	696,191	3.3
Total retained earnings	1,807,767	6.3	1,373,602	5.4	930,991	4.4
Others	(109,641)	(0.4)	(125,666)	(0.5)	(191,736)	(0.9)
Treasury stock (notes 4 and 25)	(34,925)	(0.1)	(34,925)	(0.1)	(33,408)	(0.2)
Total equity attributable to owners of the parent	8,215,469	28.7	7,765,911	30.8	7,187,667	33.6
<b>NON-CONTROLLING INTERESTS (notes 24)</b>	1,589,089	5.5	1,364,133	5.4	1,384,233	6.5
Total equity	9,804,558	34.2	9,130,044	36.2	8,571,900	40.1
<b>TOTAL</b>	<b>\$ 28,675,589</b>	<b>100.0</b>	<b>\$ 25,204,203</b>	<b>100.0</b>	<b>\$ 21,404,327</b>	<b>100.0</b>

*The accompanying notes are an integral part of the consolidated financial statements  
(With Solomon & Co., reviewed report dated May 13, 2021)*

**TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)  
(Reviewd, Not Audited)

	<i>Three months ended March 31</i>			
	<b>2021</b>		<b>2020</b>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
NET REVENUE (notes 28)	\$ 6,011,651	100.0	\$ 3,957,011	100.0
COST OF REVENUE (notes 11, 22, 29, and 36)	5,391,487	89.7	3,695,318	93.4
GROSS PROFIT	620,164	10.3	261,693	6.6
OPERATING EXPENSES (notes 22, 25, 29, and 36)				
Sales and marketing	66,156	1.1	56,268	1.5
General and administrative	183,129	3.1	151,042	3.8
Research and development	8,621	0.1	17,251	0.4
Expected credit impairment gains	(263)	—	—	—
Total Operating Expenses	257,643	4.3	224,561	5.7
INCOME FROM OPERATIONS	362,521	6.0	37,132	0.9
NON-OPERATING INCOME AND EXPENSES				
Interest income (note 30 and 36)	4,064	0.1	8,073	0.2
Other income (note 31 and 36)	5,299	0.1	5,398	0.1
Other gains and losses (note 32 and 36)	208,833	3.5	242,080	6.2
Finance costs (note 33)	(54,486)	(0.9)	(59,600)	(1.5)
Share of profit associates (note 12)	20,611	0.3	6,843	0.2
Total non-operating Income and expenses	184,321	3.1	202,794	5.2
INCOME BEFORE INCOME TAX	546,842	9.1	239,926	6.1
INCOME TAX EXPENSE (notes 26)	(78,747)	(1.3)	(61,967)	(1.6)
NET INCOME	468,095	7.8	177,959	4.5
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income	16,921	0.3	(35,167)	(0.9)
Share of other comprehensive income (loss) of associates	34	—	(567)	—
Income tax relating to items that will not be reclassified subsequently to profit or loss (notes 26)	382	—	338	—
	17,337	0.3	(35,396)	(0.9)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	1,637	—	(15,656)	(0.4)
Income tax benefit related to items that will not be reclassified subsequently (notes 26)	(438)	—	3,297	0.1
	1,199	—	(12,359)	(0.3)
Other comprehensive income (loss) for the year, net of income tax	18,536	0.3	(47,755)	(1.2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 486,631	8.1	\$ 130,204	3.3
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 435,433	7.2	\$ 139,807	3.5
Non-controlling interests	32,662	0.6	38,152	1.0
	\$ 468,095	7.8	\$ 177,959	4.5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 451,458	7.5	\$ 94,384	2.4
Non-controlling interests	35,173	0.6	35,820	0.9
	\$ 486,631	8.1	\$ 130,204	3.3
EARNINGS PER SHARE (NT\$, notes 27)				
Basic earnings per share	\$ 0.74		\$ 0.24	

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(With Solomon & Co., reviewed report dated May 13, 2021)

TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Expressed in Thousands of New Taiwan Dollars, Except for Share Data)  
(Reviewd, Not Audited)

	<i>Capital Stock — Common Stock</i>		<i>Retained Earnings</i>					<i>Others</i>				
	<i>Shares</i>	<i>Amount</i>	<i>Capital Surplus</i>	<i>Legal Reserve</i>	<i>Special Reserve</i>	<i>Unappropriated Earnings (Accumulated Deficit)</i>	<i>Foreign Currency Translation Reserve</i>	<i>Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive Income</i>	<i>Treasury Stock</i>	<i>Non-controlling Interests</i>	<i>Total Equity</i>	
BALANCE, JANUARY 1, 2020	595,068,022	\$ 5,950,680	\$ 531,117	\$ 87,245	\$ 147,555	\$ 556,359	\$ (183,063)	\$ 36,775	\$ (30,872)	\$ 1,298,386	\$ 8,394,182	
Treasury stock repurchase	—	—	—	—	—	—	—	—	(2,536)	—	(2,536)	
Adjustments to share of changes in equity of associates	—	—	23	—	—	—	—	—	—	27	50	
Net income for the three months ended March 31	—	—	—	—	—	139,807	—	—	—	38,152	177,959	
Other comprehensive income for the three months ended March 31, net of income tax	—	—	—	—	—	—	(13,164)	(32,259)	—	(2,332)	(47,755)	
Disposed of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	25	—	(25)	—	—	—	
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	50,000	50,000	
BALANCE, MARCH 31, 2020	<u>595,068,022</u>	<u>\$ 5,950,680</u>	<u>\$ 531,140</u>	<u>\$ 87,245</u>	<u>\$ 147,555</u>	<u>\$ 696,191</u>	<u>\$ (196,227)</u>	<u>\$ 4,491</u>	<u>\$ (33,408)</u>	<u>\$ 1,384,233</u>	<u>\$ 8,571,900</u>	
BALANCE, JANUARY 1, 2021	595,068,022	\$ 5,950,680	\$ 602,220	\$ 137,749	\$ 147,555	\$ 1,088,298	\$ (214,024)	\$ 88,358	\$ (34,925)	\$ 1,364,133	\$ 9,130,044	
Adjustments to share of changes in equity of associates	—	—	104	—	—	(1,234)	—	—	—	—	(1,130)	
Net income for the three months ended March 31	—	—	—	—	—	435,433	—	—	—	32,662	468,095	
Other comprehensive income for the three months ended March 31, net of income tax	—	—	—	—	—	—	1,145	14,880	—	2,511	18,536	
Changes in subsidiaries ownership	—	—	(736)	—	—	(34)	—	—	—	772	2	
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	189,011	189,011	
BALANCE, MARCH 31, 2021	<u>595,068,022</u>	<u>\$ 5,950,680</u>	<u>\$ 601,588</u>	<u>\$ 137,749</u>	<u>\$ 147,555</u>	<u>\$ 1,522,463</u>	<u>\$ (212,879)</u>	<u>\$ 103,238</u>	<u>\$ (34,925)</u>	<u>\$ 1,589,089</u>	<u>\$ 9,804,558</u>	

*The accompanying notes are an integral part of the consolidated financial statements*  
(With Solomon & Co., reviewed report dated May 13, 2021)



**TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in Thousands of New Taiwan Dollars)**  
**(Reviewd, Not Audited)**

	<i>Three months ended March 31</i>	
	<i>2021</i>	<i>2020</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 546,842	\$ 239,926
Adjustments for :		
Depreciation expense	95,192	87,453
Amortization expense	64	103
Expected credit impairment gains	(263)	—
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	(420,190)	(100,445)
Finance costs	54,486	59,600
Interest income	(4,064)	(8,073)
Dividend income	(860)	(1,085)
Share of profits of associates	(20,611)	(6,843)
Loss (gain) on disposal of property, plant and equipment	(912)	393
Property, plant and equipment transferred to expenses	1,360	532
Gain on disposal of investments	(14,617)	(73,767)
Gains on disposal of associates	—	(1,442)
Income and expense adjustments	(310,415)	(43,574)
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(37,477)	14,886
Contract assets	(107,302)	41,479
Notes and accounts receivable	(474,641)	352,194
Other receivables	(20,999)	3,662
Inventories	(303,060)	452,612
Prepayments	(145,484)	(124,965)
Other current assets	79,916	63,283
Contract liabilities	78,201	97,746
Notes and accounts payable	(57,696)	(34,468)
Other payables	(236,876)	(159,118)
Provisions	7,401	10,933
Advance receipts	1,462	(4,294)
Other current liabilities	31,349	24,769
Net defined benefit liability	(7,482)	(26,658)
Total changes in operating assets and liabilities	(1,192,688)	712,061
Total adjustments	(1,503,103)	668,487
Cash generated from operations	(956,261)	908,413
Interest received	4,074	8,081
Interest paid	(51,486)	(58,127)
Income tax paid	(3,949)	(5,438)
Net cash generated from operating activities	(1,007,622)	852,929

(Continued)

**TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Thousands of New Taiwan Dollars)  
(Reviewd, Not Audited)

	<i>Three months ended March 31</i>	
	<i>2021</i>	<i>2020</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial asset at fair value through other comprehensive income	—	(90,169)
Proceeds from disposal of financial asset at fair value through other comprehensive income	—	858
The capital reduction on financial asset at fair value through other comprehensive income	8,297	7,367
Financial assets at amortized cost	(65,207)	46,443
Purchase of associates under the equity method	(4,620)	—
Proceeds from disposal of associates under the equity method	—	2,984
Acquisition of property, plant and equipment (including prepayments for equipment)	(533,564)	(113,945)
Proceeds from disposal of property, plant and equipment	2,610	253
Increase (Decrease) in refundable deposits	4,187	(32,159)
Acquisition of intangible assets	—	(29)
Payments for right-of-use assets	(13,176)	—
Increase in other non-current assets	(1,182)	(22,414)
Dividend received	1,581	14,781
Other investing activities	(253,296)	(6,673)
Net cash used in investing activities	(854,370)	(192,703)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	1,563,050	665,088
Increase in short-term notes and bills payable	49,999	259
Proceeds from long-term bank loans	1,043,357	5,735
Repayment of long-term bank loans	(156,982)	(174,626)
Increase (decrease) in guarantee deposits	7,230	(2,941)
Repayment of principal of lease liabilities	(30,751)	(5,442)
Decrease in other noncurrent liabilities	—	(2,875)
Increase in treasury stock	—	(2,536)
Increase in non-controlling interests	189,011	50,000
Net cash generated by financing activities	2,664,914	532,662
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS</b>	(1,122)	(1,118)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	801,800	1,191,770
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	2,906,624	2,452,870
<b>CASH AND CASH EQUIVALENTS, ENDING OF PERIOD</b>	<u>\$ 3,708,424</u>	<u>\$ 3,644,640</u>

(Concluded)

*The accompanying notes are an integral part of the consolidated financial statements*  
(With Solomon & Co., reviewed report dated May 13, 2021)

# **TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**

## **Notes to Financial Statements**

**March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

### **1. Organization**

TA YA ELECTRIC WIRE & CABLE CO., LTD. (the Company) was incorporated in November, 1962, mainly engages in the manufacturing and sale of electric wire & cable, and constructing, selling and renting of office and house buildings. The authorized capital was NTD 7,000,000 thousand, of which NTD 5,950,680 thousand was issued as of March 31, 2021. In December 1988, its shares were listed on Taiwan Stock Exchange (TSE).

### **2. The Authorization Of Financial Statements**

The consolidated financial statements were approved and authorized for issue by the Board of Directors on May 13, 2021.

### **3. Application Of New And Revised International Financial Reporting Standards**

- 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 IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s and its subsidiaries’ accounting policies.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
“Annual Improvements to IFRS Standards 2018–2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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
Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”	April 1, 2021 (Note 8)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its

obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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 8: A lessee should apply the amendment for annual reporting periods beginning on or after April 1, 2021, recognizing the cumulative effect of initial application at the beginning of the annual reporting period.

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

#### **4. Summary Of Significant Accounting Policies**

For the convenience of readers, the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 parent company only financial statements shall prevail.

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

#### **Statement Of Compliance**

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

## **Basis Of Preparation**

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

## **The basis for the consolidated financial statements**

The consolidated financial statements incorporate the financial statements of TA YA and entities controlled by TA YA (its subsidiaries). Significant intergroup transactions have been eliminated on consolidation.

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

When a group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of an associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Additional Descriptions
			2021.3.31	2020.12.31	2020.3.31	
TA YA	TA YA (CHINA) HOLDING LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA	TA YA VENTURE HOLDINGS LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA	TA YA (Vietnam) INVESTMENT HOLDING LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA	TAYA ELECTRIC WIRE & CABLE (H.K.) CO., LTD.	Sales Agent	99.99%	99.99%	99.99%	
TA YA and TA YI	PLASTIC TECHNOLOGY INVESTMENT HOLDING LTD.	Investment holding	59.13%	59.13%	59.13%	
TAYA	TA YA Innovation Investment Co., Ltd.	General investment	100.00%	100.00%	100.00%	
TA YA And CUPRIME MATERIAL	TA YA VENTURE CAPITAL CO., LTD.	General investment	99.99%	99.99%	99.99%	
TA YA	CUPRIME MATERIAL CO., LTD.	Manufacturing and marketing of wire and cable	54.01%	54.01%	45.22%	Note 1
TAYA	UNION STORAGE ENERGY SYSTEM LTD.	Other management consulting services	70.66%	70.66%	63.16%	Note 2
TA YA	TA HO ENGINEERING, CO., LTD.	Cables Construction and consulting services	48.00%	48.00%	48.00%	Note 3
TA YA and TA YA VENTURE CAPITAL	UNITED ELECTRIC INDUSTRY CO., LTD.	Manufacturing, processing and marketing of cable wire and electromechanical	42.78%	42.78%	42.78%	Note 3
TA YA and CUPRIME MATERIAL	TA HENG ELECTRIC WIRE & CABLE CO., LTD.	Manufacturing, processing and marketing of electric wire	64.15%	64.15%	64.15%	
TA YA and TA HENG	TA YI PLASTIC CO., LTD.	Manufacturing, processing and marketing of plastic	54.56%	54.56%	51.90%	Note 4
CUPRIME MATERIAL	CUPRIME MATERIAL PTE. LTD.	General investment	100.00%	100.00%	100.00%	
CUPRIME MATERIAL	CUPRIME VENTURE HOLDING CO., LTD.	General investment	100.00%	100.00%	100.00%	
CUPRIME MATERIAL	CUPRIME INVESTMENT HOLDING COMPANY LIMITED	Investment holding	100.00%	100.00%	100.00%	
CUPRIME MATERIAL	CUGREEN METAL TECH CO., LTD.	Processing of metal	98.43%	96.48%	96.48%	Note 5

Investor	Investee	Main Business	% of Ownership			Additional Descriptions
			2021.3.31	2020.12.31	2020.3.31	
CUPRIMEMAT ERIALPTELTD.	CUPRIME ELECTRIC WIRE & CABLE (H.K.) CO., LTD.	Marketing of cable, wire and copper	100.00%	100.00%	100.00%	
PLASTIC TECHNOLOGY INVESTMENT HOLDING	TA YI PLASTIC (H.K.) LTD.	Manufacturing and marketing of wire and cable	100.00%	100.00%	100.00%	
TA YI PLASTIC (H.K.)	DONGGUAN HUI CHANG PLASTIC CO., LTD	Manufacturing and marketing of plastic	100.00%	100.00%	100.00%	
TA YI PLASTIC (H.K.)	DONGGUAN HUI JI PLASTIC CO., LTD	Manufacturing and marketing of plastic	100.00%	100.00%	100.00%	
HUI CHANG	TA YI PLASTIC LTD.	Manufacturing and marketing of plastic	100.00%	100.00%	100.00%	
TA YA (CHINA)	HENG YA ELECTRIC LTD.	Manufacturing and processing of cable and wire	100.00%	100.00%	100.00%	
HENG YA	HENG YA ELECTRIC (KUNSHAN) LTD.	Manufacturing and processing of magnet wire	100.00%	100.00%	100.00%	
HENG YA	TAYA ZHANGZHOU WIRES CABLE CO., LTD.	Manufacturing and marketing of magnet wire and triple Insulated wire	100.00%	100.00%	100.00%	
HENG YA	HENG YA ELECTRIC (DONGGUAN) LTD.	Manufacturing and marketing of magnet wire and triple Insulated wire	100.00%	100.00%	100.00%	
TA YA VENTURE HOLDINGS	LUCKY MAX CAPITAL INVESTMENT LIMITE	Investment holding	100.00%	100.00%	100.00%	
TA YA and TA YA VENTURE CAPITAL	TA YA GREEN ENERGY TECHNOLOGY CO., LTD.	Energy Technical Services	85.00%	88.06%	75.00%	Note 6
TA YA GREEN ENERGY	BOSI SOLAR ENERGY CO., LTD.	Energy Technical Services	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	DAIJU ELECTRIC CO., LTD.	Solar power business	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	BRAVO SOLAR POWER CO., LTD.	Solar power business	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	SIN JHONG SOLAR POWER CO., LTD.	Solar power business	100.00%	100.00%	100.00%	



Investor	Investee	Main Business	% of Ownership			Additional Descriptions
			2021.3.31	2020.12.31	2020.3.31	
TA YA (Vietnam) INVESTMENT HOLDING and COPRIME INVESTMENT HOLDING COMPANY LIMITED	TA YA VIETNAM (Cayman) HOLDINGS LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA VIETNAM (Cayman) HOLDINGS	TA YA (Vietnam) ELECTRIC WIRE & CABLE JOINT STOCK COMPANY	Building wire and cable	80.00%	80.00%	80.00%	

Note 1 : In December 2020, the Group further invested 9,798 thousand shares in CUPRIME MATERIAL CO, LTD, which increased the shareholding ratio for the year ended December 31, 2020 in CUPRIME MATERIAL CO, LTD to 54.01%.

Note 2 : In September 2020, the Group further invested 930 thousand shares and in UNION STORAGE ENERGY SYSTEM LTD., which increased the shareholding ratio for the year ended December 31, 2020 in UNION STORAGE ENERGY SYSTEM LTD. to 70.66%.

Note 3 : Although the Group is less than 50 percent of the shares, it has control over the finance and business operation. Therefore, it is included in the consolidated financial report.

Note 4 : In December 2020, the Group purchased 202 thousand shares from other related parties in TA YI PLASTIC CO.LTD, which increased the shareholding ratio for the year ended December 31, 2020 in TA YI PLASTIC CO.LTD to 54.56%.

Note 5 : In March 2021, CUGREEN METAL TECH CO., LTD. offset accumulated deficits via capital reduction and increased capital by cash. CUPRIME MATERIAL increased the shareholding ratio for the three months ended March 31, 2020 in CUGREEN METAL TECH CO., LTD. to 98.43% due to due to non-subscription by some shareholders.

Note 6 : In September 2020, The Group purchased the shares, TA YA GREEN ENERGY CO, from associates. In January 2020 and October 2020, the Group further invested 15,000 thousand shares and 25,000 thousand shares separately in the subsidiary TA YA GREEN ENERGY CO. which increasing the shareholding ratio for the year ended December 31, 2020 in TA YA GREEN ENERGY CO. to 88.06%. The Group further invested 81,100 thousand shares in the subsidiary TA YA GREEN ENERGY CO. in March 2021, and its

percentage of ownership decreased from 88.06% to 85.00% because the Group did not subscribe for new shares issued by its investee based on its percentage of ownership interest.

Subsidiaries not included in the consolidated financial statements: None.

Adjustments for subsidiaries with different balance sheet dates: None.

Significant restrictions: None.

Subsidiaries included in the consolidated financial statements do not meet the definition of significant subsidiaries; their financial statements as of March 31, 2021 were not reviewed by independent accountants.

### **Other Significant Accounting Policies**

Except the following, please refer to significant accounting policies to the consolidated financial statements for the years ended December 31, 2020.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes expense is accrued using the tax rate would be applicable to expect total annual earnings, that is , the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

### **5.Critical Accounting Judgments And Key Sources Of Estimation And Uncertainly**

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. 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.

Same to the consolidated financial statements for the year ended December 31, 2020 for the critical accounting judgments and key sources of estimation and uncertainty of these consolidated financial statements.

## 6. Cash And Cash Equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Petty cash	\$ 4,440	\$ 7,122	\$ 5,546
Cash in bank			
Checking accounts	596,552	604,567	611,224
Demand deposits	2,452,641	1,679,742	1,720,317
Foreign currency-demand deposits	523,182	289,205	472,477
Time deposits	131,609	325,988	835,076
Sub-total	3,703,984	2,899,502	3,639,094
Total	<u>\$ 3,708,424</u>	<u>\$ 2,906,624</u>	<u>\$ 3,644,640</u>

## 7. Financial Assets And Liabilities At Fair Value Through Profit Or Loss

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at FVTPL - current			
Listed stocks	\$ 296,297	\$ 274,817	\$ 282,423
Non-listed stocks	8,000	8,000	8,000
Metal commodities futures contract	263,576	—	177,807
Foreign exchange forward contract	3,684	192	7,022
	571,557	283,009	475,252
Valuation adjustment	384,941	307,335	153,289
	<u>\$ 956,498</u>	<u>\$ 590,344</u>	<u>\$ 628,541</u>

Financial assets at FVTPL - noncurrent			
Listed stock and emerging market stocks	\$ 230,258	\$ 231,904	\$ 189,334
Non-listed stocks	1,224,968	1,192,117	1,031,331
Metal commodities futures contract	237,288	372,034	—
Valuation adjustment	533,311	436,613	232,098
	<u>\$ 2,225,825</u>	<u>\$ 2,232,668</u>	<u>\$ 1,452,763</u>

	March 31, 2021	December 31, 2020	March 31, 2020
Financial liabilities at FVTPL - current			
Metal commodities futures contract	\$ 13,441	\$ 121,473	\$ 14,964
Metal options	—	—	12,832
Foreign exchange forward contract	905	6,280	—
	<u>\$ 14,346</u>	<u>\$ 127,753</u>	<u>\$ 27,796</u>

	March 31, 2021	December 31, 2020	March 31, 2020
Financial liabilities at FVTPL - noncurrent			
Metal commodities futures contract	\$ —	\$ —	\$ 8,701

- a. At the end of the reporting period, outstanding metal commodities futures contract not under hedge accounting were as follows:

	<u>Metric Tons</u>	<u>Maturity Date</u>	<u>Contract Amount</u>	<u>Fair Value</u>	<u>Gain (Loss) on Evaluate</u>
<u>March 31, 2021</u>					
Buy	5,800	2021.04~2025.02	USD 31,897	USD 50,052	USD 18,155
Sell	5,300	2021.04~2021.05	USD 45,526	USD 46,596	(USD 1,070)
<u>December 31, 2020</u>					
Buy	5,400	2021.02~2023.06	USD 28,779	USD 41,819	USD 13,040
Sell	7,600	2021.01~2021.03	USD 54,750	USD 58,993	(USD 4,243)
<u>March 31, 2020</u>					
Buy	525	2020.04~2022.08	USD 3,039	USD 2,628	(USD 411)
Sell	8,750	2020.04~2020.07	USD 48,799	USD 43,288	USD 5,511

- b. At the end of the reporting period, outstanding metal options not under hedge accounting were as follows:

	<u>Metric Tons</u>	<u>Maturity Date</u>	<u>National Amounts</u>	<u>Fair Value</u>
<u>March 31, 2020</u>				
Sell	1,200	2020.02~2021.01	USD 4,950	(USD 424)

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

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amounts (Thousand)</u>
<u>March 31, 2021</u>			
Buy	CNY/USD	2021.04	CNY 32,672/USD 5,000
Buy	NTD/USD	2021.07	NTD 429,935/USD 15,140
<u>December 31, 2020</u>			
Buy	NTD/USD	2021.06	NTD 288,583/USD 10,132
<u>March 31, 2020</u>			
Buy	CNY/USD	2020.06	CNY 62,532/USD 9,000
Buy	NTD/USD	2020.03	NTD 542,395/USD 18,000

The Group's strategy for metal commodities futures, metal options and foreign exchange forward contracts was to hedge exposures to fluctuations of metal prices. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

**8. Financial Assets At Fair Value Through Other Comprehensive Income**

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at fair value through other comprehensive income — current			
Listed stocks	\$ 15,707	\$ 15,707	\$ 21,399
Valuation adjustment	13,078	10,358	(1,425)
	<u>\$ 28,785</u>	<u>\$ 26,065</u>	<u>\$ 19,974</u>
Financial assets at fair value through other comprehensive income — non-current			
Listed stock and emerging market stocks	\$ 141,544	\$ 141,544	\$ 20,824
Non-listed stock and emerging market stocks	668,502	676,745	835,242
Valuation adjustment	116,049	101,817	14,122
	<u>\$ 926,905</u>	<u>\$ 920,106</u>	<u>\$ 870,188</u>

**9. Financial Assets at amortized cost**

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits with original maturities of more than 3 months	<u>\$ 398,238</u>	<u>\$ 333,031</u>	<u>\$ 206,490</u>

**10. Notes And Accounts Receivable, Net**

	March 31, 2021	December 31, 2020	March 31, 2020
Notes and accounts receivable	\$ 4,152,529	\$ 3,678,723	\$ 2,737,289
Allowance for impairment loss	(72,210)	(73,304)	(48,060)
Notes and accounts receivable, net	<u>\$ 4,080,319</u>	<u>\$ 3,605,419</u>	<u>\$ 2,689,229</u>

The average credit period on the sale of goods was approximately 30~90 days, and no interest was charged on trade receivables. The determination of the collectability of account receivables and note receivable requires the Group to make judgments on any change of credit quality from the beginning to the end of the credit term.

Before taking new customers, the Group assesses the customers of credit quality and set their line of credit by Credit Management Method. The management evaluates and confers the line of credit after the Group executes Credit Rating.

The Group applies the simplified approach to estimate expected credit losses prescribed by IFRS9, which permits the use of a lifetime expected losses allowance for all trade receivables. To set the expected credit losses rate, the Group are estimated by reference to past default experience of the

debtor, the current financial position of the debtor, and the forecast direction of the future economic conditions

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

a. The aging of receivables that were past due but not impaired was as follows:

March 31, 2021	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~2%	2%~10%	10%~35%	30%~100%	100%	
Gross carrying amount	\$ 3,841,184	\$ 265,577	\$ 17,758	\$ 11,839	\$ 16,171	\$ 4,152,529
Loss allowance (Lifetime ECL)	(36,011)	(14,529)	(1,782)	(3,717)	(16,171)	(72,210)
Amortized cost	<u>\$ 3,805,173</u>	<u>\$ 251,048</u>	<u>\$ 15,976</u>	<u>\$ 8,122</u>	<u>\$ —</u>	<u>\$ 4,080,319</u>

  

December 31, 2020	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~2%	2%~10%	10%~35%	30%~100%	100%	
Gross carrying amount	\$ 3,362,699	\$ 247,527	\$ 45,510	\$ 6,607	\$ 16,380	\$ 3,678,723
Loss allowance (Lifetime ECL)	(23,726)	(18,597)	(12,165)	(2,436)	(16,380)	(73,304)
Amortized cost	<u>\$ 3,338,973</u>	<u>\$ 228,930</u>	<u>\$ 33,345</u>	<u>\$ 4,171</u>	<u>\$ —</u>	<u>\$ 3,605,419</u>

  

March 31, 2020	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~1%	0%~2%	10%~12%	25%~100%	100%	
Gross carrying amount	\$ 2,337,876	\$ 350,802	\$ 25,718	\$ 11,594	\$ 11,299	\$ 2,737,289
Loss allowance (Lifetime ECL)	(23,083)	(6,906)	(2,663)	(4,109)	(11,299)	(48,060)
Amortized cost	<u>\$ 2,314,793</u>	<u>\$ 343,896</u>	<u>\$ 23,055</u>	<u>\$ 7,485</u>	<u>\$ —</u>	<u>\$ 2,689,229</u>

b. The movement of the loss allowance of trade receivables was as follows:

	For The Three Months Ended March 31	
	2021	2020
Balance at January 1, 2020	\$ 73,304	\$ 50,503
Amounts written off	(835)	(2,130)
Net reversal for the period	(263)	—
Effect of exchange rate changes	4	(313)
Balance at December 31, 2020	<u>\$ 72,210</u>	<u>\$ 48,060</u>

## 11. Inventories, Net

### a. Manufacturing

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 709,304	\$ 471,986	\$ 575,190
Supplies	49,069	29,378	54,100
Work-in-process	745,870	578,921	702,673
Semi-finished goods	28,925	11,477	11,973
Finished goods	1,637,434	1,776,947	1,564,851
Merchandise	77,089	79,586	66,395
Inventory in transit	24,512	25,878	10,607
Total	3,272,203	2,974,173	2,985,789
Less: Allowance for inventory valuation losses	(37,371)	(38,434)	(86,671)
	<u>\$ 3,234,832</u>	<u>\$ 2,935,739</u>	<u>\$ 2,899,118</u>

### b. Construction

	March 31, 2021	December 31, 2020	March 31, 2020
Land held for sale	\$ 71,880	\$ 71,880	\$ 83,369
Buildings held for sale	—	—	16,013
	<u>71,880</u>	<u>71,880</u>	<u>99,382</u>
Building and land in progress	69,062	69,062	69,062
Construction in progress	88,395	84,428	57,259
	<u>157,457</u>	<u>153,490</u>	<u>126,321</u>
	<u>229,337</u>	<u>225,370</u>	<u>225,703</u>
Less: Allowance for loss on decline in market value and obsolescence	—	—	—
	<u>\$ 229,337</u>	<u>\$ 225,370</u>	<u>\$ 225,703</u>

### c. Expense and losses incurred on inventories recognized for the period :

	For The Three Months Ended March 31	
	2021	2020
Cost of goods sold	\$ 5,392,550	\$ 3,658,923
(Reversal gain of) Write-down of inventories	(1,063)	36,395
	<u>\$ 5,391,487</u>	<u>\$ 3,695,318</u>

## 12. Investments Accounted For Using Equity Method

### a. Investments in associates

Associates consisted of the following :

Name of Associates	Carrying Amount			% of ownership and Voting Rights Held by the Group		
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	December 31, 2020	March 31, 2020
Ad Engineering Corporation	\$ 107,766	\$ 102,718	\$ 85,010	27.00	27.00	27.00
Jung Shing Wire Co., Ltd.	453,664	440,167	424,569	22.13	22.13	22.13
Teco(Vietnam) Electric & Machinery Co., Ltd.	68,248	69,741	85,607	20.00	20.00	21.10
Otto2 Holdings Corporation	22,044	22,039	22,206	20.16	20.16	27.27
Huizhou Boluo Huxing Flame-Retardant Materials Co., Ltd.	33,310	30,815	26,481	33.00	33.00	33.00
AMIT system service Ltd.	3,974	718	2,336	22.74	19.61	19.61
Hengs Technology Co., Ltd.	188,108	203,303	126,423	22.58	22.58	22.68
Tenart Biotech Limited	14,629	14,723	14,583	25.41	25.41	25.41
	<u>\$ 891,743</u>	<u>\$ 884,224</u>	<u>\$ 787,215</u>			

The summarized financial information in respect of the Group's associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with the Accounting Standards Used in Preparation of the Parent Company Only Financial Statements, which is also adjusted by the Group using the equity method of accounting.

	March 31, 2021	December 31, 2020	March 31, 2020
Total assets	\$ 9,052,439	\$ 7,819,657	\$ 6,185,444
Total liabilities	(4,051,627)	(3,944,514)	(2,928,732)
Net assets	<u>\$ 5,000,812</u>	<u>\$ 3,875,143</u>	<u>\$ 3,256,712</u>

	For The Three Months Ended March 31	
	2021	2020
Net revenue	\$ 1,014,821	\$ 1,372,376
Net income	\$ 84,840	\$ 31,045
The Group's share of profits of associates	<u>\$ 20,611</u>	<u>\$ 6,843</u>

These amounts and the related information disclosed in the accompanying consolidated financial statements were based on the unreviewed financial statements of consolidated subsidiaries and



investments accounted for under equity method.

- (1) The Group investments Jung Shing Wire Co., Ltd. The closing price represents the quoted price in active markets, the level 1 fair value measurement.

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value	<u>\$ 486,811</u>	<u>\$ 472,446</u>	<u>\$ 311,878</u>

- (2) The Group's ownership interest in Hengs Technology Co., Ltd. decreased to 22.58% after having 90 thousand shares in Q1 2020, and 50 thousand shares in Q2, 2020.
- (3) The Group participated in the capital increase of AMIT system service Ltd. in Q1 2021. Therefore, the Group's ownership interest in AMIT system service Ltd. increased from 19.61% to 22.74%.
- (4) The carrying amounts of investments accounted for using equity method pledged as collateral for bank loans were disclosed in Note 37.

### **13. Property, Plant And Equipment**

Cost	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2021
Land and land improvements	\$ 1,773,650	\$ —	\$ —	\$ —	\$ —	\$ 1,773,650
Buildings	2,014,558	2,078	—	438	901	2,017,975
Machinery and equipment	6,228,063	6,812	(26,642)	41,541	1,923	6,251,697
Transportation equipment	139,172	3,060	(2,436)	250	77	140,123
Miscellaneous equipment	1,556,496	3,828	(27,217)	9,199	101	1,542,407
Leasehold improvements	1,961	—	—	—	—	1,961
Construction in progress and equipment awaiting inspection	2,980,676	578,706	—	(33,459)	56	3,525,979
	<u>\$ 14,694,576</u>	<u>\$ 594,484</u>	<u>\$ (56,295)</u>	<u>\$ 17,969</u>	<u>\$ 3,058</u>	<u>\$ 15,253,792</u>

Accumulated depreciation and impairment	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2021
Land and land improvements	\$ 16,979	\$ 663	\$ —	\$ —	\$ —	\$ 17,642
Buildings	1,386,608	15,441	—	—	628	1,402,677
Machinery and equipment	4,303,477	49,461	(26,431)	—	1,666	4,328,173
Transportation equipment	108,541	2,153	(1,747)	—	65	109,012
Miscellaneous equipment	1,333,481	13,835	(26,419)	—	(553)	1,320,344
Leasehold improvements	1,744	60	—	—	—	1,804
	<u>\$ 7,150,830</u>	<u>\$ 81,613</u>	<u>\$ (54,597)</u>	<u>\$ —</u>	<u>\$ 1,806</u>	<u>\$ 7,179,652</u>

Cost	Balance at January 1, 2020	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2020
Land and land improvements	\$ 1,768,650	\$ —	\$ —	\$ —	\$ —	\$ 1,768,650
Buildings	2,013,827	8,321	(1,473)	1,681	(4,496)	2,017,860
Machinery and equipment	6,222,423	1,999	(29,434)	(8,451)	(6,567)	6,179,970
Transportation equipment	138,473	420	(355)	(607)	(170)	137,761
Miscellaneous equipment	1,527,016	7,029	(15,524)	7,198	(1,662)	1,524,057
Leasehold improvements	1,961	—	—	—	—	1,961
Construction in progress and equipment awaiting inspection	173,780	54,681	—	(16,361)	(112)	211,988
	<u>\$ 11,846,130</u>	<u>\$ 72,450</u>	<u>\$ (46,786)</u>	<u>\$ (16,540)</u>	<u>\$ (13,007)</u>	<u>\$ 11,842,247</u>

Accumulated depreciation and impairment	Balance at January 1, 2020	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2020
Land and land improvements	\$ 14,328	\$ 663	\$ —	\$ —	\$ —	\$ 14,991
Buildings	1,338,255	15,023	(1,473)	(1,303)	(2,440)	1,348,062
Machinery and equipment	4,234,408	50,388	(29,284)	(27,924)	(2,913)	4,224,675
Transportation equipment	107,195	2,021	(249)	(582)	(108)	108,277
Miscellaneous equipment	1,328,670	12,161	(15,134)	(17,043)	(1,171)	1,307,483
Leasehold improvements	1,503	60	—	—	—	1,563
	<u>\$ 7,024,359</u>	<u>\$ 80,316</u>	<u>\$ (46,140)</u>	<u>\$ (46,852)</u>	<u>\$ (6,632)</u>	<u>\$ 7,005,051</u>

The carrying amounts of property, plant and equipment pledged as collateral for bank loans were disclosed in Note 37.

## 14. Lease Arrangements

### a. Right-of-use Assets

Cost	Balance at January 1, 2021	Additions	Disposals	Effect of Exchange Rate Changes	Balance at March 31, 2021
Land	\$ 268,500	\$ 468,440	\$ —	\$ 99	\$ 737,039
Buildings	3,598	—	—	—	3,598
Transportation equipment	31,649	3,390	(3,278)	—	31,761
Miscellaneous equipment	228,416	1,836	—	—	230,252
	<u>\$ 532,163</u>	<u>\$ 473,666</u>	<u>\$ (3,278)</u>	<u>\$ 99</u>	<u>\$ 1,002,650</u>

Accumulated depreciation	Balance at January 1, 2021	Additions	Disposals	Effect of Exchange Rate Changes	Balance at March 31, 2021
Land	\$ 6,696	\$ 6,529	\$ —	\$ 15	\$ 13,240
Buildings	785	256	—	1	1,042
Transportation equipment	16,723	2,157	(3,278)	—	15,602
Miscellaneous equipment	20,525	3,111	—	—	23,636
	<u>\$ 44,729</u>	<u>\$ 12,053</u>	<u>\$ (3,278)</u>	<u>\$ 16</u>	<u>\$ 53,520</u>

Cost	Balance at January 1, 2020	Additions	Disposals	Effect of Exchange Rate Changes	Balance at March 31, 2020
Land	\$ 258,599	\$ —	\$ —	\$ 800	\$ 259,399
Buildings	2,798	—	—	22	2,820
Transportation equipment	31,500	—	—	—	31,500
Miscellaneous equipment	198,424	2,780	—	—	201,204
	<u>\$ 491,321</u>	<u>\$ 2,780</u>	<u>\$ —</u>	<u>\$ 822</u>	<u>\$ 494,923</u>

Accumulated depreciation	Balance at January 1, 2020	Additions	Disposals	Effect of Exchange Rate Changes	Balance at March 31, 2020
Land	\$ 3,452	\$ 458	\$ —	\$ (18)	\$ 3,892
Buildings	1,439	362	—	15	1,816
Transportation equipment	9,073	2,356	—	—	11,429
Miscellaneous equipment	9,807	2,662	—	—	12,469
	<u>\$ 23,771</u>	<u>\$ 5,838</u>	<u>\$ —</u>	<u>\$ (3)</u>	<u>\$ 29,606</u>

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amounts			
Current	<u>\$ 38,371</u>	<u>\$ 19,302</u>	<u>\$ 18,661</u>
Non-current	<u>\$ 653,637</u>	<u>\$ 242,796</u>	<u>\$ 228,892</u>

Range of discount rate for lease liabilities is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Land	1.32%~9.80%	1.32%~9.80%	1.32%~9.80%
Buildings	1.55%~2.19%	1.55%~3.70%	1.55%~3.70%
Transportation equipment	1.42%~3.54%	1.38%~3.54%	1.38%~3.54%
Miscellaneous equipment	1.97%~3.54%	1.97%~3.54%	1.99%~2.19%

c. Other lease information

	March 31, 2021	March 31, 2020
Recognition exemption for short-term leases	\$ 2,679	\$ 1,698
Expenses relating to low-value asset leases	\$ 65	\$ 3
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 428	\$ 407
Total cash outflow for leases	\$ (38,335)	\$ (8,734)

**15. Investment Property**

Cost	Balance at January 1, 2021	Additions	Reclassification	Balance at March 31, 2021
Land	\$ 937,957	\$ —	\$ —	\$ 937,957
Buildings and improvements	279,971	—	—	279,971
	<u>\$ 1,217,928</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,217,928</u>
Accumulated depreciation	Balance at January 1, 2021	Additions	Reclassification	Balance at March 31, 2021
Buildings and improvements	\$ 67,522	\$ 1,526	\$ —	\$ 69,048
Cost	Balance at January 1, 2020	Additions	Disposals	Balance at March 31, 2020
Land	\$ 919,784	\$ —	\$ —	\$ 919,784
Buildings and improvements	246,601	—	—	246,601
	<u>\$ 1,166,385</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,166,385</u>
Accumulated depreciation	Balance at January 1, 2020	Additions	Disposals	Balance at March 31, 2020
Buildings and improvements	\$ 61,948	\$ 1,299	\$ —	\$ 63,247

The fair value of the Group's investment properties was arrived at on the basis of valuation carried out on March 20, 2019 and December 31, 2019 by independent appraisers, who are not related parties. Lands were valued under market approach and income approach, while buildings were valued under cost approach. The important assumptions and fair value were as follows :

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value	<u>\$ 1,417,000</u>	<u>\$ 1,359,052</u>	<u>\$ 1,329,493</u>

The carrying amounts of investment property pledged as collateral for bank loans were disclosed in Note 37.

## 16. Intangible Assets

Cost	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2021
Computer Software	\$ 427	\$ —	\$ (215)	\$ —	\$ —	\$ 212
Patents and other intangible assets	1,438	—	(76)	—	6	1,368
	<u>\$ 1,865</u>	<u>\$ —</u>	<u>\$ (291)</u>	<u>\$ —</u>	<u>\$ 6</u>	<u>\$ 1,580</u>
Accumulated depreciation and impairment	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2021
Computer Software	\$ 325	\$ 29	\$ (215)	\$ —	\$ —	\$ 139
Patents and other intangible assets	1,215	35	(76)	—	5	1,179
	<u>\$ 1,540</u>	<u>\$ 64</u>	<u>\$ (291)</u>	<u>\$ —</u>	<u>\$ 5</u>	<u>\$ 1,318</u>
Cost	Balance at January 1, 2020	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2020
Computer Software	\$ 493	\$ 29	\$ —	\$ —	\$ —	\$ 522
Patents and other intangible assets	3,504	—	(2,000)	—	(4)	1,500
	<u>\$ 3,997</u>	<u>\$ 29</u>	<u>\$ (2,000)</u>	<u>\$ —</u>	<u>\$ (4)</u>	<u>\$ 2,022</u>
Accumulated depreciation and impairment	Balance at January 1, 2020	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at March 31, 2020
Computer Software	\$ 220	\$ 47	\$ —	\$ —	\$ —	\$ 267
Patents and other intangible assets	3,087	56	(2,000)	—	(3)	1,140
	<u>\$ 3,307</u>	<u>\$ 103</u>	<u>\$ (2,000)</u>	<u>\$ —</u>	<u>\$ (3)</u>	<u>\$ 1,407</u>

## 17. Short-Term Loans

	March 31, 2021	Annual interest rate	Maturity date
Usance L/C loans	\$ 3,208,788	0.79%~5.20%	2021.04~2022.03
Mortgage loans	768,851	0.95%~4.35%	2021.04~2022.02
Unsecured loans	2,108,117	0.91%~4.45%	2021.04~2022.03
	<u>\$ 6,085,756</u>		

  

	December 31, 2020	Annual interest rate	Maturity date
Usance L/C loans	\$ 1,033,533	0.84%~1.12%	2021.01~2021.06
Mortgage loans	1,199,485	0.95%~5.90%	2021.01~2021.12
Unsecured loans	2,289,688	0.66%~5.80%	2021.01~2021.12
	<u>\$ 4,522,706</u>		

  

	March 31, 2020	Annual interest rate	Maturity date
Usance L/C loans	\$ 1,761,425	1.03%~5.00%	2020.04~2021.01
Mortgage loans	685,140	1.10%~4.85%	2020.04~2020.12
Unsecured loans	1,768,941	1.10%~4.75%	2020.04~2021.03
	<u>\$ 4,215,506</u>		

The carrying amounts of short-term loans pledged as collateral for bank loans were disclosed in Note 37.

## 18. Commercial Papers

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial Papers	\$ 505,000	\$ 455,000	\$ 755,000
Less : Discount on commercial papers	(71)	(70)	—
	<u>\$ 504,929</u>	<u>\$ 454,930</u>	<u>\$ 755,000</u>
Interest rate range	1.09%~1.37%	1.09%~1.71%	1.35%~1.43%
Maturity date	2021.04~2021.06	2021.01~2021.03	2020.04~2020.06

## 19. Bonds Payable

	March 31, 2021	December 31, 2020	March 31, 2020
The first domestic secured corporate bonds in 2018	\$ 500,000	\$ 500,000	\$ 500,000
The first domestic secured corporate bonds in 2020	1,000,000	1,000,000	—
Less : current portion	—	—	—
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 500,000</u>

Related issuance conditions were as follows:

Category	Period	Conditions	Rate(%)
The first domestic secured corporate bonds in 2018	2018.09.25~ 2023.09.25	Principal repayable on due date ; interest payable annually	0.97
The first domestic secured corporate bonds in 2020	2020.12.02~ 2025.12.02	Principal repayable in five equal payments in 2023~2026 ; interest payable semiannually	0.61

## 20. Long-Term Loans

	March 31, 2021	Annual interest rate	Maturity date
Mortgage loans	\$ 6,303,305	1.19%~1.80%	2021.06~2038.06
Unsecured loans	1,632,712	1.10%~1.77%	2022.09~2038.06
Less: Current portion	(883,123)		
	<u>\$ 7,052,894</u>		

	December 31, 2020	Annual interest rate	Maturity date
Mortgage loans	\$ 5,286,715	1.19%~2.11%	2021.01~2038.06
Unsecured loans	1,762,927	1.10%~1.84%	2022.05~2038.06
Less: Current portion	(1,157,986)		
	<u>\$ 5,891,656</u>		

	March 31, 2020	Annual interest rate	Maturity date
Mortgage loans	\$ 2,981,783	1.36%~2.05%	2021.05~2038.06
Unsecured loans	2,257,537	1.44%~2.05%	2021.06~2038.06
Less: Current portion	(1,976,796)		
	<u>\$ 3,262,524</u>		

On April 22 2020, Sub-subsidiary company, SIN JHONG SOLAR POWER CO LTD., entered into a syndicated loan with group of financial institutions, to construct solar power plant in Tainan and repay bank loans.

The major content as follows:

1.The credit line was divided into part A and B, which amounted to \$3 billion and \$3.2 billion, respectively; and the total line of credit amounted to 3.2 billion.

2.Credit period

Part A will be repaid 30 months from the signing date.

Part B will be repaid 5 years from the first implement date, only if conform to the agreement can be extendable.

3.Collateral:

A. Pledge stocks: All the SIN JHONG SOLAR POWER CO LTD., shares have been pledged before the first application.

B. Movables: Consolidated company will sign Mortgage Setting Contract for maximum movables what mortgage the solar power plant that will be constructed and reached maximum mortgage setting condition. As well as setting first priority.

C. Real estate: Consolidated company will sign Mortgage Setting Contract for buildings improvement what mortgage the booster station of solar power plant and set first priority.

4.Under the agreement SIN JHONG CO., LTD. should maintain certain multiples of Interest Protection on every half fiscal year during the tenors of the loans. The computations are done based on the audited financial report and semiannual financial report before audited.

The carrying amounts of long-term loans pledged as collateral for bank loans were disclosed in Note 37.

**21.Provisions**

	Warranty	Decommissioning liability	Total
Balance at January 1,2021	\$ 114,481	\$ 21,360	\$ 135,841
Recognized	6,927	590	7,517
Balance at March 31,2021	<u>\$ 121,408</u>	<u>\$ 21,950</u>	<u>\$ 143,358</u>

	Warranty	Decommissioning liability	Total
Balance at January 1,2020	\$ 120,778	\$ 20,804	\$ 141,582
Recognized	10,825	220	11,045
Balance at March 31,2020	<u>\$ 131,603</u>	<u>\$ 21,024</u>	<u>\$ 152,627</u>

	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 106,933</u>	<u>\$ 100,000</u>	<u>\$ 113,109</u>
Non-current	<u>\$ 36,425</u>	<u>\$ 35,841</u>	<u>\$ 39,518</u>



- a. Warranty was based on historical experience, management's judgments and other known reasons for possible returns and rebates. The provision was recognized as a reduction of operating income in the periods the related goods were sold.
- b. The decommissioning liability means that the solar power plants of the Company's subsidiaries have a legal decommissioning obligation when it reaches the operational life in the future and is approved for decommissioning by the competent authority. According to the requirements of International Accounting Standards No. 37 "Provisions, Contingent Liabilities and Contingent Assets", the Group estimates the decommissioning costs at that time and discounts the cost amount at the effective interest rate as the carrying amount of the recognized decommissioning liabilities. Capitalize the cost of decommissioning and increase the carrying amount of property, plant and equipment. The Group recognizes annually the increase in decommissioning liabilities due to discounts over time, and also recognizes interest expenses. The Group reviews changes in decommissioning obligations at the end of each reporting period and adjusts to reflect the best estimates.

## **22.Retirement Benefit Plans**

### **a. Defined contribution plans**

Total pension expenses of NT\$5,626 thousand and NT\$5,456 thousand are contributed by the Group for the three-month periods ends March 31. 2021 and 2020, respectively.

### **b. Defined benefit plans**

For the three-month periods ends March 31. 2021 and 2020. total pension expenses of NT\$2,272 thousand and NT\$3,262 thousand, respectively, were recognized by the Group.

## **23.Equity**

### **a. Capital stock**

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Company's authorized capital were NT\$7,000,000 thousand and the paid-in capital were NT\$5,950,680 thousand, consisting of 595,068,022 shares of ordinary stock with a par value of NT\$10 per share.

### **b. Capital surplus**

In accordance with the Company Act, realized capital reserves can only be reclassified as share or

be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains.

ROC SEC regulations also stipulate that a capital increase by transferring paid-in capital in excess of par value can be done only once a year and only in years other than the year in which such excess arose. The amount of such capitalization depends on the Company's operating results and is limited to a certain ratio of paid-in capital in excess of par value in relation to issued capital.

As of March 31, 2021, December 31, 2020, and March 31, 2020, the balances of the Company's capital surplus were NT\$ 601,588 thousand, NT\$ 602,220 thousand, and NT\$ 531,140 thousand, mostly obtained from the trade of treasury stock.

c. Retained earnings (Accumulated deficit) and dividend policy

The Company's articles of incorporation provide that annual earnings are to be appropriated as follows:

- (a) Payment of tax;
- (b) Offset accumulated deficits, if any;
- (c) Of the remaining balance, if any, 10% is to be set aside as legal reserve.
- (d) 20% to 90% as appropriate dividends to stockholders; cash dividend should not lower than 10% of such dividends.

The bonus to employees and remuneration to directors and supervisors, representing at least 1% and at most 3% of net income (net of bonus and remuneration) less accumulated deficit, 10% legal reserve and special reserve, respectively, were recognized for the years ended. The amounts were estimated based on past experience. Material differences between these estimates and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. Information on the earnings appropriation and the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

Pursuant to existing regulations, the Company is required to set aside additional special capital

reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

WLC appropriates or reverses their special reserve in accordance with Order No. 1010012865, Order No. 1010047490 and Order No. 1030006415 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs".

The appropriations of earnings for 2020 and 2019 had been proposed by the Company's board of directors on April 22, 2021, and approved in the stockholders' meetings on June 11, 2020, respectively. The appropriations and dividends per share were as follows :

	Appropriation of Earnings		Dividends Per Share(NT\$)	
	For Fiscal	For Fiscal	For Fiscal	For Fiscal
	Year 2020	Year 2019	Year 2020	Year 2019
Legal capital reserve	\$ 76,096	\$ 50,505		
Cash dividends	208,274	178,520	0.35	0.30
Share dividends	208,274	—	0.35	—
	<u>\$ 492,644</u>	<u>\$ 229,025</u>		

d. Others

1) Foreign currency translation reserve

	Three Months Ended March 31	
	2021	2020
Balance, beginning of period	\$ (214,024)	\$ (183,063)
Exchange differences arising on translation		
foreign operations	1,583	(16,461)
Income tax effect	(438)	3,297
Balance, end of period	<u>\$ (212,879)</u>	<u>\$ (196,227)</u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized gain (loss) on financial assets at fair value through other comprehensive income

	Three Months Ended March 31	
	2021	2020
Balance, beginning of period	\$ 88,358	\$ 36,775
Unrealized loss on financial assets at fair through other comprehensive income	14,464	(32,030)
Disposal of investments in equity instruments at fair value through other comprehensive income	—	(25)
Share of other comprehensive income of accounted for using the equity method	34	(567)
Income tax effect	382	338
Balance, end of period	<u>\$ 103,238</u>	<u>\$ 4,491</u>

**24. Non-controlling interests**

	Three Months Ended March 31	
	2021	2020
Balance, beginning of period	\$ 1,364,133	\$ 1,298,386
Changes in ownership interests in subsidiaries	772	27
Profit for the year	32,662	38,152
Exchange differences on translation of foreign financial statements	54	805
Unrealized gain (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,457	(3,137)
Increase in non-controlling interests	<u>189,011</u>	<u>50,000</u>
Balance, end of period	<u>\$ 1,589,089</u>	<u>\$ 1,384,233</u>

**25. Treasury Stock**

	Three Months Ended March 31, 2021			
Purpose of Treasury Shares	Beginning of period	Addition	Reduction	End of period
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>7,539,067</u>	<u>—</u>	<u>—</u>	<u>7,539,067</u>

Purpose of Treasury Shares	Three Months Ended March 31, 2020			
	Beginning of period	Addition	Reduction	End of period
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	7,939,067	—	—	7,939,067
For transfer to employees	—	338,000	—	338,000
	<u>7,939,067</u>	<u>338,000</u>	<u>—</u>	<u>8,277,067</u>

a. Common Stock

(1) The Board of Directors during its meeting on March 16, 2020 adopted a resolution to purchase 10,000 thousand common stock shares at a price between \$5.68 to \$15.55 per share, which will be transferred to employees. The estimated total number of shares purchased is capped at \$1,010,283 thousand. As of March 31, 2020, the Company has purchased 338,000 shares, it accounts for 0.07% of the Company's total issued shares, the average buyback price is \$7.5 and buy back cost is \$2,536 thousand.

(2) Treasury stock shall not be pledged, nor does it entitle voting rights or receive dividends, in compliance with Securities and Exchange Law of the ROC.

b. As of March 31, 2021、December 31, 2020 and March 31, 2020, treasury stock held by subsidiaries were 7,539,067 shares, 7,539,067 shares and 7,939,067 shares, the market values of the shares held by the subsidiaries were \$19.80, \$20.10 and \$8.24 per share, respectively.

## **26. Income Tax**

a. Income tax expense recognized in profit or loss

	Three Months Ended March 31	
	2021	2020
Current income tax expense (benefit)		
In respect of the current period	\$ 32,057	\$ 31,735
	<u>32,057</u>	<u>31,735</u>
Deferred income tax expense (benefit)		
In respect of the current period	46,690	30,232
Income tax benefit recognized in profit or loss	<u>\$ 78,747</u>	<u>\$ 61,967</u>

b. Income tax expense recognized in other comprehensive income

	Three Months Ended March 31	
	2021	2020
Related to unrealized gain/loss on translation of foreign operations	\$ 438	\$ (3,297)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(382)	(338)
	<u>\$ 56</u>	<u>\$ (3,635)</u>

The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority. However, the appeal against the approved results of has already been filed.

## 27. Earnings Per Share

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
Three Months Ended March 31, 2021			
Basic EPS			
Net income available to common shareholders	<u>\$ 435,433</u>	595,068	
Regard as treasury stock-common stock held by subsidiaries		(7,539)	
		<u>587,529</u>	<u>\$ 0.74</u>
Three Months Ended March 31, 2020			
Basic EPS			
Net income available to common shareholders	<u>\$ 139,807</u>	595,068	
Stock repurchase		113	
Regard as treasury stock-common stock held by subsidiaries		(7,939)	
		<u>587,242</u>	<u>\$ 0.24</u>

## **28.Operating Revenues**

	Three Months Ended March 31	
	2021	2020
Sales Revenue	\$ 5,947,297	\$ 3,909,179
Electricity Revenue	53,510	42,846
Processing Revenue	5,327	3,617
Engineering Revenue	210	—
Others	5,307	1,369
	<u>\$ 6,011,651</u>	<u>\$ 3,957,011</u>

## **29.Additional Information Of Expenses By Nature**

	Three Months Ended March 31	
	2021	2020
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 81,613	\$ 80,316
Depreciation of Right-of-use assets	12,053	5,838
Depreciation of investment property	1,526	1,299
Amortization of intangible assets	64	103
	<u>\$ 95,256</u>	<u>\$ 87,556</u>
Employee benefits expenses		
Salaries and bonus	\$ 253,176	\$ 196,275
Labor and health insurance	19,996	18,338
Pension	7,898	8,718
Remuneration of directors	525	1,035
Others	14,660	14,140
	<u>\$ 296,255</u>	<u>\$ 238,506</u>

For the three months ended March 31,2021 and 2020, the Company had 1,762 and 1,758 employees, respectively, and had 4 non-employee directors for both periods.

According to the Company's Articles of Incorporation, the Company shall allocate compensation to directors and profit sharing bonus to employees of the Company not more than 3% and not less than 1% of annual profits during the period, respectively.

The employees' compensation and remuneration of directors for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31	
	2021	2020
Employees' compensation	\$ 87,086	\$ 23,767
Remuneration of directors	\$ 13,063	\$ 4,194

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

The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2020 which have been approved by the Corporation's board of directors in March 2021 and 2020, respectively, were as follows:

	Years Ended December 31	
	2020	2019
Employees' compensation	\$ 9,644	\$ 6,102
Remuneration of directors	\$ 28,931	\$ 18,307

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

Information on the employees' compensation and remuneration of directors resolved by the board of directors are available at the Market Observation Post System website of the Taiwan Stock Exchange.

### **30. Interest Income**

	Three Months Ended March 31	
	2021	2020
Bank deposits	\$ 3,555	\$ 7,820
Other interest income	509	253
	\$ 4,064	\$ 8,073

### **31. Other Income**

	Three Months Ended March 31	
	2021	2020
Rental revenue	\$ 4,439	\$ 4,313
Dividend income	860	1,085
	\$ 5,299	\$ 5,398



### **32.Other Gains And Losses**

	Three Months Ended March 31	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$ 912	\$ (393 )
Gain on disposal of investments	14,617	75,209
Net foreign exchange losses	13,245	4,435
Net gain (loss) arising on financial assets/liabilities at FVTPL	170,725	150,354
Others	9,334	12,475
	<u>\$ 208,833</u>	<u>\$ 242,080</u>

### **33.Finance Costs**

	Three Months Ended March 31	
	2020	2019
Interest expense		
Bank loans	\$ 46,052	\$ 56,800
Interest of lease liabilities	4,417	1,190
Other Interest expense	4,017	1,610
	<u>\$ 54,486</u>	<u>\$ 59,600</u>

### **34.Capital Management**

The Group's strategy for managing the capital structure is to lay out the plan of product development and expand the market share considering the growth and the magnitude of industry and further developing an integral plan founded on the required capacity, capital outlay, and magnitude of assets in long-term development. Ultimately, considering the risk factors such as the fluctuation of the industry cycle and the life cycle of products, the Group determines the optimal capital structure by estimating the profitability of products, operating profit ratio, and cash flow based on the competitiveness of products.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings).

The management of the Group periodically examines the capital structure and contemplates on the potential costs and risks involved while exerting different financial tools. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt.

There were no changes in the Group's approach to capital management for the three months ended March 31, 2021.

### 35. **Financial Instruments**

#### a. Financial risk management objective

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

#### b. Market risk

The Group is exposed to the market risks arising from changes in foreign exchange rates, interest rates and utilizes some derivative financial instruments to reduce the related risks.

##### (a) Foreign currency risk

Some of the Group's operating activities are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes derivative financial instruments, including currency forward contracts and short-term borrowings in foreign currencies, to hedge its currency exposure.

The Group's significant exposure to foreign currency risk were as follows :

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign	Exchange	NT\$	Foreign	Exchange	NT\$	Foreign	Exchange	NT\$
	currency	rate		currency	rate		currency	rate	
<u>Assets</u>									
<u>Monetary</u>									
<u>items</u>									
USD	46,711	28.53	1,332,665	42,336	28.48	1,205,729	39,372	30.23	1,190,216
HKD	1,232	3.67	4,521	1,232	3.67	4,521	840	3.86	3,242
CNY	3,210	4.35	13,964	2,628	4.37	11,484	2,177	4.27	9,296
JPY	676,656	0.28	189,464	322,103	0.28	90,189	508,160	0.28	142,285

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign	Exchange	NT\$	Foreign	Exchange	NT\$	Foreign	Exchange	NT\$
	currency	rate		currency	rate		currency	rate	
<u>Liabilities</u>									
<u>Monetary</u>									
<u>items</u>									
USD	98,549	28.53	2,811,603	95,030	28.48	2,706,454	89,528	30.23	2,706,431
CNY	1,459	4.35	6,347	1,422	4.37	6,214	253	4.27	1,080
JPY	58,925	0.28	16,499	131,889	0.28	36,929	102,007	0.28	28,562

For the three months ended March 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were gains of NT\$13,245 thousand and losses of NT\$4,435 thousand, respectively.

#### Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss, loans and borrowings, accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the foreign currency for the three months ended March 31, 2021 and 2020 would have increased (decrease) the net profit after tax by NT\$12,938 thousand and NT\$13,910 thousand, respectively.

#### (b) Interest rate risk

The Group was exposed to fair value interest rate risk and cash flow interest rate risk because the Group hold assets and liabilities at both fixed and floating interest rates.

#### Interest rate sensitivity analysis

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.1%, all other variable factors that remains constant, the Group's net profit after tax would have (decreased) increased by NT\$3,068 thousand and NT\$2,198 thousand for the three months ended March 31, 2021 and 2020, respectively. This is mainly due to the Group's net assets in floating rates.

(c) Other price risk

The Group is exposed to equity price risk arising from equity investments.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the Group's net profit after tax for the three months ended March 31, 2021 and 2020 would have been higher/lower by NT\$133,889 thousand and NT\$102,240 thousand, respectively, as a result of the fair value changes of Financial assets at fair value through profit or loss.

If equity prices had been 5% higher/lower, the Group's other comprehensive income for the three months ended March 31, 2021 and 2020 would have been higher/lower by NT\$47,744 thousand and NT\$44,508 thousand, respectively, as a result of the fair value changes of Financial assets at fair value through other comprehensive income.

c. Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

To maintain the quality of receivables, the Group has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit rating agency rating, the Group's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Group also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group's ten largest customers accounted for 20.25%, 16.27% and 20.82% of accounts receivable, respectively. The Group considers the concentration of credit risk for the remaining accounts receivable not material.

The customers are creditworthy counterparties; therefore, the Group believes the concentration of credit risk is insignificant.

#### Financial credit risk

Bank deposits, fixed income investment and other financial instruments are credit risk sources required by the Group's Department of Finance Department to be measured and monitored. However, since the Group's counter-parties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

#### d. Liquidity risk management

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements associated with existing operations. The Group manages its liquidity risk by maintain adequate cash and banking facilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principles and interest.

March 31, 2021					
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Short-term bank loans	\$ 6,085,756	\$ 6,085,756	\$ 6,085,756	\$ —	\$ —
Commercial papers	504,929	504,929	504,929	—	—
Notes payable					
(including related parties)	70,657	70,657	70,657	—	—
Accounts payable					
(including related parties)	539,110	539,110	539,110	—	—
Other payables	576,780	576,780	576,780	—	—
Lease liabilities	692,008	877,024	55,558	195,854	625,612
Bonds payable	1,500,000	1,500,000	—	1,500,000	—
Long-term bank loans	7,936,017	7,936,017	883,123	4,309,194	2,743,700
	<u>\$ 17,905,257</u>	<u>\$ 18,090,273</u>	<u>\$ 8,715,913</u>	<u>\$ 6,005,048</u>	<u>\$ 3,369,312</u>
<u>Derivative financial liabilities</u>					
Metal options	\$ 13,441	\$ 1,338,004	\$ 1,338,004	\$ —	\$ —
Metal commodities futures contract	905	29,386	29,386	—	—
	<u>\$ 14,346</u>	<u>\$ 1,367,390</u>	<u>\$ 1,367,390</u>	<u>\$ —</u>	<u>\$ —</u>

December 31, 2020					
	Carrying	Contractual cash			
	amount	flows	Within 1 year	1-5 years	Over 5 years
<b>Non-derivative financial liabilities</b>					
Short-term bank loans	\$ 4,522,706	\$ 4,522,706	\$ 4,522,706	\$ —	\$ —
Commercial papers	454,930	454,930	454,930	—	—
Notes payable					
(including related parties)	85,919	85,919	85,919	—	—
Accounts payable					
(including related parties)	581,544	581,544	581,544	—	—
Other payables	725,608	725,608	725,608	—	—
Lease liabilities	262,098	486,849	23,785	68,405	394,659
Bonds payable	1,500,000	1,500,000	—	1,500,000	—
Long-term bank loans	7,049,642	7,049,642	1,157,986	5,712,000	179,656
	<u>\$ 15,182,447</u>	<u>\$ 15,407,198</u>	<u>\$ 7,552,478</u>	<u>\$ 7,280,405</u>	<u>\$ 574,315</u>

<b>Derivative financial liabilities</b>					
Metals futures	\$ 121,473	\$ 1,593,532	\$ 1,593,532	\$ —	\$ —
Foreign exchange forward contract	6,280	173,512	173,512	—	—
	<u>\$ 127,753</u>	<u>\$ 1,767,044</u>	<u>\$ 1,767,044</u>	<u>\$ —</u>	<u>\$ —</u>

March 31, 2020					
	Carrying	Contractual cash			
	amount	flows	Within 1 year	1-5 years	Over 5 years
<b>Non-derivative financial liabilities</b>					
Short-term bank loans	\$ 4,215,506	\$ 4,215,506	\$ 4,215,506	\$ —	\$ —
Commercial papers	755,000	755,000	755,000	—	—
Notes payable					
(including related parties)	70,831	70,831	70,831	—	—
Accounts payable					
(including related parties)	500,107	500,107	500,107	—	—
Other payables	383,066	383,066	383,066	—	—
Lease liabilities	247,553	341,662	26,529	82,086	233,047
Bonds payable	500,000	500,000	—	500,000	—
Long-term bank loans	5,239,320	5,239,320	1,976,796	2,591,719	670,805
	<u>\$ 11,911,383</u>	<u>\$ 12,005,492</u>	<u>\$ 7,927,835</u>	<u>\$ 3,173,805</u>	<u>\$ 903,852</u>

	March 31, 2020				
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
Derivative financial liabilities					
Metal options	\$ 12,832	\$ 149,643	\$ 149,643	\$ —	\$ —
Metal commodities futures contract	23,665	214,247	152,364	61,883	—
	<u>\$ 36,497</u>	<u>\$ 363,890</u>	<u>\$ 302,007</u>	<u>\$ 61,883</u>	<u>\$ —</u>

e. Fair value of financial instruments

(a) Fair value of financial instruments carried at amortized cost

The Company considers that the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values.

(b) Valuation techniques and assumptions used in Fair value measurement

The Fair value of financial assets and financial liabilities are determined as follows :

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks).
- Forward exchange contracts and cross currency swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- The fair values of other financial assets and financial liabilities in accordance with generally accepted pricing models based on discounted cash flow analysis.

(c) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable :

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities ;
- Level 2 fair value measurements are those derived from 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
- Level 3 fair value measurements are those derived from valuation techniques that include

inputs for the asset or liability that are not based on observable market data (unobservable inputs) .

i. Information of fair value hierarchy of financial instruments

March 31, 2021				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 1,804,588	\$ —	\$ —	\$ 1,804,588
Unlisted stocks	—	323,122	550,065	873,187
Derivative not designated as a hedging instrument	—	504,548	—	504,548
	<u>\$ 1,804,588</u>	<u>\$ 827,670</u>	<u>\$ 550,065</u>	<u>\$ 3,182,323</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 281,562	\$ —	\$ —	\$ 281,562
Unlisted stocks	—	23,279	650,039	673,318
	<u>\$ 281,562</u>	<u>\$ 23,279</u>	<u>\$ 650,039</u>	<u>\$ 954,880</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 14,346	\$ —	\$ 14,346



December 31, 2020				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 1,419,269	\$ 212,259	\$ —	\$ 1,631,528
Unlisted stocks	—	253,519	565,739	819,258
Derivative not designated as a hedging instrument	—	372,226	—	372,226
	<u>\$ 1,419,269</u>	<u>\$ 838,004</u>	<u>\$ 565,739</u>	<u>\$ 2,823,012</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 255,968	\$ —	\$ —	\$ 255,968
Unlisted stocks	—	30,066	660,137	690,203
	<u>\$ 255,968</u>	<u>\$ 30,066</u>	<u>\$ 660,137</u>	<u>\$ 946,171</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 127,753	\$ —	\$ 127,753
	<u>\$ —</u>	<u>\$ 127,753</u>	<u>\$ —</u>	<u>\$ 127,753</u>
March 31, 2020				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 929,869	\$ —	\$ —	\$ 929,869
Unlisted stocks	—	419,757	546,849	966,606
Derivative not designated as a hedging instrument	—	184,829	—	184,829
	<u>\$ 929,869</u>	<u>\$ 604,586</u>	<u>\$ 546,849</u>	<u>\$ 2,081,304</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 178,206	\$ —	\$ —	\$ 178,206
Unlisted stocks	—	—	711,956	711,956
	<u>\$ 178,206</u>	<u>\$ —</u>	<u>\$ 711,956</u>	<u>\$ 890,162</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 36,497	\$ —	\$ 36,497
	<u>\$ —</u>	<u>\$ 36,497</u>	<u>\$ —</u>	<u>\$ 36,497</u>

ii. The transfer between Level 1 and Level 2.

There were no transfers between Level 1 and 2 for the three months ended March 31, 2021 and 2020, respectively.

iii. Reconciliation of Level 3 fair value measurements of financial assets

Reconciliations for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31, 2021		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	\$ 660,137	\$ 565,739	\$ 1,225,876
Purchases	—	32,266	32,266
Capital reduction	(8,297)	—	(8,297)
Recognized in other comprehensive income	(1,886)	—	(1,886)
Level 3 transfers out	—	(48,400)	(48,400)
Effect of exchange rate changes	85	460	545
Balance at March 31, 2021	<u>\$ 650,039</u>	<u>\$ 550,065</u>	<u>\$ 1,200,104</u>

	Three Months Ended March 31, 2020		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	\$ 720,574	\$ 521,283	\$ 1,241,857
Purchases	—	24,214	24,214
Capital reduction	(7,365)	—	(7,365)
Recognized in other comprehensive income	(15,165)	—	(15,165)
Effect of exchange rate changes	13,912	1,352	15,264
Balance at March 31, 2020	<u>\$ 711,956</u>	<u>\$ 546,849</u>	<u>\$ 1,258,805</u>

iv. Quantitative information of fair value measurement of significant unobservable inputs (level 3)

March 31, 2021	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI – current and noncurrent	\$ 650,039	Net asset approach The latest issue	N/A	N/A	N/A
Financial assets at FVTPL – current and noncurrent	\$ 550,065	final price and Issuance of common stock for cash	N/A	N/A	N/A
<hr/>					
March 31, 2020					
Financial assets at FVTOCI – current and noncurrent	\$ 711,956	Net asset approach The latest issue	N/A	N/A	N/A
Financial assets at FVTPL – current and noncurrent	\$ 546,849	final price and Issuance of common stock for cash	N/A	N/A	N/A

(d)Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 3,708,424	\$ 2,906,624	\$ 3,644,640
Notes receivable and trade receivables	4,080,319	3,605,419	2,689,229
Other receivables	89,351	51,430	80,202
Refundable deposits	97,472	101,659	149,770
Financial assets at amortized cost	398,238	333,031	206,490
Financial assets at FVTPL (current and non-current)	3,182,323	2,823,012	2,081,304
Financial assets at fair value through other comprehensive income (current and non-current)	954,880	946,171	890,162
<u>Financial liabilities</u>			
Financial liabilities at FVTPL (current and non-current))			
	14,346	127,753	36,497

Financial liabilities at amortized cost

Short-term borrowings	6,085,756	4,522,706	4,215,506
Short-term notes and bills payable	504,929	454,930	755,000
Notes payable and trade payables	609,767	667,463	570,938
Other payables	576,780	725,608	383,066
Bonds payable (including current portion)	1,500,000	1,500,000	500,000
Long-term borrowings (including current portion)	7,936,017	7,049,642	5,239,320
Guarantee deposits	37,015	29,785	39,130

**36. Related Party Transactions**

**(a) The name of the company and its relationship with the Corporation.**

Company	Relationship
AD ENGINEERING CORPORATION	Associates
JUNG SHING WIRE CO., LTD.	Associates
HENGST TECHNOLOGY CO., LTD.	Associates
AMIT SYSTEM SERVICE LTD.	Associates
TECO(Vietnam) Electric & Machinery CO., LTD.	Associates
FURUKAWA ELECTRIC CO., LTD.	Other related parties
TA AN PRECISION CO., LTD.	Other related parties
Shen Shang Hung	Other related parties
Shen San Yi	Other related parties
Shen Shang Pang	Other related parties
Shen Shang Tao	Other related parties
Green inside	Other related parties
PACIFIC ELECTRIC WIRE&CABLE CO., LTD.	Joint venture

**(b) Significant related party transactions**

**Sales**

Related Parties	For The Three Months Ended March 31	
	2021	2020
Associates	\$ 80,219	\$ 59,058
Joint venture	32,821	57,738
Others	—	1,011
	<u>\$ 113,040</u>	<u>\$ 117,807</u>

Prices and credit terms for such sales were similar to those given to third parties.

**Purchases**

Related Parties	For The Three Months Ended March 31	
	2021	2020
Joint venture	\$ 7,871	\$ —
Others	—	451
	<u>\$ 7,871</u>	<u>\$ 451</u>

Prices and credit terms for such purchases were similar to those given to third parties.

**Others**

	Related Parties	For The Three Months Ended March 31	
		2021	2020
Manufacturing overhead	Other related parties	\$ 1,552	\$ 700
	Associates	—	307
		<u>\$ 1,552</u>	<u>\$ 1,007</u>
	Related Parties	For The Three Months Ended March 31	
		2021	2020
Operating expenses	Other related parties	\$ 2,926	\$ 1,362
	Associates	24	6
		<u>\$ 2,950</u>	<u>\$ 1,368</u>
Other income	Other related parties	\$ 57	\$ 85
	Associates	253	251
		<u>\$ 310</u>	<u>\$ 336</u>
Other gains and losses	Other related parties	\$ 45	\$ 54
	Associates	55	56
		<u>\$ 100</u>	<u>\$ 110</u>

**Property exchange**

Related Parties	Item	For The Three Months Ended March 31	
		2021	2020
Associates	Machinery and equipment	\$ 2,400	\$ —
HENGST TECHNOLOGY CO., LTD.	Machinery and equipment	515,050	7,328
		<u>\$ 517,450</u>	<u>\$ 7,328</u>

The Group signed a contract with HENGST TECHNOLOGY CO., LTD. for solar system development services and project construction. As of March 31, 2021, the portion of the contracts not yet recognized was \$827,694 thousand.

**(c) Receivables and payables arising from the above transactions were as follows:**

**Receivables**

	Related Parties	March 31, 2021	December 31, 2020	March 31, 2020
(1) Notes receivable	Associates	\$ 279	\$ —	\$ 6,228
	Joint venture	18,271	—	54,562
		<u>\$ 18,550</u>	<u>\$ —</u>	<u>\$ 60,790</u>
		March 31, 2021	December 31, 2020	March 31, 2020
(2) Accounts receivable	Associates	\$ 45,679	\$ 56,811	\$ 23,249
	Joint venture	7,252	10,000	—
	Other related parties	14	2,067	1,111
		<u>\$ 52,945</u>	<u>\$ 68,878</u>	<u>\$ 24,360</u>
(3) Other receivables	HENGST TECHNOLOGY CO., LTD.	\$ 17,875	\$ —	\$ —
		<u></u>	<u></u>	<u></u>

**Payables**

	Related Parties	March 31, 2021	December 31, 2020	March 31, 2020
(1) Notes payable	Other related parties	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>
		March 31, 2021	December 31, 2020	March 31, 2020
(2) Accounts payable	Joint venture	\$ 484	\$ 2,665	\$ —
	Other related parties	2,152	3,697	1,305
		<u>\$ 2,636</u>	<u>\$ 6,362</u>	<u>\$ 1,305</u>
		March 31, 2021	December 31, 2020	March 31, 2020
(3) Other payables	HENGST TECHNOLOGY CO., LTD.	\$ 141,953	\$ 57,159	\$ 81,931
	Other related parties	3,236	3,266	1,674
		<u>\$ 145,189</u>	<u>\$ 60,425</u>	<u>\$ 83,605</u>

**Other non-current assets**

Related Parties	March 31,2021	December 31,2020	March 31,2020
HENGST TECHNOLOGY CO., LTD.	\$ —	\$ —	\$ 144,603

**Contract liabilities**

Related Parties	March 31,2021	December 31,2020	March 31,2020
Joint venture	\$ 570	\$ 1,870	\$ 2,826

**Guarantee deposits**

Related Parties	March 31,2021	December 31,2020	March 31,2020
Associates	\$ 254	\$ 254	\$ 254
Other related parties	57	57	57
	\$ 311	\$ 311	\$ 311

**(d) Key management personnel compensation disclosure**

Item	For The Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 20,917	\$ 21,470
Post-employment benefits	1,132	1,174
	\$ 22,049	\$ 22,644

The Company's key management personnel include directors, supervisors, president, general manager and financial director.

Please refer to Annual Report for related information of key management personnel compensation.

**37.Mortgage Assets**

As of March 31, 2021, December 31, 2020 and March 31, 2020, certain assets were pledged as collateral to secure debts and engineering performance bond. The net book value of such assets as of March 31, 2021, December 31, 2020 and March 31, 2020 were summarized as follows:

	March 31,2021		December 31,2020		March 31,2020	
	Number of shares	Original cost	Number of shares	Original cost	Number of shares	Original cost
Investments accounted for using equity method —						
Jung Shing Wire Co., Ltd	<u>28,200,000</u>	<u>\$ 356,213</u>	<u>28,200,000</u>	<u>\$ 356,213</u>	<u>28,200,000</u>	<u>\$ 356,213</u>
Financial assets at fair value through other comprehensive income—						
Sun Ba Power Corporation	<u>30,000,000</u>	<u>\$ 464,250</u>	<u>30,000,000</u>	<u>\$ 464,250</u>	<u>30,000,000</u>	<u>\$ 464,250</u>
Sub-subsidiary stock—						
SIN JHONG SOLAR POWER CO., LTD.	<u>80,000,000</u>	<u>\$ 800,000</u>	<u>80,000,000</u>	<u>\$ 800,000</u>	<u>—</u>	<u>\$ —</u>

	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment—			
Land (include revaluation increments)	\$ 1,181,397	\$ 1,181,397	\$ 1,195,282
Buildings, net	217,369	221,916	192,761
Machinery and equipment, net	<u>1,363,777</u>	<u>1,383,702</u>	<u>1,414,306</u>
	<u>\$ 2,762,543</u>	<u>\$ 2,787,015</u>	<u>\$ 2,802,349</u>
	March 31, 2021	December 31, 2020	March 31, 2020
Investment property-land	<u>\$ 700,698</u>	<u>\$ 700,737</u>	<u>\$ 696,351</u>
Refundable deposits	<u>\$ 97,472</u>	<u>\$ 101,659</u>	<u>\$ 149,770</u>
Other current assets—			
Mortgage demand deposits	<u>\$ 10,588</u>	<u>\$ 10,588</u>	<u>\$ 444,365</u>
Other non-current assets—			
Mortgage demand deposits	<u>\$ 775,062</u>	<u>\$ 521,766</u>	<u>\$ 109,469</u>
Right-of-use assets—Land	<u>\$ 13,422</u>	<u>\$ 13,524</u>	<u>\$ 13,462</u>



### **38.Commitments And Contingent Liabilities**

Significant contingent liabilities and unrecognized commitments of the Company as of the end of the reporting period, excluding those disclosed in other notes, were as follows :

- (a) As of March 31, 2021, TA YA had outstanding usance letters of credit amounting to approximately \$11,914 thousand (USD\$133 thousand and JPY\$31,250 thousand).
- (b) TA YA pledged guarantee deposits amounting to \$198,654 thousand due to the wire and cable installation project.
- (c) The balance of deposit guarantee notes due to taking out bank loans, issuing letter of credit guarantee, endorsement guarantee, and commercial paper was \$3,398,048 thousand.
- (d) TA YA and CUPRIME MATERIAL entered into contracts of copper procurement with 28,250 ton.
- (e) TA HO engaged into a contract of wire and cable installation project with the amount of \$75,016 thousand. As of March 31, 2021, \$65,336 thousand had not been paid.
- (f) TA YA, HENG YA ELECTRIC (DONGGUAN) and HENG YA ELECTRIC (KUNSHAN) entered into contracts of machinery, equipment and construction in progress procurement with the amount of \$217,610 thousand. As of March 31, 2021, \$43,515 thousand had not been paid.
- (g) TA HO ENGINEERING, CO., LTD. With FURUKAWA ELECTRIC CO., LTD. signed a long-term technical consultant contract, promising to pay USD 7 thousand per month, and the total amount to be paid in the next year is USD 84 thousand.
- (h) SIN JHONG, BOSI, BRAVO, TOUCH and TA YA GREEN signed a contract with HENGST TECHNOLOGY CO., LTD. for solar system development services and project construction. As of March 31, 2021, the portion of the contracts not yet recognized was \$827,694 thousand.
- (i) Refer to Note32 for information relating to endorsements/guarantees provided.

### **39.Significant Losses From Disasters : N/A**

### **40.Significant Subsequent Events : N/A**

## **41. Segment Information**

### **a. Basic information**

#### **1) Classification**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

##### **(1) Electric wire & cable**

The segment mainly engages in the manufacturing and sale of electric wire & cable.

##### **(2) Solar power plants**

The segment mainly engages in the development of solar power plants for renewable energy.

#### **2) Estimates of operating segment income and expenses, assets and liabilities**

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by income before income tax and is the basis for assessment of segment performance. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under the equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by operating decision-makers.

#### **3) Identification of operating segments**

The reported operating segments are classified according to the different products and services that are managed separately because they use different technology and selling strategies.

b. Financial information

1) Segment revenues and results

	Three Months Ended March 31, 2021		
	Electric wire & cable	Solar power plants	Total
Revenue from			
external customers	\$ 5,958,141	\$ 53,510	\$ 6,011,651
Operating profit	344,240	18,281	362,521
Net non-operating income (expenses)			
Net interest income (expenses)			(50,422 )
Dividend income			860
Share of profits of associates accounted for using the equity method			20,611
Gain on disposal of property, plant and equipment			912
Gain on disposal of investments			14,617
Net foreign exchange gain			13,245
Net gain of financial assets and liabilities at fair value through profit or loss			170,725
Other gains			13,773
Consolidated income before income tax			546,842

	Three Months Ended March 31,2020		
	Electric wire & cable	Solar power plants	Total
Revenue from			
external customers	\$ 3,914,166	\$ 42,845	\$ 3,957,011
Operating profit	22,127	15,005	37,132
Net non-operating			
income (expenses)			
Net interest income (expenses)			(51,527)
Dividend income			1,085
Share of profits of associates			
accounted for using the			
equity method			6,843
Gain on disposal of property,			
plant and equipment			(393)
Gain on disposal of investments			73,767
Gain on disposal of associates			
accounted for using the			
equity method			1,442
Net foreign exchange gain			4,435
Net gain of financial assets and			
liabilities at fair value			
through profit or loss			150,354
Other gains			16,788
Consolidated income			
before income tax			239,926

2) Segment assets and liabilities

	Electric wire & cable	Solar power plants	Total
Segment assets			
March 31,2021	\$ 21,765,182	\$ 6,910,407	\$ 28,675,589
March 31,2020	\$ 18,914,809	\$ 2,489,518	\$ 21,404,327
Segment liabilities			
March 31,2021	\$ 14,259,426	\$ 4,611,605	\$ 18,871,031
March 31,2020	\$ 11,343,008	\$ 1,489,419	\$ 12,832,427

c. Geographical information

Three Months Ended March 31, 2021				
	Taiwan	Asia	Consolidated write-off	Total
Segment Revenue				
Revenue from				
External Customers	\$ 4,533,396	\$ 2,142,875	\$ (664,620)	\$ 6,011,651
Interest income	1,370	4,021	(1,327)	4,064
	<u>\$ 4,534,766</u>	<u>\$ 2,146,896</u>	<u>\$ (665,947)</u>	<u>\$ 6,015,715</u>
Segment Profit and Loss	\$ 703,027	\$ 52,571	\$ (208,756)	\$ 546,842
Non-current Assets	\$ 10,106,842	\$ 1,099,300	\$ (70,517)	\$ 11,135,625
Segment total assets	<u>\$ 30,815,312</u>	<u>\$ 5,501,623</u>	<u>\$ (7,641,346)</u>	<u>\$ 28,675,589</u>
Three Months Ended March 31, 2020				
	Taiwan	Asia	Consolidated write-off	Total
Segment Revenue				
Revenue from				
External Customers	\$ 3,179,356	\$ 1,214,764	\$ (437,109)	\$ 3,957,011
Interest income	2,199	6,468	(594)	8,073
	<u>\$ 3,181,555</u>	<u>\$ 1,221,232</u>	<u>\$ (437,703)</u>	<u>\$ 3,965,084</u>
Segment Profit and Loss	\$ 261,186	\$ (5,316)	\$ (16,574)	\$ 239,296
Non-current Assets	\$ 5,958,439	\$ 845,945	\$ (28,099)	\$ 6,776,285
Segment total assets	<u>\$ 22,053,227</u>	<u>\$ 5,031,284</u>	<u>\$ (5,680,184)</u>	<u>\$ 21,404,327</u>

d. Major customer information

For the Three Months Ended March 31, 2021 and 2020, there was no other individual customer exceeded 10% of the Group's operating revenue.