

TA YA ELECTRIC WIRE & CABLE CO., LTD.

Parent Company Only

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

TA YA ELECTRIC WIRE & CABLE CO., LTD.

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群智聯合會計師事務所
SOLOMON & CO., CPAs

INDEPENDENT AUDITORS' 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 audited the accompanying parent company only financial statements of Ta Ya Electric Wire & Cable Co., Ltd (the Company), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the financial statement as of and for the year ended December 31, 2021 and 2020 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year

ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

Loss allowance of accounts receivable

The recognition of the loss allowance of accounts receivable is based on the customer's credit quality, situation of collecting payments, and future economic conditions. Since the expected credit loss ratio involves subjective judgments and significant estimates of managements, the loss allowance of accounts receivable is identified as a key audit matter. The book value of accounts receivable please refer to Notes 9 to the parent company's financial statements.

Our audit procedures consisted of obtaining the management's assessment information of expected credit loss ratio and assess that whether such assumptions is reasonable; recalculating the appropriateness of the recognition of expected credit loss of accounts receivable based on the above expected credit loss ratio; and inspecting specific customers which amount is significant and the reason for not receiving payment. We use above procedures to confirm whether the expected credit loss of accounts receivable have recognized sufficiently.

Inventory evaluation

The company assesses impairment of material based on lower of cost or net realizable value evaluation, and valuation of the inventory is mainly affected by the international copper price, but the international copper market price fluctuations frequently. Since inventory evaluation involves the management's significant judgment, inventory evaluation its assessment is identified as a key audit matter.

The book value of Inventories please refer to Notes 10 to the parent company's financial statements.

Our audit procedures in response to the abovementioned key audit matter were obtaining information pertaining to the lower of cost or net realizable value (LCNRV), sampling projected pricing information and the most recent sales record to assess the reasonableness of the judgment on the LCNRV, and comparing the year-end quantity of inventory items with the inventory count reports to confirm the existence and completeness of the inventory. Moreover, by attending year-end inventory counting, we assessed the condition of inventory and evaluated the adequacy of inventory provisions for obsolete goods.

Other Matter

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those

financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information, is based solely on the audit reports of other independent accountants. Total assets of these subsidiaries and investments amounted to NT\$1,991,966 thousand and NT\$1,895,740 thousand, representing 9.67% and 12.15% of the related totals, as of December 31, 2021 and 2020, respectively, and total operating revenues of NT\$ 210,472 thousand and NT\$261,128 thousand, constituting 14.81% and 29.70% of the related totals for the years then ended, respectively.

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

Management is responsible for preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional

skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Solomon & Co., CPAs

March 30, 2022

Notice to Readers

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.

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (notes 4 and 6)	\$ 2,044,752	9.9	\$ 1,257,156	8.1
Financial assets at fair value through profit or loss (notes 4, 7 and 32)	1,111,282	5.4	577,080	3.7
Contract assets	33,432	0.2	42,718	0.3
Notes receivable, net (notes 4, 9 and 33)	182,504	0.9	84,351	0.5
Accounts receivable, net (notes 4, 9 and 33)	1,517,704	7.4	1,131,949	7.3
Other receivables (note 33)	61,792	0.3	120,216	0.8
Inventories, net (notes 4 and 10)	2,474,769	12.0	1,777,040	11.4
Inventories (Construction), net (notes 4 and 10)	92,402	0.4	225,370	1.4
Prepayments (note 33)	110,328	0.5	25,417	0.2
Other current assets (note 33 and 34)	4,062	—	3,787	—
Total current assets	<u>7,633,027</u>	<u>37.0</u>	<u>5,245,084</u>	<u>33.7</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (notes 4, 7 and 32)	614,838	3.0	405,378	2.6
Financial assets at fair value through other comprehensive income (notes 4, 8, 32 and 34)	911,981	4.4	811,528	5.2
Investments accounted for using equity method (notes 4, 11 and 34)	7,893,770	38.3	5,844,166	37.4
Property, plant and equipment (notes 4, 12 and 34)	2,271,680	11.0	2,285,519	14.6
Right-of-use assets (notes 4 and 13)	19,871	0.1	13,454	0.1
Investment Property, net (notes 4, 14 and 34)	897,287	4.4	899,918	5.8
Deferred income tax assets (notes 2 and 23)	—	—	7,562	—
Prepayments for equipment	76,562	0.4	9,292	0.1
Refundable deposits (note 34)	32,182	0.2	29,175	0.2
Net defined benefit asset (note 19)	19,230	0.1	4,921	—
Other non-current assets (note 34)	225,465	1.1	50,004	0.3
Total noncurrent assets	<u>12,962,866</u>	<u>63.0</u>	<u>10,360,917</u>	<u>66.3</u>
TOTAL	<u><u>\$ 20,595,893</u></u>	<u><u>100.0</u></u>	<u><u>\$ 15,606,001</u></u>	<u><u>100.0</u></u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (note 15)	\$ 2,113,116	10.3	\$ 1,579,287	10.1
Short-term notes and bills payable (note 16)	500,000	2.4	400,000	2.6
Financial liabilities at fair value through profit or loss (notes 4 and 7)	9,545	—	112,388	0.7
Contract liabilities (note 33)	190,242	0.9	125,358	0.8
Notes payable	7,072	—	1,354	—
Accounts payable (note 33)	469,673	2.3	486,054	3.1
Other payables (note 33)	409,429	2.0	303,349	2.0
Income tax payable (note 23)	41,350	0.2	18,038	0.1
Lease liabilities (notes 4 and 12)	7,288	—	6,067	—
Receipts in advance (note 33)	2,187	—	1,110	—
Current portion of long-term loans (notes 17 and 18)	900,000	4.4	636,667	4.1
Other current liabilities	47,817	0.2	23,967	0.2
Total current liabilities	<u>4,697,719</u>	<u>22.7</u>	<u>3,693,639</u>	<u>23.7</u>
NONCURRENT LIABILITIES				
Bonds payable (note 17)	2,628,394	12.8	1,500,000	9.6
Long-term loans (note 18)	3,035,000	14.7	2,346,667	15.0
Deferred income tax liabilities (note 23)	353,669	1.7	264,486	1.7
Lease liabilities (notes 4 and 12)	12,657	0.1	7,323	—
Guarantee deposits (note 33)	57,173	0.3	27,310	0.2
Other noncurrent liabilities	643	—	665	—
Total noncurrent liabilities	<u>6,087,536</u>	<u>29.6</u>	<u>4,146,451</u>	<u>26.5</u>
Total liabilities	<u>10,785,255</u>	<u>52.3</u>	<u>7,840,090</u>	<u>50.2</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (note 20)				
Share capital	6,458,954	31.5	5,950,680	38.1
Capital surplus	1,136,808	5.5	602,220	3.9
Retained earnings				
Appropriated as legal capital reserve	213,846	1.0	137,749	0.9
Appropriated as special capital reserve	147,555	0.7	147,555	0.9
Unappropriated earnings (accumulated deficits)	1,999,744	9.7	1,088,298	7.0
Total retained earnings	<u>2,361,145</u>	<u>11.4</u>	<u>1,373,602</u>	<u>8.8</u>
Others	(110,704)	(0.5)	(125,666)	(0.8)
Treasury stock (notes 4 and 21)	(35,565)	(0.2)	(34,925)	(0.2)
Total equity	<u>9,810,638</u>	<u>47.7</u>	<u>7,765,911</u>	<u>49.8</u>
TOTAL	<u><u>\$ 20,595,893</u></u>	<u><u>100.0</u></u>	<u><u>\$ 15,606,001</u></u>	<u><u>100.0</u></u>

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2022)*

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET REVENUE (notes 25)	\$ 13,419,090	100.0	\$ 8,940,088	100.0
COST OF REVENUE (notes 10, 19, 26, and 33)	12,314,789	91.8	8,359,802	93.5
GROSS PROFIT	1,104,301	8.2	580,286	6.5
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	24,269	0.1	30,761	0.4
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	2,480	—	—	—
REALIZED GROSS PROFIT	1,082,512	8.1	549,525	6.1
OPERATING EXPENSES (notes 19, 26, and 33)				
Sales and marketing	142,300	1.1	117,605	1.3
General and administrative	523,710	3.9	409,960	4.6
Research and development	42,445	0.3	67,013	0.7
Expected credit loss (gains)	10,000	0.1	7,732	0.1
Total Operating Expenses	718,455	5.4	602,310	6.7
INCOME FROM OPERATIONS	364,057	2.7	(52,785)	(0.6)
NON-OPERATING INCOME AND EXPENSES				
Interest income (note 27 and 33)	1,897	—	2,212	—
Other income (note 28 and 33)	194,372	1.4	190,359	2.1
Other gains and losses (note 29 and 33)	171,949	1.3	249,192	2.8
Finance costs (note 30)	(93,799)	(0.7)	(73,796)	(0.8)
Share of profit associates (note 11)	892,337	6.7	610,611	6.8
Total non-operating Income and expenses	1,166,756	8.7	978,578	10.9
INCOME BEFORE INCOME TAX	1,530,813	11.4	925,793	10.3
INCOME TAX EXPENSE (notes 23)	(122,045)	(0.9)	(75,748)	(0.8)
NET INCOME	\$ 1,408,768	10.5	\$ 850,045	9.5
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (note 19)	(6,800)	(0.1)	2,469	—
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	34,803	0.3	68,417	0.7
Share of other comprehensive income (loss) of associates	1,949	—	(1,703)	—
Income tax relating to items that will not be reclassified subsequently to profit or loss (notes 23)	(6,380)	—	(9,011)	(0.1)
	23,572	0.2	60,172	0.6
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(10,223)	(0.1)	(28,490)	(0.3)
Share of the other comprehensive income of associates accounted for using the equity method	(3,195)	—	(8,169)	(0.1)
Income tax benefit related to items that will not be reclassified subsequently (notes 23)	2,044	—	5,698	0.1
	(11,374)	(0.1)	(30,961)	(0.3)
Other comprehensive income (loss) for the year , net of income tax	12,198	0.1	29,211	0.3
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ 1,420,966	10.6	\$ 879,256	9.8
EARNINGS PER SHARE (NT\$,notes 24)				
Basic	\$ 2.30		\$ 1.41	
Diluted	\$ 2.29		\$ 1.41	

The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2022)

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	<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>Total Equity</i>
Balance at January 1, 2020	595,068,022	\$ 5,950,680	\$ 531,117	\$ 87,245	\$ 147,555	\$ 556,359	\$ (183,063)	\$ 36,775	\$ (30,872)	\$ 7,095,796
Appropriation of 2020 earnings										
Legal reserve used to offset accumulated deficit	—	—	—	50,504	—	(50,504)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	—	(178,521)	—	—	—	(178,521)
Share of changes in net assets of associates accounted for using equity method	—	—	90	—	—	(500)	—	—	—	(410)
Net income in 2020	—	—	—	—	—	850,045	—	—	—	850,045
Other comprehensive income in 2020, net of income tax	—	—	—	—	—	(10,956)	(30,961)	71,128	—	29,211
Treasury stock repurchase	—	—	—	—	—	—	—	—	(54,141)	(54,141)
Disposal of the Company's shares held by subsidiaries	—	—	2,625	—	—	—	—	—	1,557	4,182
Adjustments for dividends subsidiaries received from parent company	—	—	2,404	—	—	—	—	—	—	2,404
The difference between the fair value of the consideration paid from acquiring subsidiaries and the carrying amounts of the subsidiaries	—	—	—	—	—	(97,100)	—	—	—	(97,100)
Changes in subsidiaries ownership	—	—	10,269	—	—	3,141	—	(3,211)	—	10,199
Share-based payments	—	—	55,715	—	—	—	—	—	54,141	109,856
Disposal of investments in equityinstruments at fair value through othercomprehensive income	—	—	—	—	—	16,334	—	(16,334)	—	—
Others	—	—	—	—	—	—	—	—	(5,610)	(5,610)
Balance at December 31, 2020	595,068,022	5,950,680	602,220	137,749	147,555	1,088,298	(214,024)	88,358	(34,925)	7,765,911
Appropriation of 2021 earnings										
Legal reserve used to offset accumulated deficit	—	—	—	76,097	—	(76,097)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	—	(208,274)	—	—	—	(208,274)
Stock dividends	20,827,380	208,274	—	—	—	(208,274)	—	—	—	—
Capital surplus used to offset accumulated deficits	—	—	163,671	—	—	—	—	—	—	163,671
Share of changes in net assets of associates accounted for using equity method	—	—	226	—	—	(1,890)	—	—	—	(1,664)
Net income in 2021	—	—	—	—	—	1,408,768	—	—	—	1,408,768
Other comprehensive income in 2021, net of income tax	—	—	—	—	—	(19,182)	(11,374)	42,754	—	12,198
Issuance of ordinary shares for cash	30,000,000	300,000	330,000	—	—	—	—	—	—	630,000
Purchase of the Corporation's shares by subsidiaries	—	—	—	—	—	—	—	—	(2,965)	(2,965)
Disposal of the Company's shares held by subsidiaries	—	—	7,121	—	—	—	—	—	2,325	9,446
Adjustments for dividends subsidiaries received from parent company	—	—	2,463	—	—	—	—	—	—	2,463
Changes in subsidiaries ownership	—	—	(618)	—	—	(23)	—	—	—	(641)
Share-based payments	—	—	31,725	—	—	—	—	—	—	31,725
Disposal of investments in equityinstruments at fair value through othercomprehensive income	—	—	—	—	—	16,418	—	(16,418)	—	—
Balance at December 31, 2021	645,895,402	\$ 6,458,954	\$ 1,136,808	\$ 213,846	\$ 147,555	\$ 1,999,744	\$ (225,398)	\$ 114,694	\$ (35,565)	\$ 9,810,638

The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2022)

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,530,813	\$ 925,793
Adjustments for :		
Depreciation expense	123,896	119,319
Expected credit loss	10,000	7,732
Net gain of financial assets and liabilities at fair value through profit or loss	(437,712)	(416,657)
Finance costs	93,799	73,796
Interest income	(1,897)	(2,212)
Dividend income	(78,400)	(77,550)
Shared-based payment expenses recognized	31,725	37,442
Share of profits of associates	(892,337)	(610,611)
Gain on disposal of property, plant and equipment	(1,486)	(925)
Property, plant and equipment transferred to expenses	3,731	3,749
Gain on disposal of investment property	—	(301)
Gain on disposal of investments	(113,365)	(9,385)
Unrealized gain on the transactions with subsidiaries and associates	24,269	30,761
Realized gain on the transactions with subsidiaries	(2,480)	—
Income and expense adjustments	<u>(1,240,257)</u>	<u>(844,842)</u>
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(300,948)	(31,691)
Contract assets	9,286	123,586
Notes receivable	(98,153)	13,895
Accounts receivable	(395,755)	(60,431)
Other receivables	(11,954)	7,108
Inventories	(564,761)	53,866
Prepayments	(83,698)	3,888
Other current assets	(507)	(1,911)
Contract liabilities	64,884	88,447
Notes payable	5,718	(8,428)
Accounts payable	(16,381)	91,854
Other payables	105,524	69,836
Advance receipts	1,077	(2,795)
Other current liabilities	23,850	(5,684)
Net defined benefit liability	(21,109)	(39,673)
Total changes in operating assets and liabilities	<u>(1,282,927)</u>	<u>301,867</u>
Total adjustments	<u>(2,523,184)</u>	<u>(542,975)</u>
Cash (used in) generated from operations	(992,371)	382,818
Interest received	2,340	1,944
Interest paid	(91,729)	(73,337)
Income tax paid	<u>(5,736)</u>	<u>(25,220)</u>
Net cash (used in) generated from operating activities	<u>(1,087,496)</u>	<u>286,205</u>

(Continued)

TA YA ELECTRIC WIRE & CABLE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial asset at fair value through other comprehensive income	(94,550)	(83,535)
Proceeds from disposal of financial asset at fair value through other comprehensive income	28,900	47,895
Purchase of associates under the equity method	(88,564)	—
Acquisition of property, plant and equipment (including prepayments for equipment)	(174,384)	(95,022)
Proceeds from disposal of property, plant and equipment	3,781	1,416
Decrease (increase) in refundable deposits	(3,007)	(380)
Decrease (increase) in other receivables	70,000	(80,000)
Proceeds from disposal of investment property	—	1,000
Dividend received	221,756	203,632
Increase in mortgage demand deposits	(175,817)	(50,004)
Net cash used in investing activities	<u>(211,885)</u>	<u>(54,998)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	533,829	614,395
Increase (decrease) in short-term notes and bills payable	100,000	(200,000)
Issuance of bonds payable	1,296,071	1,000,000
Proceeds from long-term bank loans	2,100,000	1,100,000
Repayment of long-term bank loans	(1,148,334)	(1,346,666)
Increase (decrease) in guarantee deposits	29,863	(13,860)
Repayment of principal of lease liabilities	(7,413)	(6,336)
Decrease in other noncurrent liabilities	—	(331)
Cash dividends	(208,274)	(178,521)
Issuance of ordinary shares for cash	630,000	—
Payments for buy-back of ordinary shares	—	(54,141)
Treasury stock sold to employees	—	54,175
Acquisition of subsidiaries	<u>(1,238,765)</u>	<u>(709,770)</u>
Net cash generated from financing activities	<u>2,086,977</u>	<u>258,945</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	787,596	490,152
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,257,156</u>	<u>767,004</u>
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	<u>\$ 2,044,752</u>	<u>\$ 1,257,156</u>

(Concluded)

The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 30, 2022)

TA YA ELECTRIC WIRE & CABLE CO., LTD.

Notes to Financial Statements

December 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 8,000,000 thousand, of which NTD 6,458,954 thousand was issued as of December 31, 2021. In December 1988, its shares were listed on Taiwan Stock Exchange (TSE).

2. The Authorization Of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 8, 2022.

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)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

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

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

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 -Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company’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.

Statement Of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

Operating Cycle

The operating cycle of manufacturing and sale of electric wire & cable is generally shorter than one year, and the classification of current or non-current is based on one year; the operating cycle of constructing, selling and renting of office and house buildings is generally longer than one year, and the classification of current or non-current is based on the operating cycle.

Classification Of Current and Noncurrent Assets And Liabilities

Current assets are assets expected to be converted to cash within one year from the end of the reporting period. Current liabilities are obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalent

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The time deposits which with original maturities of less than 3 months and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose are classified as cash equivalents.

Financial Instruments

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

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

a. Financial Assets

Measurement category

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

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

1) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or designated at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

2) Financial assets at amortized cost

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

- (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which are terminated before maturity are higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

3) Investments in debt instruments at FVTOCI

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

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

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

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will

result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income are recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

b. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized based on the proceeds received, net of direct issue costs.

Interest related to the financial liability is recognized in profit or loss under nonoperating income and expenses.

2) Financial liabilities at FVTPL

At initial recognition, financial liabilities in this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial

recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which take into account any interest expense, are recognized in profit or loss.

3) Other financial liabilities

Except for those held-for-trading or is designated at fair value through profit or loss, financial liabilities which comprise of short-term and long-term loans, and accounts and other payables, are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss.

4) Derecognition of financial liabilities

A financial liability is derecognized when the contractual obligation thereon has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Company has legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

6) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the

liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Derivative Financial Instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost at the end of the reporting period.

Investments Accounted for Using Equity Method

Investments accounted for using the equity method include investments in subsidiaries and associates.

a. Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transaction. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

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

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in these parent company only financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognized its share in the changes in the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to

capital surplus. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

When the Company transacts with an associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not owned by the Company.

Property, Plant and Equipment

Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives: land improvements 8 years; buildings 10-55 years; machinery and equipment 8-12 years; transportation equipment 5 years; other 5-12 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

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

a. The Company as lessor

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

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value

accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

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

b. The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or change in future lease payments

resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payments in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Investment Properties

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

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

Impairment Of Tangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group

of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Retirement Benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of providing benefit is recognized based on actuarial calculation.

For defined benefit retirement benefit plans, the cost of providing benefit is determined using the Projected Unit Credit Method, with actuarial calculations being carried out at year end. Actuarial gains and losses are reported in retained earnings in the period that they are recognized as other comprehensive income.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus - additional paid-in capital are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus - treasury stock transactions and to retained earnings for any remaining amount. The Company's stock held by its subsidiaries is treated as treasury stock and reclassified from

investments accounted for using equity method to treasury stock. The gains resulted from disposal of the treasury stock held by subsidiaries and cash dividends received by subsidiaries from the Company are recorded under capital surplus - treasury stock transactions.

Taxation

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

a. Current tax

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent

that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

c. Current and deferred tax for the year

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

Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the

average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

a. Sale of goods

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods are transferred to the customers as follows: domestic sales - when products are move out of the Company's premises for delivery to customers; exports - when products are loaded onto vessels. Revenues are recognized because the earning process is accomplished and revenue is realized or realizable.

Revenues are measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Company with customers. But if the related receivable is due within one year, the difference between its present value and undiscounted amount is immaterial, and sales transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash to be received. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

b. Construction contract revenue

As construction is in progress, the Company recognizes revenue from construction contract over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs or the units produced and installed relative to estimated total units under the

contract as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Company recognizes a contract liability for the difference. Certain amount retained by the customer as specified in the contract is intended to ensure that the subsidiaries adequately complete all their contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfy their performance obligations.

c. Revenue from the rendering of services

Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligation.

5. Critical Accounting Judgments And Key Sources Of Estimation And Uncertainty

In the application of the Company's accounting policies, which are described in Note 4., the directors are required to make judgments, estimates 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 to be 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the parent company only financial statements.

a. Impairment of financial assets

The Company always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

b. Valuation of financial instrument

The Company's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of listed equity instruments traded in emerging market and unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities, including assumptions based on unobservable market prices or rates.

c. Bonus to employees and directors' and supervisors' remuneration

After taking into consideration income tax rate and the legal reserve and other factors, the Company accrued the bonus payable to employees and the remuneration payable to directors and supervisors at the end date of reporting period in accordance with the required percentage prescribed in the Articles of Association and based on the estimated full-year pre-tax profit.

d. Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

e. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Please refer to Note 10.

As the net realizable value of inventories on balance sheet date is assessed to be lower than cost,

the Company writes down the cost of inventories to the net realizable value.

Therefore, there might be material changes to the evaluation.

f. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. Please refer to Note 19.

6.Cash And Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Petty cash	<u>\$ 4,398</u>	<u>\$ 3,750</u>
Cash in bank		
Checking accounts	749,214	404,971
Demand deposits	1,204,658	772,166
Foreign currency-demand deposits	86,482	76,269
Sub-total	<u>2,040,354</u>	<u>1,253,406</u>
Total	<u><u>\$ 2,044,752</u></u>	<u><u>\$ 1,257,156</u></u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at FVTPL - current		
Listed stocks	\$ 658,670	\$ 274,817
Metal commodities futures contract	160,369	—
	<u>819,039</u>	<u>274,817</u>
Valuation adjustment	292,243	302,263
	<u><u>\$ 1,111,282</u></u>	<u><u>\$ 577,080</u></u>
Financial assets at FVTPL - noncurrent		
Non-listed stock	\$ 81,401	\$ 50,941
Metal commodities futures contract	551,034	372,034
Valuation adjustment	(17,597)	(17,597)
	<u><u>\$ 614,838</u></u>	<u><u>\$ 405,378</u></u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities at FVTPL - current		
Metal commodities futures contract	\$ —	\$ 106,108
Foreign exchange forward contracts	2,945	6,280
Redemption options and put options of convertible bonds	6,600	—
	<u><u>\$ 9,545</u></u>	<u><u>\$ 112,388</u></u>

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

	Metric Tons	Maturity Date	Contract Amount	Fair Value	Gain (Loss) on Evaluate
<u>December 31, 2021</u>					
Buy	10,600	2022.01~2026.10	USD 76,165	USD 100,984	USD 24,819
Sell	5,600	2022.01~2022.03	USD 55,421	USD 54,536	USD 885
<u>December 31, 2020</u>					
Buy	5,400	2021.02~2023.06	USD 28,779	USD 41,819	USD 13,040
Sell	6,700	2021.01~2021.03	USD 48,301	USD 52,005	(USD 3,704)

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

	Currency	Maturity Date	Contract Amounts (Thousand)
<u>December 31, 2021</u>			
Buy	NTD/JPY	2021.10~2022.11	NTD 123,209/JPY 516,600
<u>December 31, 2020</u>			
Buy	NTD/USD	2020.06~2021.06	NTD 173,512/USD 6,092

- c. The Company's strategy for metal commodities futures and metal options 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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at fair value through other comprehensive income — non-current		
Listed shares and emerging market shares	\$ 158,064	\$ 125,995
Non-listed stock	668,757	618,757
Valuation adjustment	85,160	66,776
	<u>\$ 911,981</u>	<u>\$ 811,528</u>

9. Notes And Accounts Receivable, Net

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts receivable	\$ 1,734,749	\$ 1,240,841
Allowance for impairment loss	(34,541)	(24,541)
Notes and accounts receivable, net	<u>\$ 1,700,208</u>	<u>\$ 1,216,300</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 Company to make judgments on any change of credit quality from the beginning to the end of the credit term.

Before taking new customers, the company 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 Company executes Credit Rating.

The Company 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 Company 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 Company 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 Company 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:

<u>December 31, 2021</u>	<u>Non Past Due</u>	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit rate	0%~2%	0%~10%	0%~35%	0%~100%	100%	
Gross carrying amount	\$ 1,558,427	\$120,257	\$ 28,186	\$ 23,667	\$ 4,212	\$1,734,749
Loss allowance (Lifetime ECL)	(6,243)	(6,554)	(5,778)	(11,754)	(4,212)	(34,541)
Amortized cost	<u>\$ 1,552,184</u>	<u>\$113,703</u>	<u>\$ 22,408</u>	<u>\$ 11,913</u>	<u>\$ —</u>	<u>\$1,700,208</u>
<u>December 31, 2020</u>	<u>Non Past Due</u>	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61~365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Expected credit rate	0%~2%	2%~10%	10%~35%	30%~100%	100%	
Gross carrying amount	\$ 1,114,401	\$ 98,284	\$ 22,582	\$ 1,559	\$ 4,015	\$ 1,240,841
Loss allowance (Lifetime ECL)	(4,794)	(7,510)	(7,680)	(542)	(4,015)	(24,541)
Amortized cost	<u>\$ 1,109,607</u>	<u>\$ 90,774</u>	<u>\$ 14,902</u>	<u>\$ 1,017</u>	<u>\$ —</u>	<u>\$ 1,216,300</u>

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

	Years Ended December 31	
	2021	2020
Balance at January 1	\$ 24,541	\$ 16,809
Net measurement of loss allowance	10,000	7,732
Balance at December 31	<u>\$ 34,541</u>	<u>\$ 24,541</u>

10. Inventories, Net

a. Manufacturing

	December 31, 2021	December 31, 2020
Raw materials	\$ 547,937	\$ 296,497
Supplies	11,804	10,404
Work-in-process	672,410	400,671
Semi-finished goods	16,445	11,477
Finished goods	1,130,399	1,068,170
Inventory in transit	109,756	—
Total	2,488,751	1,787,219
Less: Allowance for inventory valuation losses	(13,982)	(10,179)
	<u>\$ 2,474,769</u>	<u>\$ 1,777,040</u>

b. Construction

	December 31, 2021	December 31, 2020
Land held for sale	\$ 8,924	\$ 71,880
Buildings held for sale	13,117	—
	22,041	71,880
Building and land in progress	69,062	69,062
Construction in progress	1,299	84,428
	70,361	153,490
	92,402	225,370
Less: Allowance for loss on decline in market value and obsolescence	—	—
	<u>\$ 92,402</u>	<u>\$ 225,370</u>

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

	Years Ended December 31	
	2021	2020
Cost of goods sold	\$ 12,309,801	\$ 8,365,765
Loss on physical inventory	1,185	3,179
(Reversal gain of) Write-down of inventories	3,803	(9,142)
	<u>\$ 12,314,789</u>	<u>\$ 8,359,802</u>

The reversal gain and loss of write-down of inventories in 2021 and 2020 were mainly because of the

rise and fall of the price of copper.

11. Investments Accounted For Using Equity Method

Investments accounted for using the equity method consisted of the following :

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 7,208,001	\$ 5,286,064
Associates	685,769	558,102
	<u>\$ 7,893,770</u>	<u>\$ 5,844,166</u>

a. Investments in subsidiaries

Subsidiaries consisted of the following :

Name of Subsidiaries	Carrying Amount		% of ownership and voting rights held by the Company	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Ta Ya (China) Holding Ltd.	\$ 833,274	\$ 619,407	100.00	100.00
Ta Ya Venture Holdings Ltd.	321,826	342,621	100.00	100.00
Ta Ya (Vietnam) Investment Holding Ltd.	406,934	426,591	100.00	100.00
Ta Ya Innovation Investment Co., Ltd.	707,225	522,476	100.00	100.00
Ta Ya Electric Wire & Cable (H.K.) Co., Ltd.	—	—	99.99	99.99
Ta Ya Venture Capital Co., Ltd.	1,527,421	1,212,188	96.87	96.87
Ta Heng Electric Wire & Cable Co., Ltd.	218,026	197,746	61.36	61.36
Ta Ho Engineering Co., Ltd.	33,193	28,957	48.00	48.00
Ta Yi Plastic Co., Ltd.	41,879	38,879	48.24	48.24
Cuprime Electric Wire & Cable Co., Ltd.	340,277	295,075	54.01	54.01
United Electric Industry Co., Ltd.	446,849	415,353	42.78	42.78
Plastic Technology Investment Holding Ltd.	66,693	62,527	25.60	25.60
TA YA Green Energy Technology Co., Ltd	2,127,610	1,110,603	85.00	88.06
Union Storage Energy System Ltd.	35,843	13,641	70.00	70.66
TA YA GENESIS CAPITAL CO., LTD.	99,963	—	100.00	—
Ta Ya Energy Storage Technology Co., Ltd.	988	—	100.00	—
	<u>\$ 7,208,001</u>	<u>\$ 5,286,064</u>		

- (1). Except for TA YA Electric Wire & Cable (H.K.) Co., Ltd., investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited.
- (2). The Company participated in the capital increase of TA YA GREEN ENERGY TECHNOLOGY CO., LTD. by cash in March 2021 and the investment amounted to 81,100 thousand shares. Because of being not according to the percentage of ownership, its percentage of ownership decreased to 85.00%.

- (3). The Company participated in the capital increase of Union Storage Energy System LTD. by cash in November 2021 and the investment amounted to 3,485 thousand shares. Because of being not according to the percentage of ownership, its percentage of ownership decreased to 70.00%.
- (4). TA YA GENESIS CAPITAL CO., LTD. and TA YA ENERGY STORAGE TECHNOLOGY CO., LTD. were investees newly invested in 2021.

b. Investments in associates

Associates consisted of the following :

Name of Associates	Carrying Amount		% of ownership and Voting Rights Held by the Company	
	December 31,	December 31,	December31,	December31,
	2021	2020	2021	2020
Ad Engineering Corporation	\$ 112,987	\$ 102,698	27.00	27.00
Jung Shing Wire Co., Ltd.	498,035	440,167	23.33	22.13
AMIT system service Ltd.	2,705	718	22.74	19.61
Hengs Technology Co., Ltd.	72,042	14,519	5.79	3.99
	<u>\$ 685,769</u>	<u>\$ 558,102</u>		

The summarized financial information in respect of the Company'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 Company using the equity method of accounting.

	December 31, 2021	December 31, 2020
Total assets	\$ 6,976,869	\$ 3,789,765
Total liabilities	(3,567,920)	(1,618,252)
Net assets	<u>\$ 3,408,949</u>	<u>\$ 2,171,513</u>

	Years Ended December 31	
	2021	2020
Net revenue	<u>\$ 4,664,928</u>	<u>\$ 5,049,449</u>
Net income	<u>\$ 509,246</u>	<u>\$ 537,954</u>
The Company's share of profits of associates	<u>\$ 70,751</u>	<u>\$ 40,174</u>

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

	December 31, 2021	December 31, 2020
Fair value	<u>\$ 602,246</u>	<u>\$ 472,446</u>

12. Property, Plant And Equipment

Year Ended December 31, 2021					
Cost	Balance, Beginning of Year	Additions	Disposals	Reclassification	Balance, End of Year
Land and land improvements	\$ 1,506,312	\$ 450	\$ —	\$ 3,900	\$ 1,510,662
Buildings	1,063,637	6,819	—	4,143	1,074,599
Machinery and equipment	2,730,286	6,415	(81,788)	88,446	2,743,359
Transportation equipment	51,018	192	(1,995)	835	50,050
Miscellaneous equipment	1,068,517	10,560	(29,388)	23,409	1,073,098
Construction in progress and equipment awaiting inspection	125,776	—	—	(42,999)	82,777
	<u>\$ 6,545,546</u>	<u>\$ 24,436</u>	<u>\$ (113,171)</u>	<u>\$ 77,734</u>	<u>\$ 6,534,545</u>

Year Ended December 31, 2021					
Accumulated depreciation and impairment	Balance, Beginning of Year	Additions	Impairment losses	Disposals	Balance, End of Year
Land and land improvements	\$ 10,736	\$ 2,780	\$ —	\$ —	\$ 13,516
Buildings	756,205	31,619	—	—	787,824
Machinery and equipment	2,526,898	46,168	—	(80,402)	2,492,664
Transportation equipment	42,086	2,244	—	(1,832)	42,498
Miscellaneous equipment	924,102	30,903	—	(28,642)	926,363
	<u>\$ 4,260,027</u>	<u>\$ 113,714</u>	<u>\$ —</u>	<u>\$ (110,876)</u>	<u>\$ 4,262,865</u>

Year Ended December 31, 2020

Cost	Balance, Beginning of	Additions	Disposals	Reclassification	Balance, End of Year
	Year				
Land and land improvements	\$ 1,506,312	\$ —	\$ —	\$ —	\$ 1,506,312
Buildings	1,055,914	4,686	(300)	3,337	1,063,637
Machinery and equipment	2,750,475	4,729	(45,265)	20,347	2,730,286
Transportation equipment	50,714	1,047	(897)	154	51,018
Miscellaneous equipment	1,032,966	12,321	(11,220)	34,450	1,068,517
Construction in progress and equipment awaiting inspection	111,521	—	—	14,255	125,776
	<u>\$ 6,507,902</u>	<u>\$ 22,783</u>	<u>\$ (57,682)</u>	<u>\$ 72,543</u>	<u>\$ 6,545,546</u>

Year Ended December 31, 2020

Accumulated depreciation and impairment	Balance, Beginning of	Additions	Impairment	Disposals	Balance, End of Year
	Year		losses		
Land and land improvements	\$ 8,170	\$ 2,566	\$ —	\$ —	\$ 10,736
Buildings	727,943	28,562	—	(300)	756,205
Machinery and equipment	2,524,946	47,217	—	(45,265)	2,526,898
Transportation equipment	40,374	2,507	—	(795)	42,086
Miscellaneous equipment	905,312	29,621	—	(10,831)	924,102
	<u>\$ 4,206,745</u>	<u>\$ 110,473</u>	<u>\$ —</u>	<u>\$ (57,191)</u>	<u>\$ 4,260,027</u>

The carrying amounts of property, plant and equipment pledged as collateral for bank loans were disclosed in Note 34.

13 Lease Arrangements

Year Ended December 31, 2021				
Cost	Balance, Beginning of Year	Additions	less	Balance, End of Year
Land	\$ —	\$ 6,886	\$ —	\$ 6,886
Buildings	—	253	—	253
Transportation equipment	25,032	6,829	—	31,861
Miscellaneous equipment	502	—	(502)	—
	<u>\$ 25,534</u>	<u>\$ 13,968</u>	<u>\$ (502)</u>	<u>\$ 39,000</u>
Accumulated depreciation	Balance, Beginning of Year	Additions	less	Balance, End of Year
Land	\$ —	\$ 55	\$ —	\$ 55
Buildings	—	126	—	126
Transportation equipment	11,665	7,283	—	18,948
Miscellaneous equipment	415	87	(502)	—
	<u>\$ 12,080</u>	<u>\$ 7,551</u>	<u>\$ (502)</u>	<u>\$ 19,129</u>
Year Ended December 31, 2020				
Cost	Balance, Beginning of Year	Additions	less	Balance, End of Year
Transportation equipment	\$ 25,032	\$ —	\$ —	\$ 25,032
Miscellaneous equipment	502	—	—	502
	<u>\$ 25,534</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,534</u>
Accumulated depreciation	Balance, Beginning of Year	Additions	less	Balance, End of Year
Transportation equipment	\$ 5,657	\$ 6,008	\$ —	\$ 11,665
Miscellaneous equipment	208	207	—	415
	<u>\$ 5,865</u>	<u>\$ 6,215</u>	<u>\$ —</u>	<u>\$ 12,080</u>

a. Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amounts		
Current	<u>\$ 7,288</u>	<u>\$ 6,067</u>
Non-current	<u>\$ 12,657</u>	<u>\$ 7,323</u>

Range of discount rate for lease liabilities is as follows:

	December 31, 2021	December 31, 2020
Land	1.45%	—
Buildings	3.54%	—
Transportation equipment	3.54%	3.54%
Miscellaneous equipment	3.54%	3.54%

b. Other lease information

	December 31, 2021	December 31, 2020
Expenses relating to short-term leases	\$ 1,698	\$ 336
Expenses relating to low-value asset leases	\$ —	\$ —
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ —	\$ —
Total cash outflow for leases	\$ (9,674)	\$ (7,268)

14. Investment Property

Year Ended December 31, 2021				
Cost	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Land	\$ 811,805	\$ —	\$ —	\$ 811,805
Buildings and improvements	144,013	—	—	144,013
	<u>\$ 955,818</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 955,818</u>

Year Ended December 31, 2021				
Accumulated depreciation	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Buildings and improvements	\$ 55,900	\$ 2,631	\$ —	\$ 58,531
	<u>\$ 55,900</u>	<u>\$ 2,631</u>	<u>\$ —</u>	<u>\$ 58,531</u>

Year Ended December 31, 2020				
Cost	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Land	\$ 812,504	\$ —	\$ (699)	\$ 811,805
Buildings and improvements	144,013	—	—	144,013
	<u>\$ 956,517</u>	<u>\$ —</u>	<u>\$ (699)</u>	<u>\$ 955,818</u>

Year Ended December 31, 2020				
Accumulated depreciation	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Buildings and improvements	\$ 53,269	\$ 2,631	\$ —	\$ 55,900

The fair value of the Company's investment properties was arrived at on the basis of valuation carried out on March 20, 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 :

	December 31, 2021	December 31, 2020
Fair value	<u>\$ 1,147,936</u>	<u>\$ 1,087,486</u>

The carrying amounts of investment property pledged as collateral for bank loans were disclosed in Note 34.

15. Short-Term Loans

	December 31, 2021	Annual interest rate	Maturity date
Usance L/C loans	\$ 1,493,116	0.81%~1.15%	2022.02~2022.06
Mortgage loans	200,000	0.95%~1.10%	2022.02~2022.05
Unsecured loans	420,000	0.71%~1.19%	2022.03~2022.10
Total	<u>\$ 2,113,116</u>		

	December 31, 2020	Annual interest rate	Maturity date
Usance L/C loans	\$ 631,287	0.84%~1.12%	2021.01~2021.06
Mortgage loans	250,000	0.95%~1.10%	2021.02~2021.11
Unsecured loans	698,000	0.66%~1.27%	2021.01~2021.11
Total	<u>\$ 1,579,287</u>		

The carrying amounts of short-term loans pledged as collateral for bank loans were disclosed in Note 34.

16. Commercial Papers

	December 31, 2021	December 31, 2020
Commercial Papers	\$ 500,000	\$ 400,000
Less : Discount on commercial papers	—	—
	<u>\$ 500,000</u>	<u>\$ 400,000</u>
Interest rate range	1.09%~1.15%	1.09%~1.20%
Maturity date	2022.01~2022.03	2021.01~2021.03

17. Bonds Payable

	December 31, 2021	December 31, 2020
The first domestic secured corporate bonds in 2018	\$ 500,000	\$ 500,000
The first domestic secured corporate bonds in 2020	1,000,000	1,000,000
The fourth domestic unsecured corporate bonds	1,200,000	—
Less : current portion	(71,606)	—
	<u>\$ 2,628,394</u>	<u>\$ 1,500,000</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

On November 22, 2021, TA YA issued five-year domestic unsecured bonds (the 2021 Convertible Bonds) with an aggregate par value of \$1,200,000 thousand, and the issuance price was 108.31% of the par value. Bond settlement is as follows:

- (1) Lump-sum payment to the holders upon maturity at the par value;
 - (2) Conversion by the holders, before the due date, into TA YA's common shares at the prevailing conversion price;
 - (3) Reselling to TA YA by the holders before maturity.
 - (4) Redemption by TA YA, under certain conditions, at par value before bond maturity.
 - (5) Repurchase and write-off by TA YA from securities dealer office.
- a. The initial conversion price was \$28.8 as of the date of issuance. The bondholders of convertible bonds may request the Corporation to convert the convertible bonds into the Corporation's common stock during at any time from the next day after the three months of issuance of the convertible bonds to the maturity date, except for the period of cessation of transfer according to the regulations or laws. The rights and obligations of the converted common stocks are the same

as those of the common stocks.

- b. The holders can request that the Company repurchase their bonds at 100.75% of the face value on the third anniversary of the offering date. The holders can exercise the right to sell on November 22, 2024.
- c. The Company may redeem the bonds at face value from the next day of three month of the Corporation's issuance to the forty day before 40 days of the issuance for 5 years under certain conditions.
- d. The convertible bonds contain both liability and equity components. The effective interest rate of the liability component was 1.25% per annum on initial recognition. The equity component was presented in equity under capital surplus - options.

	<u>December 31, 2021</u>
Proceeds from issuance (less transaction costs of \$3,620 thousand)	\$ 1,296,071
Equity components	(163,671)
Financial liability at fair value through profit and loss - current	(5,520)
Liability components at the date of issue	<u>1,126,800</u>
Interest charged at an effective interest rate of 1.25%	1,514
Liability components at December 31, 2021	<u><u>\$ 1,128,394</u></u>

18. Long-Term Loans

	<u>December 31, 2021</u>	<u>Annual interest rate</u>	<u>Maturity date</u>
Mortgage loans	\$ 2,103,385	1.19%~1.45%	2022.12~2026.12
Unsecured loans	1,831,615	1.10%~1.41%	2022.12~2026.05
Less: Current portion	(900,000)		
	<u><u>\$ 3,035,000</u></u>		

	<u>December 31, 2020</u>	<u>Annual interest rate</u>	<u>Maturity date</u>
Mortgage loans	\$ 1,692,669	1.19%~1.48%	2021.02~2024.08
Unsecured loans	1,290,665	1.10%~1.50%	2022.06~2024.10
Less: Current portion	(636,667)		
	<u><u>\$ 2,346,667</u></u>		

The carrying amounts of long-term loans pledged as collateral for bank loans were disclosed in Note 34.

19.Retirement Benefit Plans

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Accordingly, the Company recognized expenses of NT\$ 15,145 thousand and NT\$15,021 thousand for the years ended December 31, 2021 and 2020, respectively.

b. Defined benefit plans

(a) The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 15% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds. The amounts arising from the defined benefit obligation of the Company in the parent company only balance sheets were as follows :

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of funded defined benefit obligation	\$ (424,874)	\$ (426,592)
Fair value of plan assets	444,104	431,513
Net defined benefit liability	<u>\$ 19,230</u>	<u>\$ 4,921</u>

(b) Movement in the present value of the defined benefit obligation were as follows :

	Years Ended December 31	
	2021	2020
Balance, beginning of year	\$ 426,592	\$ 419,127
Current service cost	2,073	5,777
Interest cost	1,245	2,860
Remeasurement on the net defined benefit liability:		
Actuarial loss arising from experience adjustments	15,286	(1,047)
Actuarial gain from changes in demographic assumptions	163	2
Actuarial loss arising from changes in financial assumptions	(2,993)	9,465
Benefits paid	(17,492)	(9,592)
Balance, end of year	<u>\$ 424,874</u>	<u>\$ 426,592</u>

(c) Movements in the fair value of the plan assets were as follows :

	Years Ended December 31	
	2021	2020
Balance, beginning of year	\$ 431,513	\$ 381,906
Interest income	1,300	2,693
Remeasurement:		
Return on plan assets (excluding amounts included in net interest expense)	5,656	10,889
Contributions from the employer	23,127	45,617
Benefits paid	(17,492)	(9,592)
Balance, end of year	<u>\$ 444,104</u>	<u>\$ 431,513</u>

(d) Amounts of expenses recognized in comprehensive income statements are as follows :

	Years Ended December 31	
	2021	2020
Current service cost	\$ 2,073	\$ 5,777
Net interest cost	(55)	167
Recognized in profit or loss	<u>2,018</u>	<u>5,944</u>
Remeasurement:		
Return on plan assets (excluding amounts included in net interest expense)	(5,656)	(10,889)
Actuarial loss arising from experience adjustments	15,286	(1,047)
Actuarial gain from changes in demographic assumptions	163	2
Actuarial loss arising from changes in financial assumptions	(2,993)	9,465
Recognized in other comprehensive income	<u>6,800</u>	<u>(2,469)</u>
Total	<u>\$ 8,818</u>	<u>\$ 3,475</u>

- (e) An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	Years Ended December 31	
	2021	2020
Operating costs	\$ 1,021	\$ 1,404
Research and development expenses	37	1,498
Selling and marketing expenses	68	198
General and administrative expenses	892	2,844
Total	<u>\$ 2,018</u>	<u>\$ 5,944</u>

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

	December 31	
	2021	2020
Discount rate	0.70%	0.30%
Future salary increase rate	1.00%	0.70%

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

- (g) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
- (h) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

Assuming a hypothetical decrease in interest rate at the end of the reporting period contributed to a decrease of 0.25% in the discount rate and all other assumptions were held constant, the present value of the defined benefit obligation would increase by NT\$ 7,553 thousand and NT\$8,161 thousand as of December 31, 2021 and 2020, respectively.

- (i) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

Assuming the expected salary rate increases by 0.25% at the end of the reporting period and all other assumptions were held constant, the present value of the defined benefit obligation would increase by NT\$ 7,512 thousand and NT\$8,107 thousand as of December 31, 2021 and 2020, respectively.

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability.

The Company expects to make contributions of NT\$ 23,028 thousand to the defined benefit plans in the next year starting from December 31, 2021.

20. Equity

a. Capital stock

- (1) As of December 31, 2021 and 2020, the Company's authorized capital were NT\$8,000,000 thousand and NT\$7,000,000 thousand and the paid-in capital was NT\$6,458,954 thousand and NT\$5,950,680 thousand, consisting of 645,895,402 shares and 595,068,022 shares of ordinary stock with a par value of NT\$10 per share.
- (2) The Company's shareholders resolved to distribute share dividends of \$208,274 thousand in August 13, 2021, which were approved by the FSC. The subscription base date was October 19, 2021 as determined by the board of directors.
- (3) The Company's board of directors resolved to seasoned equity offering of 30,000,000 shares with a par value of NT\$10 per share, and issue them at NT\$21 per share. After the paid-in capital was NT\$6,458,954 thousand in October 8, 2021

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 December 31, 2021 and 2020, the balances of the Company's capital surplus were NT\$1,136,808 thousand and NT\$ 602,220 thousand, mostly obtained from the trade of treasury stock, issued at premium and convertible bonds stock option.

c. Retained earnings 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.

The Company 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 approved in the stockholders' meetings on August 13, 2021 and June 11, 2020, respectively. The appropriations and dividends per share were as follows :

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Legal capital reserve	\$ 76,097	\$ 50,504		
Cash dividends	208,274	178,521	0.35	0.30
Share dividends	208,274	—	0.35	—
	<u>\$ 492,645</u>	<u>\$ 229,025</u>		

Refer to Note 26 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

d. Others

1) Foreign currency translation reserve

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ (214,024)	\$ (183,063)
Exchange differences arising on translation of foreign operations	(10,223)	(28,490)
Share of other comprehensive income (loss) of associates	(3,195)	(8,169)
Income tax effect	2,044	5,698
Balance, end of year	<u>\$ (225,398)</u>	<u>\$ (214,024)</u>

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company'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

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ 88,358	\$ 36,775
Unrealized loss on financial assets at fair value through other comprehensive income	34,803	68,417
Disposal of investments in equity instruments at fair value through other comprehensive income	(16,418)	(16,334)
Subsidiary disposed the investment in equity instruments designated as at fair value through other comprehensive income	—	(3,211)
Share of other comprehensive income of accounted for using the equity method	8,643	2,216
Income tax effect	(692)	495
Balance, end of year	<u>\$ 114,694</u>	<u>\$ 88,358</u>

Unrealized gain (loss) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified as profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

21. Treasury Stock

Purpose of Treasury Shares	For the Year Ended December 31,2021			
	Beginning of year	Addition	Reduction	end of year
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>7,539,067</u>	<u>507,800</u>	<u>500,000</u>	<u>7,546,867</u>
Purpose of Treasury Shares	For the Year Ended December 31,2020			
	Beginning of year	Addition	Reduction	end of year
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	7,939,067	—	400,000	7,539,067
For transfer to employees	<u>—</u>	<u>5,500,000</u>	<u>5,500,000</u>	<u>—</u>
	<u>7,939,067</u>	<u>5,500,000</u>	<u>5,900,000</u>	<u>7,539,067</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 and \$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 December 31, 2021, the Company has purchased 5,500,000 shares, which accounts for 0.92% of the Company's total issued shares, with the average buyback price of \$9.84 and the buyback cost of \$54,141 thousand.
- (2) In October and November 2020, the Company executed a compensation plan to offer 5,500,000 shares of treasury stock to qualified employees of the Company and Subsidiaries.
- (3) 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 December 31, 2021 and 2020, treasury stock held by subsidiaries were 7,546,867 shares and 7,539,067 shares, the market values of the shares held by the subsidiaries were \$ 24.95 and \$20.10 per share, respectively.

22.Share-based payment

- a. For the years ended December 31, 2021 and 2020, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousands)	Share price on grant date (in dollars)	Vesting conditions
Treasury shares reissued to employees	October 13, 2020	5,500	9.85	Immediately
Seasoned equity offering held employee stock ownership	November 03, 2021	4,500	21.00	Immediately

- b. The fair value of the goods or services obtained is directly measured by the market value of the goods or services on the date given
- c. The company's compensation cost due to share-based payment is \$31,725 thousand and \$55,681 thousand for the year ended December 31, 2021 and 2020.

23.Income Tax

- a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following :

	Years Ended December 31	
	2021	2020
Current income tax expense		
Current tax expense	\$ 17,684	\$ 4,462
Land value increment tax	—	547
Adjustments for prior years	(4,490)	2,645
Income tax on unappropriated earnings	16,442	13,866
	29,636	21,520
Deferred income tax		
The origination and reversal of temporary differences	92,409	54,228
Income tax benefit recognized in profit or loss	<u>\$ 122,045</u>	<u>\$ 75,748</u>

A reconciliation of accounting profit and income tax expenses recognized in profit or loss was as follows :

	Years Ended December 31	
	2021	2020
Income tax expense at the statutory rate	\$ 306,162	\$ 185,158
Nondeductible (deductible) items in determining taxable income	(81,000)	(21,543)
Tax-exempt income	(225,162)	(163,615)
Income tax on unappropriated earnings	16,442	13,866
Regular Income Tax and Basic Tax differences	13,887	—
Separate taxation on repatriated offshore funds	3,797	4,462
Land value increment tax	—	547
The origination and reversal of temporary differences	92,409	54,228
Adjustments for prior years	(4,490)	2,645
Income tax benefit recognized in profit or loss	<u>\$ 122,045</u>	<u>\$ 75,748</u>

b. Income tax expense recognized in other comprehensive income

	Years Ended December 31	
	2021	2020
Items that will never be reclassified to profit or loss:		
Related to remeasurement of defined benefit obligation	\$ 5,688	\$ 9,506
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	692	(495)
	<u>\$ 6,380</u>	<u>\$ 9,011</u>

	Years Ended December 31	
	2021	2020
Items that are or may be reclassified subsequently to profit or loss:		
Related to unrealized gain/loss on translation of foreign operations	<u>\$ (2,044)</u>	<u>\$ (5,698)</u>

c. Deferred income tax balance

The analysis of deferred income tax in the parent company only balance sheets was as follows :

	December 31, 2021	December 31, 2020
Deferred income tax assets		
Unrealized loss on inventories	\$ 2,796	\$ 2,036
Expected credit loss	6,908	4,908
Unrealized gross profit	10,510	6,152
Accrued pension cost	(3,846)	(984)
Unrealized loss on translation of foreign operations	51,089	49,045
Remeasurement of defined benefit obligation	—	5,688
Unrealized loss (gain) on financial assets at fair value through other comprehensive income	(1,981)	(1,289)
Unrealized loss (gain) on financial assets at fair value through profit or loss	(141,475)	(51,929)
Others	(13,184)	(6,065)
	<u>\$ (89,183)</u>	<u>\$ 7,562</u>
	December 31, 2021	December 31, 2020
Deferred income tax liabilities		
Land value incremental reserve	<u>\$ 264,486</u>	<u>\$ 264,486</u>

d. Items for which no deferred tax assets have been recognized :

	December 31, 2021	December 31, 2020
Impairment loss	<u>\$ 13,111</u>	<u>\$ 13,111</u>

e. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority. However, the appeal against the approved results of 2017 has already been filed.

24. Earnings Per Share

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Year ended December 31, 2021</u>			
Basic EPS			
Net income available to common shareholders	<u>\$ 1,408,768</u>		
Number of shares issued as of December 31, 2020		595,068	
Seasoned equity offering		3,617	
Repurchased treasury stock		—	
Regard as treasury stock-common stock held by subsidiaries		(7,354)	
Issuance of bonus shares		20,827	
Weighted average number of shares outstanding as of December 31, 2021		<u>612,158</u>	
Basic Earnings per share			<u>\$ 2.30</u>
	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Year ended December 31, 2020</u>			
Basic EPS			
Net income available to common shareholders	<u>\$ 850,045</u>		
Number of shares issued as of December 31, 2019		595,068	
Repurchased treasury stock		(2,883)	
Regard as treasury stock-common stock held by subsidiaries		(8,127)	
Issuance of bonus shares		20,827	
Weighted average number of shares outstanding as of December 31, 2020		<u>604,885</u>	
Basic Earnings per share			<u>\$ 1.41</u>

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Year ended December 31, 2021</u>			
Diluted EPS			
Net income available to common shareholders	\$ 1,408,768		
Assumed conversion of all dilutive potential ordinary share : Effect shares on convertible bonds	1,211		
Net income available to common shareholders plus assumed conversion of dilutive potential ordinary shares	<u>\$ 1,409,979</u>		
Weighted average number of ordinary shares in issue used in calculating basic EPS		612,158	
Weighted average number of ordinary shares of convertible bonds		4,566	
Net income available to weighted average number of ordinary shareholders plus assumed conversion of dilutive potential ordinary shares		<u>616,724</u>	
Diluted Earnings per share			<u>\$ 2.29</u>

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Year ended December 31, 2020</u>			
Diluted EPS			
Net income available to common shareholders	\$ 850,045		
Assumed conversion of all dilutive potential ordinary share : Effect shares on convertible bonds	—		
Net income available to common shareholders plus assumed conversion of dilutive potential ordinary shares	<u>\$ 850,045</u>		
Weighted average number of ordinary shares in issue used in calculating basic EPS		604,885	
Weighted average number of ordinary shares of convertible bonds		—	
Net income available to weighted average number of ordinary shareholders plus assumed conversion of dilutive potential ordinary shares		<u>604,885</u>	
Diluted Earnings per share			<u>\$ 1.41</u>

25. Operating Revenues

	Years Ended December 31	
	2021	2020
Sales Revenue	\$ 13,017,058	\$ 8,882,063
Construction Revenue	194,941	33,571
Engineering service revenue	195,179	12,367
Others	11,912	12,087
	<u>\$ 13,419,090</u>	<u>\$ 8,940,088</u>

26. Additional Information Of Expenses By Nature

	Years Ended December 31	
	2021	2020
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 113,714	\$ 110,473
Depreciation of Right-of-use assets	7,551	6,215
Depreciation of investment property	2,631	2,631
	<u>\$ 123,896</u>	<u>\$ 119,319</u>

	Years Ended December 31	
	2021	2020
Employee benefits expenses		
Salaries and bonus	\$ 671,348	\$ 552,230
Labor and health insurance	44,801	40,686
Pension	17,163	20,965
Remuneration of directors	49,656	30,611
Others	20,975	17,081
	<u>\$ 803,943</u>	<u>\$ 661,573</u>

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 1% of annual profits during the period, respectively.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 were as follows:

	Years Ended December 31	
	2021	2020
Employees' compensation	\$ 15,946	\$ 9,644
Remuneration of directors	\$ 47,838	\$ 28,931

The Company accrued profit sharing bonus to employees and compensation to directors based on a percentage of net income before income tax. 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, 2020 and 2019 which have been approved by the Company'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.

27. Interest Income

	Years Ended December 31	
	2021	2020
Bank deposits	\$ 394	\$ 1,308
Other interest income	1,503	904
	\$ 1,897	\$ 2,212

28.Other Income

	Years Ended December 31	
	2021	2020
Rental revenue	\$ 20,453	\$ 19,509
Dividend income	78,400	77,550
Other Income		
Technical Service Income	46,287	46,158
Guaranteed Fee Income	6,926	5,550
Utilities and Management Income	4,818	4,593
Subsidy income	3,808	20,903
Others	33,680	16,096
	<u>\$ 194,372</u>	<u>\$ 190,359</u>

29.Other Gains and Losses

	Years Ended December 31	
	2021	2020
Gain on disposal of property, plant and equipment	\$ 1,486	\$ 925
Gain on disposal of investment property	—	301
Gain (loss) on disposal of investments	113,365	9,385
Net foreign exchange losses	37,489	7,163
Net gain arising on financial assets/liabilities at FVTPL	23,233	234,648
Others	(3,624)	(3,230)
	<u>\$ 171,949</u>	<u>\$ 249,192</u>

30.Finance Costs

	Years Ended December 31	
	2021	2020
Interest expense		
Bank loans	\$ 80,595	\$ 67,598
Bonds payable	12,464	5,358
Interest of lease liabilities	563	596
Other Interest expense	177	244
	<u>\$ 93,799</u>	<u>\$ 73,796</u>

31.Capital Management

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

The management of the company 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 Company may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt.

There were no changes in the Company's approach to capital management for the year ended December 31, 2021.

32. Financial Instruments

a. Financial risk management objective

The Company 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 company must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

b. Market risk

The Company 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 Company's operating activities are denominated in foreign currencies. Consequently, the Company 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 Company utilizes derivative financial instruments, including currency forward contracts and short-term borrowings in foreign currencies, to hedge its currency exposure.

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Assets</u>						
<u>Monetary items</u>						
USD	\$ 6,415	27.68	\$ 177,567	\$ 6,901	28.48	\$ 196,540
HKD	1,606	3.55	5,701	1,223	3.67	4,488
CNY	2,888	4.35	12,563	2,474	4.37	10,811
JPY	6,094	0.24	1,463	6,097	0.28	1,707
<u>Liabilities</u>						
<u>Monetary items</u>						
USD	\$ 32,818	27.68	\$ 908,402	\$ 22,945	28.48	\$ 653,474

Foreign currency sensitivity analysis

The Company'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 years ended December 31, 2021 and 2020 would have increased (decrease) the net profit after tax by NT\$7,111 thousand and NT\$4,399 thousand, respectively.

(b) Interest rate risk

The Company was exposed to fair value interest rate risk and cash flow interest rate risk because the Company 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 Company's net profit after tax would have (decreased) increased by NT\$6,548 thousand and NT\$4,331 thousand for the years ended December 31, 2021 and 2020, respectively. This is

mainly due to the Company's net assets in floating rates.

(c) Other price risk

The Company 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 Company's net profit after tax for the years ended December 31, 2021 and 2020 would have been higher/lower by NT\$50,736 thousand and NT\$30,521 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 Company's other comprehensive income for the nine months ended September 30, 2021 and 2020 would have been higher/lower by NT\$45,599 thousand and NT\$40,576 thousand, respectively, as the 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 Company. The Company 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 Company 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 Company's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Company 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 December 31, 2021 and 2020, exceed 5% of accounts receivables from the Company's customer were as follows:

Customer	December 31	
	2021	2020
0682000	\$ 130,851	\$ 57,969
5140600	116,888	54,876
9998013	—	121,584

The Company does not expect significant credit risk because the counterparties are creditworthy companies.

Financial credit risk

Bank deposits, fixed income investment and other financial instruments are credit risk sources required by the Parent Company's Department of Finance Department to be measured and monitored. However, since the Company'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 Company has sufficient liquidity to fund its business requirements associated with existing operations. The Company manages its liquidity risk by maintain adequate cash and banking facilities.

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

December 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	\$ 2,113,116	\$ 2,113,116	\$ 2,113,116	\$ —	\$ —	
Notes payable (including related parties)	7,072	7,072	7,072	—	—	
Accounts payable (including related parties)	469,673	469,673	469,673	—	—	
Commercial papers	500,000	500,000	400,000	—	—	
Other payables	409,429	409,429	409,429	—	—	
Lease liabilities	19,945	21,090	7,728	9,429	3,933	
Bonds payable	2,628,394	2,628,394	—	2,628,394	—	
Long-term bank loans	3,935,000	3,935,000	900,000	3,035,000	—	
	<u>\$ 10,082,629</u>	<u>\$ 10,083,774</u>	<u>\$ 4,407,018</u>	<u>\$ 5,672,823</u>	<u>\$ 3,933</u>	
<u>Derivative financial liabilities</u>						
Foreign exchange forward contract	\$ 2,945	\$ 123,209	\$ 123,209	\$ —	\$ —	
	<u>\$ 2,945</u>	<u>\$ 123,209</u>	<u>\$ 123,209</u>	<u>\$ —</u>	<u>\$ —</u>	
December 31, 2020						
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years	
<u>Non-derivative financial liabilities</u>						
Short-term bank loans	\$ 1,579,287	\$ 1,579,287	\$ 1,579,287	\$ —	\$ —	
Notes payable (including related parties)	1,354	1,354	1,354	—	—	
Accounts payable (including related parties)	486,054	486,054	486,054	—	—	
Commercial papers	400,000	400,000	400,000	—	—	
Other payables	303,349	303,349	303,349	—	—	
Lease liabilities	13,390	13,434	4,763	8,671	—	
Bonds payable	1,500,000	1,500,000	—	1,500,000	—	
Long-term bank loans	2,983,334	2,983,334	636,667	2,346,667	—	
	<u>\$ 7,266,768</u>	<u>\$ 7,266,812</u>	<u>\$ 3,411,474</u>	<u>\$ 3,855,338</u>	<u>\$ —</u>	
<u>Derivative financial liabilities</u>						
Metals futures	\$ 106,108	\$ 1,409,551	\$ 1,409,551	\$ —	\$ —	
Foreign exchange forward contract	6,280	173,512	173,512	—	—	
	<u>\$ 112,388</u>	<u>\$ 1,583,063</u>	<u>\$ 1,583,063</u>	<u>\$ —</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 parent company only 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

December 31, 2021				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 950,913	\$ —	\$ —	\$ 950,913
Unlisted stocks	—	—	63,804	63,804
Derivative not designated as a hedging instrument	—	711,403	—	711,403
	<u>\$ 950,913</u>	<u>\$ 711,403</u>	<u>\$ 63,804</u>	<u>\$ 1,726,120</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 246,249	\$ —	\$ —	\$ 246,249
Unlisted stocks	—	19,640	646,092	665,732
	<u>\$ 246,249</u>	<u>\$ 19,640</u>	<u>\$ 646,092</u>	<u>\$ 911,981</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 2,945	\$ —	\$ 2,945
Put options of convertible bond payables	—	6,600	—	6,600
	<u>\$ —</u>	<u>\$ 9,545</u>	<u>\$ —</u>	<u>\$ 9,545</u>

December 31, 2020				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 577,080	\$ —	\$ —	\$ 577,080
Unlisted stocks	—	—	33,344	33,344
Derivative not designated as a hedging instrument	—	372,034	—	372,034
	<u>\$ 577,080</u>	<u>\$ 372,034</u>	<u>\$ 33,344</u>	<u>\$ 982,458</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 200,367	\$ —	\$ —	\$ 200,367
Unlisted stocks	—	30,066	581,095	611,161
	<u>\$ 200,367</u>	<u>\$ 30,066</u>	<u>\$ 581,095</u>	<u>\$ 811,528</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 106,108	\$ —	\$ 106,108

ii. There were no transfers between Level 1 and 2 for the years ended December 31, 2021 and 2020, respectively.

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

Reconciliations for the year ended December 31, 2021 and 2020 were as follows:

	2021		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	\$ 581,095	\$ 33,344	\$ 614,439
Purchases	50,000	30,460	80,460
Recognized in other comprehensive income	14,997	—	14,997
Balance at December 31, 2021	<u>\$ 646,092</u>	<u>\$ 63,804</u>	<u>\$ 709,896</u>

	2020		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year		\$	
	\$ 617,715	—	\$ 617,715
Purchases	—	6,366	6,366
Recognized in other comprehensive income	(1,620)	—	(1,620)
Level 3 transfers out	(35,000)	—	(35,000)
Level 2 transfers in	—	26,978	26,978
Balance at December 31, 2021	<u>\$ 581,095</u>	<u>\$ 33,344</u>	<u>\$ 614,439</u>

The Company's policy to recognize the transfer into and out of fair value hierarchy levels is based on the event or changes in circumstances that caused the transfer.

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

December 31, 2021	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI—noncurrent	\$ 646,092	The latest issue final price and Net asset approach	N/A	N/A	N/A
Financial assets at FVTPL—noncurrent	63,804	The latest issue final price and Issuance of common stock for cash	N/A	N/A	N/A
December 31, 2020	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI—noncurrent	\$ 581,095	Net asset approach	N/A	N/A	N/A
Financial assets at FVTPL—noncurrent	\$ 33,344	The latest issue final price and Issuance of common stock for cash	N/A	N/A	N/A

Categories of financial instruments:

	Years Ended December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$2,044,752	\$1,257,156
Notes receivable and trade receivables	1,700,208	1,216,300
Other receivables	61,792	120,216
Refundable deposits	32,182	29,175
Financial assets at FVTPL (current and non-current)	1,726,120	982,458
Financial assets at fair value through other comprehensive income (non-current)	911,981	811,528
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current)	9,545	112,388
Financial liabilities at amortized cost		
Short-term borrowings	2,113,116	1,579,287
Short-term notes and bills payable	500,000	400,000
Notes payable and trade payables	476,745	487,408
Other payables	409,429	303,349
Bonds payable (including current portion)	2,628,394	1,500,000
Long-term borrowings (including current portion)	3,035,000	2,983,334
Guarantee deposits	57,173	27,310

33.Related Party Transactions

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

Company	Relationship
CUPRIME MATERIAL CO., LTD.	Subsidiaries
TA HO ENGINEERING, CO., LTD.	Subsidiaries
TA HENG ELECTRIC WIRE & CABLE CO., LTD.	Subsidiaries
TA YI PLASTIC CO., LTD.	Subsidiaries
UNITED ELECTRIC INDUSTRY CO., LTD.	Subsidiaries
TA YA VENTURE CAPITAL CO., LTD.	Subsidiaries
TA YA GREEN ENERGY TECHNOLOGY CO., LTD.	Subsidiaries
UNION STORAGE ENERGY SYSTEM LTD.	Subsidiaries
BOSI SOLAR ENERGY CO., LTD.	Sub-subsubsidiary
TOUCH SOLAR POWER CO., LTD.	Sub-subsubsidiary
SIN JHONG SOLAR POWER CO., LTD.	Sub-subsubsidiary
JHIH-GUANG ENERGY CO., LTD.	Sub-subsubsidiary
CUGREEN METAL TECH CO., LTD.	Sub-subsubsidiary
HENG YA ELECTRIC LIMITED.	Sub-subsubsidiary
HENG YA ELECTRIC (KUNSHAN) LTD.	third-tier subsidiary
TAYA ZHANGZHOU WIRES CABLE CO., LTD.	third-tier subsidiary
HENG YA ELECTRIC (DONGGUAN) LTD.	third-tier subsidiary
TAYA (Vietnam) ELECTRIC WIRE & CABLE JOINT STOCK COMPANY	third-tier subsidiary
AD ENGINEERING CORPORATION	Associates
HENGs TECHNOLOGY CO., LTD.	Associates
AMIT SYSTEM SERVICE LTD.	Associates
TA AN PRECISION CO., LTD.	Other related parties before Q2 2021
Green inside	Other related parties
Shen Shang Hung	Other related parties
Shen Shang Tao	Other related parties
Shen San Yi	Other related parties
Shen Shang Pang	Other related parties

(b) Significant related party transactions**Sales**

Related Parties	2021	2020
Subsidiaries	\$ 1,237,551	\$ 736,805
Sub-subsidiary	135,053	240,211
third-tier subsidiary	4,449	5,186
Associates	54,944	162,532
Others	7	4,528
	<u>\$ 1,432,004</u>	<u>\$ 1,149,262</u>

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

Purchases

Related Parties	2021	2020
TA HENG CO.	\$ 1,217,219	\$ 794,130
Subsidiaries	1,103,392	286,673
Associates	58,341	—
Others	—	416
	<u>\$ 2,378,952</u>	<u>\$ 1,081,219</u>

Prices and credit terms for such purchases were generally comparable to those given by other suppliers, except that construction expense paid to Ta Ho Engineering Co., Ltd. was computed by cost plus 5% to 10% mark-up.

Endorsements and guarantees

As of December 31, 2021 and 2020, the information of the Company provided endorsements and guarantee for related parties was as follows:

Related Parties	December 31, 2021	December 31, 2020
Subsidiaries	<u>\$ 3,979,181</u>	<u>\$ 3,396,020</u>

Miscellaneous income

Related Parties	Description	2021	2020
TA YA (Vietnam) Co.	Interest 、royalty and other income	\$ 36,622	\$ 37,534
HENG YA LTD.	Interest 、technical service and other income	11,103	10,102
Subsidiaries	Rental 、Interest 、technical service and other income	11,363	11,042
Sub-subsidiary	Rental income and other income	938	923
third-tier subsidiary	Rental 、technical service and other income	4,072	2,390
Associates	Rental income and other income	1,267	1,268
Others	Rental income and other income	17	672
		<u>\$ 65,382</u>	<u>\$ 63,931</u>

Other expenses

Related Parties	Description	2021	2020
Subsidiaries	Rental 、outsourcing and other expenses	\$ 1,328	\$ 308
Associates	Other expenses	2	307
Others	Outsourcing 、loan guarantee and donation expense	14,786	10,769
		<u>\$ 16,116</u>	<u>\$ 11,384</u>

Property exchange

Related Parties	Item	2021	2020
UNION STORAGE ENERGY SYSTEM LTD	Advance payment	<u>\$ 59,600</u>	<u>\$ —</u>

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

Receivables

	Related Parties	December 31, 2021	December 31,2020
(1) Notes receivable	Subsidiaries	\$ 1,111	\$ 645
(2) Accounts receivable	Subsidiaries	\$ 132,002	\$ 58,449
	Sub-subsidiary	1,401	1,660
	third-tier subsidiary	2,428	2,896
	Associates	9,553	35,802
	Others	2	1,179
		<u>\$ 145,386</u>	<u>\$ 99,986</u>
	Related Parties	December 31, 2021	December 31,2020
(3) Other receivable	Subsidiaries	\$ 542	\$ 804
(excluding	Sub-subsidiary	648	518
financing	third-tier subsidiary	347	271
provided)		<u>\$ 1,537</u>	<u>\$ 1,593</u>

Payables

	Related Parties	December 31, 2021	December 31,2020
Accounts payable	TA HENG CO.	\$ 146,827	\$ 80,726
	Subsidiaries	50,203	83,870
	Associates	46,594	—
	Others	—	1,190
		<u>\$ 243,624</u>	<u>\$ 165,786</u>
Other payables	third-tier subsidiary	\$ —	\$ 76
	Others	4,741	3,266
		<u>\$ 4,741</u>	<u>\$ 3,342</u>

Prepaid account

	Related Parties	December 31, 2021	December 31, 2020
HENGST TECHNOLOGY CO., LTD.		\$ 37,496	\$ —
Subsidiaries		1,943	1,157
Associates		—	2,780
		<u>\$ 39,439</u>	<u>\$ 3,937</u>

Temporary payment

Related Parties	December 31, 2021	December 31, 2020
Subsidiaries	\$ —	\$ 46
third-tier subsidiary	19	45
	<u>\$ 19</u>	<u>\$ 91</u>

Contract liabilities

Related Parties	December 31, 2021	December 31, 2020
JHIH-GUANG ENERGY CO.	\$ 114,000	\$ —
Sub-subsidiary	—	8,196
	<u>\$ 114,000</u>	<u>\$ 8,196</u>

Receipts in advance

Related Parties	December 31, 2021	December 31, 2020
Subsidiaries	\$ 131	\$ 111
Sub-subsidiary	114	83
	<u>\$ 245</u>	<u>\$ 194</u>

Guarantee deposits

Related Parties	December 31, 2021	December 31, 2020
Subsidiaries	\$ 260	\$ 295
Associates	295	254
Others	—	57
	<u>\$ 555</u>	<u>\$ 606</u>

Financing provided (classified as other receivables)

Related Parties	2021			
	Highest Balance for the Period	Ending Balance	Interest Rate	Interest Income
TA YA VENTURE CAPITAL CO.	<u>\$ 100,000</u>	<u>\$ —</u>	2%~3%	<u>\$ 547</u>
TA YA INNOVATION INVESTMENT CO.	<u>\$ 100,000</u>	<u>\$ —</u>	2%~3%	<u>\$ 547</u>
UNION STORAGE ENERGY SYSTEM LTD.	<u>\$ 57,000</u>	<u>\$ 30,000</u>	1%~3%	<u>\$ 274</u>

Related Parties	2020			
	Highest Balance for the Period	Ending Balance	Interest Rate	Interest Income
TA YA VENTURE CAPITAL CO.	\$ 50,000	\$ 50,000	2%~3%	\$ 403
TA YA INNOVATION INVESTMENT CO.	\$ 50,000	\$ 50,000	2%~3%	\$ 236

(d) Key management personnel compensation disclosure

Item	2021	2020
Short-term employee benefits	\$ 184,763	\$ 132,977
Post-employment benefits	4,058	4,100
	<u>\$ 188,821</u>	<u>\$ 137,077</u>

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.

34. Mortgage Assets

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

	December 31, 2021		December 31, 2020	
	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>
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>

	December 31, 2021	December 31, 2020
Property, plant and equipment —		
Land (include revaluation increments)	\$ 934,855	\$ 934,855
Buildings, net	108,485	115,678
	<u>\$ 1,043,340</u>	<u>\$ 1,050,533</u>
Investment property-land	<u>\$ 696,151</u>	<u>\$ 696,309</u>
Refundable deposits	<u>\$ 32,182</u>	<u>\$ 29,175</u>
Other current assets —		
Mortgage demand deposits	<u>\$ 356</u>	<u>\$ —</u>
Other non-current assets —		
Mortgage demand deposits	<u>\$ 225,465</u>	<u>\$ 50,004</u>

35.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 December 31, 2021, the Company had outstanding usance letters of credit amounting to approximately \$5,943 thousand (JPY\$24,763 thousand).
- (b) The Company pledged guarantee deposits amounting to \$386,906 thousand due to the wire and cable installation project.
- (c) The Company entered into contracts of copper procurement with 29,400 ton.
- (d) The Company entered into contracts of machinery, equipment and construction in progress procurement with the amount of \$137,637 thousand. As of December 31, 2021, \$63,093 thousand had not been paid.
- (e) The Company engaged into a contract of wire and cable installation project with the amount of \$114,231 thousand. As of December 31, 2021, the portion of the contract not yet recognized was \$19,771 thousand.
- (f) Checks of \$3,010,982 thousand issued for issuing bank loans, draw letter of credit and procurement guarantees.
- (g) The Company signed contracts with the relevant firms for the booster station of solar power generation system and power grid project. As of December 31, 2021, the portion of the contracts

not yet recognized was \$370,414 thousand.

(h) Refer to Note 33 for information relating to endorsements/guarantees provided.

36. Significant Losses From Disasters : N/A

37. Significant Subsequent Events : N/A

38. Others

Since the year 2020, the outbreak of Covid-19 has caused some subsidiaries, customers, and suppliers from several regions to be asked to self-isolate and to follow the travel restriction. However, governments of various countries have successively implemented epidemic prevention measures. As the epidemic slowdown, the increase in the number of people vaccinated, and the lockdown restrictions relaxed, the Company evaluated the overall financial and business aspect and concluded that there were no huge effects on the Company and that it does not have the concerns of continuing to operate, risks of funding, and impairment of assets.

39. Segment Information

Disclosure of the segment information in standalone financial statements is waived.