

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

**Consolidated Financial Statements  
with Independent Auditors' Review Report for the  
Six Month Ended June 30, 2022 and 2021**

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

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## INDEPENDENT AUDITORS' REVIEW REPORT

English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders

TA YA ELECTRIC WIRE & CABLE CO., LTD.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Ta Ya Electric Wire & Cable Co., Ltd and its subsidiaries (the "Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the related consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" as endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### **Basis for Modified Conclusion**

As disclosed in Note 4 to the consolidated financial statements, the financial statements of some insignificant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2022 and 2021, the combined total assets of these insignificant subsidiaries were respectively NT\$19,955,234 thousand and NT\$17,727,625 thousand, representing 54.05% and 55.47%, of the corresponding consolidated total assets, and the combined total liabilities of these subsidiaries were respectively NT\$11,735,736 thousand and NT\$10,484,275 thousand, representing 46.15% and 48.10% of the corresponding consolidated total liabilities. For the three months and six months ended June 30, 2022 and 2021, the combined comprehensive income and loss of these subsidiaries respectively amounted to NT\$246,800 thousand, NT\$270,441 thousand, NT\$427,653 thousand, NT\$483,379 thousand, representing (280.73)%, 62.08%, 153.86%, and 52.41% of the corresponding consolidated total comprehensive income and loss. As of June 30, 2022 and 2021, the investment accounted for using equity method were NT\$1,097,143 thousand and NT\$946,396 thousand, respectively. For the three months and six months ended June 30, 2022 and 2021, the share of other comprehensive income (loss) of associates accounted for using the equity method were respectively NT\$ 10,894 thousand, NT\$ 69,787 thousand, NT\$ 9,188 thousand, and NT\$90,398 thousand. These amounts as well as the related financial information of the investees as disclosed in Note 13 to the consolidated financial statements were based on the subsidiaries' and associates' unreviewed financial statements for the same reporting periods as those of the Company.

### **Modified Conclusion**

Based on our reviews, except as discussed in the preceding paragraph whereby the carrying amounts of the investments in subsidiaries and associates are based on unreviewed financial statements of the subsidiaries and associates, and except for the effects of related adjustments, if any, as might have been made had we applied review procedures on the financial statements of the investees referred to in the preceding paragraph, nothing has

come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the financial position of the Group as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Solomon & Co., CPAs

August 2, 2022

Notice to Readers

*For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.*

**TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in Thousands of New Taiwan Dollars)  
(The consolidated balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

<b>ASSETS</b>	<b>June 30, 2022</b>		<b>December 31, 2021</b>		<b>June 30, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (notes 6)	\$ 4,799,422	13.0	\$ 4,999,261	14.6	\$ 4,342,765	13.6
Financial assets at fair value through profit or loss (notes 7 and 35)	1,413,696	3.8	1,130,877	3.3	937,125	2.9
Financial assets at fair value through other comprehensive income (Notes 8)	25,672	0.1	30,531	0.1	29,554	0.1
Financial assets at amortized cost (notes 9)	413,122	1.1	385,821	1.1	277,256	0.9
Contract assets	107,998	0.3	58,869	0.2	163,515	0.5
Notes receivable, net (notes 10 and 36)	220,892	0.6	309,510	0.9	196,471	0.6
Accounts receivable, net (notes 10 and 36)	4,495,383	12.2	4,090,404	11.9	4,800,770	15.0
Other receivables (note 36)	116,496	0.3	52,903	0.1	109,307	0.3
Income tax receivable	387	—	3,719	—	161	—
Inventories, net (notes 11)	5,423,132	14.7	4,567,901	13.3	3,843,599	12.0
Inventories (Construction), net (notes 11)	144,738	0.4	92,402	0.3	194,680	0.6
Prepayments	583,311	1.6	362,878	1.1	495,403	1.6
Other current assets	213,183	0.6	91,982	0.3	262,095	0.8
Total current assets	17,957,432	48.7	16,177,058	47.2	15,652,701	48.9
<b>NONCURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (notes 7 and 35)	3,020,217	8.2	2,860,700	8.3	2,641,244	8.3
Financial assets at fair value through other comprehensive income (notes 8 and 35)	1,047,618	2.8	1,012,124	2.9	956,345	3.0
Investments accounted for using equity method (notes 12 and 37)	1,097,143	3.0	1,019,736	3.0	946,396	3.0
Property, plant and equipment (notes 13, 36 and 37)	10,350,533	28.0	9,990,898	29.1	8,682,734	27.2
Right-of-use assets (notes 14)	1,029,232	2.8	1,041,702	3.0	941,927	3.0
Investment Property, net (notes 15)	1,347,579	3.7	1,352,215	3.9	1,147,355	3.6
Intangible assets (notes 16)	637	—	122	—	194	—
Deferred income tax assets (notes 2 and 26)	114,759	0.3	122,640	0.4	129,646	0.4
Prepayments for equipment	118,697	0.3	108,381	0.3	42,546	0.1
Refundable deposits (note 37)	129,073	0.3	88,750	0.3	89,761	0.3
Net defined benefit asset	27,217	0.1	19,230	0.1	14,010	—
Other non-current assets	676,890	1.8	522,984	1.5	713,065	2.2
Total noncurrent assets	18,959,595	51.3	18,139,482	52.8	16,305,223	51.1
<b>TOTAL</b>	<b>\$ 36,917,027</b>	<b>100.0</b>	<b>\$ 34,316,540</b>	<b>100.0</b>	<b>\$ 31,957,924</b>	<b>100.0</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term loans (note 17)	\$ 7,219,597	19.6	\$ 6,724,135	19.6	\$ 7,507,166	23.5
Short-term notes and bills payable (note 18)	829,615	2.2	829,831	2.4	874,545	2.7
Financial liabilities at fair value through profit or loss (notes 7)	36,516	0.1	14,926	—	392	—
Contract liabilities	369,702	1.0	215,067	0.6	325,870	1.0
Notes payable	70,368	0.2	93,069	0.3	77,623	0.2
Accounts payable (note 36)	777,774	2.1	626,636	1.8	714,360	2.2
Other payables	910,178	2.5	710,797	2.1	769,288	2.4
Income tax payable (note 26)	114,245	0.3	157,752	0.5	99,423	0.3
Provisions (note 21)	110,232	0.3	100,000	0.3	113,468	0.4
Lease liabilities (notes 14)	45,658	0.1	34,457	0.1	39,524	0.1
Current portion of long-term loans (notes 19 and 20)	587,897	1.6	1,871,524	5.5	1,128,873	3.5
Other current liabilities	51,994	0.1	57,033	0.2	82,450	0.2
Total current liabilities	11,123,776	30.1	11,435,227	33.4	11,732,982	36.5
<b>NONCURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss	33,749	0.1	—	—	—	—
Bonds payable (note 19)	2,635,448	7.1	2,628,394	7.7	1,500,000	4.7
Long-term loans (note 20)	10,335,053	28.0	7,272,032	21.2	7,334,561	23.1
Provisions (note 21)	35,417	0.1	35,351	0.1	36,427	0.1
Deferred income tax liabilities (note 26)	327,225	0.9	354,481	1.0	324,210	1.0
Lease liabilities (notes 14)	732,571	2.0	765,730	2.2	653,559	2.1
Net defined benefit liability (note 22)	18,783	0.1	23,283	0.1	19,358	0.1
Guarantee deposits	58,842	0.2	79,150	0.2	38,685	0.1
Other noncurrent liabilities	127,674	0.3	199,541	0.6	157,957	0.5
Total noncurrent liabilities	14,304,762	38.8	11,357,962	33.1	10,064,757	31.7
Total liabilities	25,428,538	68.9	22,793,189	66.5	21,797,739	68.2
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (note 23)</b>						
Share capital						
Common Stock	6,458,954	17.5	6,458,954	18.8	5,950,680	18.6
Stock dividend to be distributed	387,537	1.0	—	—	—	—
Total share capital	6,846,491	18.5	6,458,954	18.8	5,950,680	18.6
Capital surplus	1,161,570	3.1	1,136,808	3.3	608,708	1.9
Retained earnings						
Appropriated as legal capital reserve	354,255	1.0	213,846	0.6	137,749	0.4
Appropriated as special capital reserve	147,555	0.4	147,555	0.4	147,555	0.5
Unappropriated earnings	1,389,504	3.8	1,999,744	5.8	1,883,102	5.9
Total retained earnings	1,891,314	5.2	2,361,145	6.8	2,168,406	6.8
Others	(106,099)	(0.3)	(110,704)	(0.3)	(106,066)	(0.3)
Treasury stock (notes 25)	(34,325)	(0.1)	(35,565)	(0.1)	(32,600)	(0.1)
Total equity attributable to owners of the parent	9,758,951	26.4	9,810,638	28.5	8,589,128	26.9
<b>NON-CONTROLLING INTERESTS (notes 24)</b>						
Total equity	1,729,538	4.7	1,712,713	5.0	1,571,057	4.9
<b>TOTAL</b>	<b>\$ 36,917,027</b>	<b>100.0</b>	<b>\$ 34,316,540</b>	<b>100.0</b>	<b>\$ 31,957,924</b>	<b>100.0</b>

*The accompanying notes are an integral part of the consolidated financial statements*  
(With Solomon & Co., reviewed report dated August 2, 2022)

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

	<i>For The Three Months Ended June 30</i>				<i>For The Six Months Ended June 30</i>			
	<b>2022</b>		<b>2021</b>		<b>2022</b>		<b>2021</b>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
NET REVENUE (notes 28)	\$ 7,028,422	100.0	\$ 7,171,922	100.0	\$ 13,728,485	100.0	\$ 13,183,573	100.0
COST OF REVENUE (notes 11, 22, 29, and 36)	6,488,330	92.3	6,368,070	88.8	12,538,823	91.3	11,759,557	89.2
GROSS PROFIT	540,092	7.7	803,852	11.2	1,189,662	8.7	1,424,016	10.8
UNREALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	9,670	0.1	—	—	10,771	0.1	—	—
REALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	—	—	—	—	593	—	—	—
REALIZED GROSS PROFIT	530,422	7.6	803,852	11.2	1,179,484	8.6	1,424,016	10.8
OPERATING EXPENSES (notes 22, 25, 29, and 36)								
Sales and marketing	75,640	1.1	69,869	1.0	148,463	1.1	136,025	1.1
General and administrative	232,135	3.3	225,668	3.1	455,046	3.3	408,797	3.1
Research and development	12,599	0.2	10,479	0.2	32,508	0.2	19,100	0.1
Expected credit loss (gains)	(6)	—	16,502	0.2	21	—	16,239	0.1
Total Operating Expenses	320,368	4.6	322,518	4.5	636,038	4.6	580,161	4.4
INCOME FROM OPERATIONS	210,054	3.0	481,334	6.7	543,446	4.0	843,855	6.4
NON-OPERATING INCOME AND EXPENSES								
Interest income (note 30 and 36)	7,624	0.1	5,381	0.1	8,957	0.1	9,445	0.1
Other income (note 31 and 36)	49,136	0.7	43,629	0.6	70,118	0.5	61,146	0.5
Other gains and losses (note 32 and 36)	(177,346)	(2.5)	7,010	0.1	(94,880)	(0.7)	203,625	1.5
Finance costs (note 33)	(103,179)	(1.5)	(62,919)	(0.9)	(188,267)	(1.4)	(117,405)	(0.9)
Share of profit (loss) associates (note 12)	10,894	0.2	69,787	1.0	9,188	0.1	90,398	0.7
Total non-operating Income and expenses	(212,871)	(3.0)	62,888	0.9	(194,884)	(1.4)	247,209	1.9
INCOME BEFORE INCOME TAX	(2,817)	—	544,222	7.6	348,562	2.6	1,091,064	8.3
INCOME TAX EXPENSE (notes 26)	(20,833)	(0.3)	(105,983)	(1.5)	(89,885)	(0.7)	(184,730)	(1.4)
NET INCOME	(23,650)	(0.3)	438,239	6.1	258,677	1.9	906,334	6.9
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains or losses on investments in equity instruments at fair value through other comprehensive income	(69,676)	(1.0)	32,555	0.5	(60,350)	(0.5)	49,476	0.4
Share of other comprehensive income (loss) of associates	(6)	—	124	—	9	—	158	—
Income tax relating to items that will not be reclassified subsequently to profit or loss (notes 26)	7	—	106	—	311	—	488	—
	(69,675)	(1.0)	32,785	0.5	(60,030)	(0.5)	50,122	0.4
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	6,874	—	(36,789)	(0.5)	81,930	0.6	(35,152)	(0.3)
Share of the other comprehensive income of associates accounted for using the equity method	612	—	(5,254)	(0.1)	11,209	0.1	(5,254)	—
Income tax benefit related to items that will not be reclassified subsequently (notes 26)	(2,076)	—	6,677	0.1	(13,843)	(0.1)	6,239	—
	5,410	—	(35,366)	(0.5)	79,296	0.6	(34,167)	(0.3)
Other comprehensive income (loss) for the year, net of income tax	(64,265)	(1.0)	(2,581)	—	19,266	0.1	15,955	0.1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ (87,915)	(1.3)	\$ 435,658	6.1	\$ 277,943	2.0	\$ 922,289	7.0
NET PROFIT ATTRIBUTABLE TO:								
Owners of the parent	\$ (72,941)	(1.0)	\$ 360,628	5.0	\$ 158,674	1.2	\$ 796,061	6.1
Non-controlling interests	49,291	0.7	77,611	1.1	100,003	0.7	110,273	0.8
	\$ (23,650)	(0.3)	\$ 438,239	6.1	\$ 258,677	1.9	\$ 906,334	6.9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the parent	\$ (139,809)	(2.0)	\$ 364,203	5.1	\$ 163,279	1.2	\$ 815,661	6.2
Non-controlling interests	51,894	0.7	71,455	1.0	114,664	0.8	106,628	0.8
	\$ (87,915)	(1.3)	\$ 435,658	6.1	\$ 277,943	2.0	\$ 922,289	7.0
EARNINGS PER SHARE (NT\$, notes 27)								
Basic	\$ (0.11)		\$ 0.59		\$ 0.25		\$ 1.31	
Diluted	\$ (0.10)		\$ 0.59		\$ 0.24		\$ 1.31	

*The accompanying notes are an integral part of the consolidated financial statements*  
(With Solomon & Co., reviewed report dated August 2, 2022)



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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(Reviewd, Not Audited)

	Capital Stock — Common Stock				Retained Earnings			Others				
	Shares	Amount	Stock dividend to be distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	595,068,022	\$ 5,950,680	\$ —	\$ 602,220	\$ 137,749	\$ 147,555	\$ 1,088,298	\$ (214,024)	\$ 88,358	\$ (34,925)	\$ 1,364,133	\$ 9,130,044
Share of changes in net assets of associates and joint ventures accounted for using equity method Changes in subsidiaries' ownership	—	—	—	104	—	—	(1,234)	—	—	—	—	(1,130)
Net income in the first half of 2021	—	—	—	—	—	—	796,061	—	—	—	110,273	906,334
Other comprehensive income in the first half of 2021, net of income tax	—	—	—	—	—	—	—	(27,150)	46,750	—	(3,645)	15,955
Changes in subsidiaries ownership	—	—	—	(737)	—	—	(23)	—	—	—	760	—
Disposal of the Corporation's shares held by subsidiaries	—	—	—	7,121	—	—	—	—	—	2,325	—	9,446
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	99,536	99,536
BALANCE, JUNE 30, 2021	595,068,022	\$ 5,950,680	\$ —	\$ 608,708	\$ 137,749	\$ 147,555	\$ 1,883,102	\$ (241,174)	\$ 135,108	\$ (32,600)	\$ 1,571,057	\$ 10,160,185
BALANCE, JANUARY 1, 2022	645,895,402	\$ 6,458,954	\$ —	\$ 1,136,808	\$ 213,846	\$ 147,555	\$ 1,999,744	\$ (225,398)	\$ 114,694	\$ (35,565)	\$ 1,712,713	\$ 11,523,351
Appropriation and distribution of 2021 retained earnings												
Legal reserve	—	—	—	—	140,409	—	(140,409)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	—	—	(226,063)	—	—	—	—	(226,063)
Stock dividends	—	—	387,537	—	—	—	(387,537)	—	—	—	—	—
Share of changes in net assets of associates and joint ventures accounted for using equity method	—	—	—	22,391	—	—	(14,905)	—	—	—	—	7,486
Net income in the first half of 2022	—	—	—	—	—	—	158,674	—	—	—	100,003	258,677
Other comprehensive income in the first half of 2022, net of income tax	—	—	—	—	—	—	—	58,959	(54,354)	—	14,661	19,266
Disposal of the Corporation's shares held by subsidiaries	—	—	—	2,371	—	—	—	—	—	1,240	—	3,611
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(97,839)	(97,839)
BALANCE, JUNE 30, 2022	645,895,402	\$ 6,458,954	\$ 387,537	\$ 1,161,570	\$ 354,255	\$ 147,555	\$ 1,389,504	\$ (166,439)	\$ 60,340	\$ (34,325)	\$ 1,729,538	\$ 11,488,489

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

(With Solomon &amp; Co., reviewed report dated August 2, 2022)



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

	<i>For The Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 348,562	\$ 1,091,064
Adjustments for :		
Depreciation expense	318,108	302,621
Amortization expense	156	128
Expected credit loss (gains)	21	16,239
Net gain of financial assets and liabilities at fair value through profit or loss	(2,832)	(651,481)
Finance costs	188,267	117,405
Interest income	(8,957)	(9,445)
Dividend income	(25,779)	(10,809)
Share of loss (profits) of associates	(9,188)	(90,398)
Gain on disposal of property, plant and equipment	(10,797)	(1,162)
Property, plant and equipment transferred to expenses	8,729	1,970
Loss (gain) on disposal of investments	5,726	(7,511)
Gains on disposal of associates	(1,165)	—
Unrealized gain on the transactions with associates	10,771	—
Realized gain on the transactions with associates	(593)	—
Income and expense adjustments	472,467	(332,443)
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(370,665)	(229,485)
Contract assets	(49,129)	(113,743)
Notes and accounts receivable	(317,405)	(1,407,432)
Other receivables	(31,969)	(37,632)
Inventories	(907,567)	(877,170)
Prepayments	(216,224)	(291,607)
Other current assets	(17,538)	86,031
Contract liabilities	154,635	184,551
Notes and accounts payable	128,437	124,520
Other payables	(62,293)	(135,055)
Provisions	10,060	13,821
Other current liabilities	(5,039)	52,083
Net defined benefit liability	(12,487)	(15,750)
Total changes in operating assets and liabilities	(1,697,184)	(2,646,868)
Total adjustments	(1,224,717)	(2,979,311)
Cash (used in) generated from operations	(876,155)	# (1,888,247)
Interest paid	(175,095)	(113,780)
Interest received	8,969	9,455
Income tax paid	(159,400)	(94,224)
Net cash (used in) generated from operating activities	(1,201,681)	(2,086,796)

(Continued)

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

	<i>For The Six Months Ended June 30</i>	
	<i>2022</i>	<i>2021</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial asset at fair value through other comprehensive income	(90,212)	—
The capital reduction on financial asset at fair value through other comprehensive income	3,504	8,212
Financial assets at amortized cost	(27,301)	55,775
Purchase of associates under the equity method	(102,618)	(4,620)
Proceeds from disposal of associates under the equity method	11,337	—
Acquisition of property, plant and equipment (including prepayments for equipment)	(720,783)	(1,126,757)
Proceeds from disposal of property, plant and equipment	38,456	3,376
(Increase) decrease in refundable deposits	(40,323)	11,898
Acquisition of intangible assets	(667)	—
Payments for right-of-use assets	(257)	(16,639)
Increase in other non-current assets	(11,925)	(189,911)
Dividend received	30,295	15,587
Other investing activities	(245,571)	(120,054)
Net cash (used in) investing activities	(1,156,065)	(1,363,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	495,462	2,984,460
(Decrease) increase in short-term notes and bills payable	(216)	419,615
Proceeds from long-term bank loans	2,597,812	2,398,518
Repayment of long-term bank loans	(868,036)	(966,687)
(Decrease) increase in guarantee deposits	(20,308)	8,900
Repayment of principal of lease liabilities	(26,885)	(35,367)
Proceeds from disposal of treasury share	3,611	9,446
(Decrease) increase in non-controlling interests	(97,789)	99,536
Net cash (used in) generated by financing activities	2,083,651	4,918,421
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	74,256	(32,351)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(199,839)	1,436,141
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,999,261	2,906,624
CASH AND CASH EQUIVALENTS, ENDING OF PERIOD	\$ 4,799,422	\$ 4,342,765

(Concluded)

*The accompanying notes are an integral part of the consolidated financial statements*  
*(With Solomon & Co., reviewed report dated August 2, 2022)*

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

## **Notes to Financial Statements**

**June 30, 2022 and 2021**

**(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 June 30, 2022. In December 1988, its shares were listed on Taiwan Stock Exchange (TSE).

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

The consolidated financial statements were approved and authorized for issue by the Board of Directors on August 2, 2022.

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

- a. Initial application of 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 amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023(Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023(Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023(Note 3)

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

Note 2: 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 3: 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.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
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

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

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

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

For the convenience of readers, the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language parent company only financial statements shall prevail.

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

#### **Statement Of Compliance**

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

#### **Basis Of Preparation**

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

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

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

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

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

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Additional Descriptions
			2022.6.30	2021.12.31	2021.6.30	
TA YA	TA YA (CHINA) HOLDING LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA	TA YA VENTURE HOLDINGS LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA	TA YA (Vietnam) INVESTMENT HOLDING LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA	TAYA ELECTRIC WIRE & CABLE (H.K.) CO., LTD.	Sales Agent	99.99%	99.99%	99.99%	
TA YA and TA YI	PLASTIC TECHNOLOGY INVESTMENT HOLDING LTD.	Investment holding	59.13%	59.13%	59.13%	
TA YA	TA YA Innovation Investment Co., Ltd.	General investment	100.00%	100.00%	100.00%	
TA YA And CUPRIME MATERIAL	TA YA VENTURE CAPITAL CO., LTD.	General investment	99.99%	99.99%	99.99%	
TA YA	TA YA GENESIS CAPITAL CO., LTD.	General investment	100.00%	100.00%	—	Note 1
TA YA	CUPRIME MATERIAL CO., LTD.	Manufacturing and marketing of wire and cable	54.01%	54.01%	54.01%	
TA YA	UNION STORAGE ENERGY SYSTEM LTD.	Other management consulting services	70.00%	70.00%	70.66%	Note 2
TA YA	TA YA ENERGY STORAGE TECHNOLOGY CO., LTD.	energy technology	100.00%	100.00%	—	Note 1
TA YA	TA HO ENGINEERING, CO., LTD.	Cables Construction and consulting services	48.00%	48.00%	48.00%	Note 3
TA YA and TA YA VENTURE CAPITAL	UNITED ELECTRIC INDUSTRY CO., LTD.	Manufacturing, processing and marketing of cable wire and electromechanical	42.78%	42.78%	42.78%	Note 3

Investor	Investee	Main Business	% of Ownership			Additional Descriptions
			2022.6.30	2021.12.31	2021.6.30	
TA YA and CUPRIME MATERIAL	TA HENG ELECTRIC WIRE & CABLE CO., LTD.	Manufacturing, processing and marketing of electric wire	64.15%	64.15%	64.15%	
TA YA and TA HENG	TA YI PLASTIC CO., LTD.	Manufacturing, processing and marketing of plastic	54.56%	54.56%	54.56%	
CUPRIME MATERIAL	CUPRIME MATERIALPTE.LTD.	General investment	100.00%	100.00%	100.00%	
CUPRIME MATERIAL	CUPRIME VENTURE HOLDING CO.,LTD.	General investment	100.00%	100.00%	100.00%	
CUPRIME MATERIAL	CUPRIME INVESTMENT HOLDING COMPANY LIMITED	Investment holding	100.00%	100.00%	100.00%	
CUPRIME MATERIAL	CUGREEN METAL TECH CO., LTD.	Processing of metal	98.43%	98.43%	98.43%	
CUPRIME MATERIAL CUPRIME MATERIALPTE.LTD.	CUPRIME ELECTRIC WIRE & CABLE (H.K.) CO., LTD.	Marketing of cable, wire and copper	100.00%	100.00%	100.00%	
PLASTIC TECHNOLOGY INVESTMENT HOLDING	TA YI PLASTIC (H.K.) LTD.	Manufacturing and marketing of wire and cable	100.00%	100.00%	100.00%	
TA YI PLASTIC (H.K.)	DONGGUAN HUI CHANG PLASTIC CO., LTD	Manufacturing and marketing of plastic	100.00%	100.00%	100.00%	
TA YI PLASTIC (H.K.)	DONGGUAN HUI JI PLASTIC CO., LTD	Manufacturing and marketing of plastic	100.00%	100.00%	100.00%	
HUI CHANG	TA YI PLASTIC LTD.	Manufacturing and marketing of plastic	99.99%	99.99%	100.00%	Note 4
TA YA (CHINA)	HENG YA ELECTRIC LTD.	Manufacturing and processing of cable and wire	100.00%	100.00%	100.00%	
TA YA (CHINA)	TA YA (KUNSHAN) HOLDING LTD.	Investment holding	100.00%	100.00%	—	Note 1
TA YA (CHINA)	TA YA (ZHANGZHOU) HOLDING LTD.	Investment holding	100.00%	100.00%	—	Note 1
HENG YA	HENG YA ELECTRIC (KUNSHAN) LTD.	Manufacturing and processing of magnet wire	100.00%	100.00%	100.00%	
HENG YA and TA YA (ZHANGZHOU) HOLDING LTD.	TAYA ZHANGZHOU WIRES CABLE CO., LTD.	Manufacturing and marketing of magnet wire and triple Insulated wire	100.00%	100.00%	100.00%	



Investor	Investee	Main Business	% of Ownership			Additional Descriptions
			2022.6.30	2021.12.31	2021.6.30	
HENG YA	HENG YA ELECTRIC (DONGGUAN) LTD.	Manufacturing and marketing of magnet wire and triple Insulated wire	100.00%	100.00%	100.00%	
TA YA VENTURE HOLDINGS	LUCKY MAX CAPITAL INVESTMENT LIMITE	Investment holding	100.00%	100.00%	100.00%	
TA YA and TA YA VENTURE CAPITAL	TA YA GREEN ENERGY TECHNOLOGY CO., LTD.	Energy Technical Services	85.00%	85.00%	85.00%	
TA YA GREEN ENERGY	BOSI SOLAR ENERGY CO., LTD.	Energy Technical Services	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	DAIJU ELECTRIC CO., LTD.	Solar power business	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	BRAVO SOLAR POWER CO., LTD.	Solar power business	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	SIN JHONG SOLAR POWER CO., LTD.	Solar power business	100.00%	100.00%	100.00%	
TA YA GREEN ENERGY	BO YAO POWER CO., LTD.	Energy Technical Services	100.00%	100.00%	—	Note 1
TA YA GREEN ENERGY	JHIH-GUANG ENERGY CO., LTD.	Solar power business	100.00%	100.00%	—	Note 1
TA YA (Vietnam) INVESTMENT HOLDING and CUPRIME INVESTMENT HOLDING COMPANY LIMITED	TA YA VIETNAM (Cayman) HOLDINGS LTD.	Investment holding	100.00%	100.00%	100.00%	
TA YA VIETNAM (Cayman) HOLDINGS	TA YA (Vietnam) ELECTRIC WIRE & CABLE JOINT STOCK COMPANY	Building wire and cable	80.00%	80.00%	80.00%	

Note 1 : The investees were newly invested in 2021.

Note 2 : In November 2021, the Group further invested 3,485 thousand shares and in UNION STORAGE ENERGY SYSTEM LTD., which decreased the shareholding ratio for the year ended December 31, 2021 in UNION STORAGE ENERGY SYSTEM LTD. to 70.00%.

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

Note 4 : The Group did not subscribe for new shares issued by TAYI PLASTIC CO., LTD. based on its percentage of ownership interest in October 2021, and its percentage of ownership decreased from 100.00% to 99.99%.

Subsidiaries not included in the consolidated financial statements: None.

Adjustments for subsidiaries with different balance sheet dates: None.

Significant restrictions: None.

Subsidiaries included in the consolidated financial statements do not meet the definition of significant subsidiaries; their financial statements as of June 30, 2022 were not reviewed by independent accountants.

### **Other Significant Accounting Policies**

Except the following, please refer to significant accounting policies to the consolidated financial statements for the years ended December 31, 2021.

#### **Taxation**

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

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

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Same to the consolidated financial statements for the year ended December 31, 2021 for the critical accounting judgments and key sources of estimation and uncertainty of these consolidated financial statements.

## 6. Cash And Cash Equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Petty cash	\$ 6,815	\$ 7,361	\$ 3,567
Cash in bank			
Checking accounts	785,694	982,527	683,759
Demand deposits	2,933,803	3,212,793	3,049,138
Foreign currency-demand deposits	741,030	668,797	455,171
Time deposits	332,080	127,783	151,130
Sub-total	4,792,607	4,991,900	4,339,198
Total	\$ 4,799,422	\$ 4,999,261	\$ 4,342,765

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

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets at FVTPL - current			
Listed stocks	\$ 823,883	\$ 660,703	\$ 438,825
Non-listed stocks	8,000	8,000	8,000
Metal commodities futures contract	288,508	160,369	104,265
Foreign exchange forward contract	21,283	—	365
	1,141,674	829,072	551,455
Valuation adjustment	272,022	301,805	385,670
	\$ 1,413,696	\$ 1,130,877	\$ 937,125

Financial assets at FVTPL - noncurrent			
Listed stock and emerging market stocks	\$ 250,577	\$ 250,344	\$ 250,364
Non-listed stocks	1,574,468	1,348,582	1,239,541
Metal commodities futures contract	316,089	551,034	567,371
Interest rate swap contracts	62,617	—	—
	2,203,751	2,149,960	2,057,276
Valuation adjustment	816,466	710,740	583,968
	\$ 3,020,217	\$ 2,860,700	\$ 2,641,244

	June 30, 2022	December 31, 2021	June 30, 2021
Financial liabilities at FVTPL - current			
Metal commodities futures contract	\$ 14,902	\$ 376	\$ 39
Foreign exchange forward contract	12,614	7,590	353
Interest rate swap contracts	—	360	—
Redemption options and put options of convertible bonds	9,000	6,600	—
	\$ 36,516	\$ 14,926	\$ 392
Financial liabilities at FVTPL - noncurrent			
Interest rate swap contracts	\$ 33,749	\$ —	\$ —

- 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>June 30, 2022</u>								
Buy	9,475	2022.07~2026.10	USD	68,193	USD	78,180	USD	9,987
Sell	8,250	2022.07~2022.09	USD	78,004	USD	68,149	USD	9,855
<u>December 31, 2021</u>								
Buy	10,600	2022.01~2026.10	USD	76,165	USD	100,984	USD	24,819
Sell	6,000	2022.01~2022.03	USD	59,299	USD	58,428	USD	871
<u>June 30, 2021</u>								
Buy	7,825	2021.07~2026.10	USD	50,309	USD	72,265	USD	21,956
Sell	2,950	2021.07~2021.10	USD	29,797	USD	27,648	USD	2,149

- 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>June 30, 2022</u>				
Buy	NTD/JPY	2022.11	NTD	96,167/JPY 444,600
Buy	NTD/USD	2022.10	NTD	583,645/USD 20,100
Buy	CNY/USD	2022.12	CNY	91,934/USD 14,000
<u>December 31, 2021</u>				
Buy	NTD/JPY	2022.11	NTD	123,209/JPY 516,600
Buy	NTD/USD	2022.03	NTD	253,341/USD 9,100
Buy	CNY/USD	2022.04	CNY	58,331/USD 9,000
<u>June 30, 2021</u>				
Buy	CNY/USD	2021.07	CNY	13,002/USD 2,000
Buy	NTD/USD	2021.09	NTD	295,009/USD 10,580

- c. At the end of the reporting period, outstanding Interest rate swap contracts not under hedge accounting were as follows:

	Interest rate swap contracts		Maturity Date	Annual interest Rate (Fixed)	Annual interest rate (Floating)
<u>June 30, 2022</u>					
Payer Interest Rate Swap	NTD	6,667,308	2026.11~2027.06	0.78%~1.80%	0.87%
<u>December 31, 2021</u>					
Payer Interest Rate Swap	NTD	1,900,000	2026.11	0.78%	0.48%

The Group's strategy for metal commodities futures, interest rate swap contracts and foreign exchange forward contracts were 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**

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets at fair value through other comprehensive income — current			
Listed stocks	\$ 17,313	\$ 15,816	\$ 15,707
Valuation adjustment	8,359	14,715	13,847
	<u>\$ 25,672</u>	<u>\$ 30,531</u>	<u>\$ 29,554</u>
Financial assets at fair value through other comprehensive income — non-current			
Listed stock and emerging market stocks	\$ 262,462	\$ 173,748	\$ 141,544
Non-listed stock and emerging market stocks	710,476	711,371	667,466
Valuation adjustment	74,680	127,005	147,335
	<u>\$ 1,047,618</u>	<u>\$ 1,012,124</u>	<u>\$ 956,345</u>

**9. Financial Assets at amortized cost**

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits with original maturities of more than 3 months	<u>\$ 413,122</u>	<u>\$ 385,821</u>	<u>\$ 277,256</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Notes and accounts receivable	\$ 4,788,118	\$ 4,471,017	\$ 5,075,957
Allowance for impairment loss	(71,843)	(71,103)	(78,716)
Notes and accounts receivable, net	<u>\$ 4,716,275</u>	<u>\$ 4,399,914</u>	<u>\$ 4,997,241</u>

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

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

The Group applies the simplified approach to estimate expected credit losses prescribed by IFRS9, which permits the use of a lifetime expected losses allowance for all trade receivables. To set the expected credit losses rate, the Group are estimated by reference to past default experience of the debtor, the current financial position of the debtor, and the forecast direction of the future economic conditions. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 2022	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~2%	0%~10%	0%~35%	0%~100%	100%	
Gross carrying amount	\$ 4,481,235	\$ 219,785	\$ 68,416	\$ 11,822	\$ 6,860	\$ 4,788,118
Loss allowance (Lifetime ECL)	(49,584)	(3,024)	(9,216)	(3,159)	(6,860)	(71,843)
Amortized cost	<u>\$ 4,431,651</u>	<u>\$ 216,761</u>	<u>\$ 59,200</u>	<u>\$ 8,663</u>	<u>\$ —</u>	<u>\$ 4,716,275</u>
December 31, 2021	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~2%	0%~10%	0%~35%	0%~100%	100%	
Gross carrying amount	\$ 4,066,401	\$ 308,803	\$ 50,689	\$ 38,318	\$ 6,806	\$ 4,471,017
Loss allowance (Lifetime ECL)	(28,441)	(12,861)	(8,848)	(14,147)	(6,806)	(71,103)
Amortized cost	<u>\$ 4,037,960</u>	<u>\$ 295,942</u>	<u>\$ 41,841</u>	<u>\$ 24,171</u>	<u>\$ —</u>	<u>\$ 4,399,914</u>
June 30, 2021	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~2%	2%~10%	10%~35%	30%~100%	100%	
Gross carrying amount	\$ 4,703,573	\$ 259,309	\$ 70,272	\$ 35,865	\$ 6,938	\$ 5,075,957
Loss allowance (Lifetime ECL)	(27,567)	(16,860)	(14,218)	(13,133)	(6,938)	(78,716)
Amortized cost	<u>\$ 4,676,006</u>	<u>\$ 242,449</u>	<u>\$ 56,054</u>	<u>\$ 22,732</u>	<u>\$ —</u>	<u>\$ 4,997,241</u>

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

	For The Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ 71,103	\$ 73,304
Amounts written off	(304)	(10,198)
Net recognize (reversal) for the period	21	16,239
Effect of exchange rate changes	1,023	(629)
Balance, end of period	<u>\$ 71,843</u>	<u>\$ 78,716</u>

## 11. Inventories, Net

a. Manufacturing

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 1,565,111	\$ 855,048	\$ 860,702
Supplies	32,624	35,306	44,933
Work-in-process	1,067,223	1,052,555	880,618
Semi-finished goods	29,153	21,950	25,925
Finished goods	2,579,913	2,361,856	2,001,302
Merchandise	183,393	74,191	74,011
Inventory in transit	79,941	210,340	23,923
Total	<u>5,537,358</u>	<u>4,611,246</u>	<u>3,911,414</u>
Less: Allowance for inventory valuation losses	<u>(114,226)</u>	<u>(43,345)</u>	<u>(67,815)</u>
	<u>\$ 5,423,132</u>	<u>\$ 4,567,901</u>	<u>\$ 3,843,599</u>

b. Construction

	June 30, 2022	December 31, 2021	June 30, 2021
Land held for sale	\$ —	\$ 8,924	\$ 54,033
Buildings held for sale	—	13,117	70,285
	—	22,041	124,318
Advance for land	74,300	—	—
Building and land in progress	69,062	69,062	69,062
Construction in progress	1,376	1,299	1,300
	<u>144,738</u>	<u>70,361</u>	<u>70,362</u>
	<u>144,738</u>	<u>92,402</u>	<u>194,680</u>
Less: Allowance for loss on decline in market value and obsolescence	<u>—</u>	<u>—</u>	<u>—</u>
	<u>\$ 144,738</u>	<u>\$ 92,402</u>	<u>\$ 194,680</u>



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

	For The Three Months Ended June 30	
	2022	2021
Cost of goods sold	\$ 6,409,388	\$ 6,337,962
Loss (gain) on physical inventory	392	(336)
(Reversal gain of) Write-down of inventories	78,550	30,444
	<u>\$ 6,488,330</u>	<u>\$ 6,368,070</u>
	For The Six Months Ended June 30	
	2022	2021
Cost of goods sold	\$ 12,467,550	\$ 11,730,512
Loss (gain) on physical inventory	392	(336)
(Reversal gain of) Write-down of inventories	70,881	29,381
	<u>\$ 12,538,823</u>	<u>\$ 11,759,557</u>

## **12. Investments Accounted For Using Equity Method**

a. Investments in associates

Associates consisted of the following :

Name of Associates	Carrying Amount			% of ownership and Voting Rights Held by the Group		
	June 30, 2022	December 31, 2021	June 30, 2021	June 30, 2022	December 31, 2021	June 30, 2021
Ad Engineering Corporation	\$ 107,205	\$ 113,009	\$ 107,491	27.00	27.00	27.00
Jung Shing Wire Co., Ltd.	598,409	498,035	461,095	23.98	23.33	22.13
Teco(Vietnam) Electric & Machinery Co., Ltd.	39,192	47,662	64,930	20.00	20.00	20.00
Otto2 Holdings Corporation	10,157	9,963	21,980	21.11	21.11	22.73
Huizhou Boluo Huxing Flame-Retardant Materials Co., Ltd.	32,403	40,502	35,977	25.00	33.00	33.00
AMIT system service Ltd.	1,710	2,705	3,599	22.74	22.74	22.74
Hengs Technology Co., Ltd.	268,391	290,473	236,207	24.75	24.12	22.58
Tenart Biotech Limited	19,676	17,387	15,117	25.41	25.41	25.41
Pau Sugar Agrivoltaic Energy Corp.	20,000	—	—	40.00	—	—
	<u>\$1,097,143</u>	<u>\$1,019,736</u>	<u>\$ 946,396</u>			

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

	June 30, 2022	December 31, 2021	June 30, 2021
Total assets	\$ 8,757,688	\$ 8,393,483	\$ 8,172,398
Total liabilities	(4,610,683)	(4,404,255)	(4,238,159)
Net assets	<u>\$ 4,147,005</u>	<u>\$ 3,989,228</u>	<u>\$ 3,934,239</u>

	For The Three Months Ended June 30	
	2022	2021
Net revenue	<u>\$ 1,691,937</u>	<u>\$ 2,490,253</u>
Net income	<u>\$ 43,346</u>	<u>\$ 299,253</u>
The Group's share of profits of associates	<u>\$ 10,894</u>	<u>\$ 69,787</u>

	For The Six Months Ended June 30	
	2022	2021
Net revenue	<u>\$ 3,042,325</u>	<u>\$ 3,505,074</u>
Net income	<u>\$ 26,515</u>	<u>\$ 384,127</u>
The Group's share of profits of associates	<u>\$ 9,188</u>	<u>\$ 90,398</u>

- (1) These amounts and the related information disclosed in the accompanying consolidated financial statements were based on the unreviewed financial statements of consolidated subsidiaries and investments accounted for under equity method.
- (2) The Group investments Jung Shing Wire Co., Ltd. The closing price represents the quoted price in active markets, the level 1 fair value measurement.

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value	<u>\$ 609,048</u>	<u>\$ 602,246</u>	<u>\$ 649,913</u>

- (3) The Group successively purchased shares of Jung Shing Wire Co., Ltd. since January 2022. The investment amounted to 1,774 thousand shares and participate in Follow-On Offering of 2,410 thousand shares. Therefore, the Group's ownership interest in Jung Shing Wire Co., Ltd. increased to 23.98%.
- (4) The Group successively purchased shares of HENGST TECHNOLOGY CO., LTD. since January 2022 and the investment amounted to 385 thousand shares. Therefore, the Group's ownership interest in HENGST TECHNOLOGY CO., LTD. increased to 24.75%.
- (5) The Group disposed of 8% equity of Huizhou Boluo Huxing Flame-Retardant Materials Co.,

Ltd. Therefore, the Group's ownership interest in Huizhou Boluo Huxing Flame-Retardant Materials Co., Ltd. decreased to 25.00%.

- (6) The Pau Sugar Agrivoltaic Energy Corp. were newly invested in June 2022.
- (7) The carrying amounts of investments accounted for using equity method pledged as collateral for bank loans were disclosed in Note 36.

### 13. Property, Plant And Equipment

Cost	Balance at January 1, 2022	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at June 30, 2022
Land and land improvements	\$ 1,790,664	\$ —	\$ —	\$ —	\$ —	\$ 1,790,664
Buildings	2,031,581	2,353	—	26,811	24,494	2,085,239
Machinery and equipment	10,602,736	13,320	(75,937)	112,464	46,571	10,699,154
Transportation equipment	140,552	1,651	(1,978)	611	1,929	142,765
Miscellaneous equipment	1,574,724	13,694	(31,625)	36,027	9,630	1,602,450
Leasehold improvements	1,961	1,642	—	—	—	3,603
Construction in progress and equipment awaiting inspection	1,367,037	526,758	—	(79,495)	1,025	1,815,325
	<u>\$ 17,509,255</u>	<u>\$ 559,418</u>	<u>\$ (109,540)</u>	<u>\$ 96,418</u>	<u>\$ 83,649</u>	<u>\$ 18,139,200</u>

Accumulated depreciation and impairment	Balance at January 1, 2022	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at June 30, 2022
Land and land improvements	\$ 19,844	\$ 1,522	\$ —	\$ —	\$ —	\$ 21,366
Buildings	1,443,933	31,894	—	—	15,017	1,490,844
Machinery and equipment	4,602,434	217,709	(48,687)	—	43,073	4,814,529
Transportation equipment	111,271	4,557	(1,909)	—	1,615	115,534
Miscellaneous equipment	1,338,924	28,691	(31,285)	—	8,040	1,344,370
Leasehold improvements	1,951	73	—	—	—	2,024
	<u>\$ 7,518,357</u>	<u>\$ 284,446</u>	<u>\$ (81,881)</u>	<u>\$ —</u>	<u>\$ 67,745</u>	<u>\$ 7,788,667</u>

Cost	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at June 30, 2021
Land and land improvements	\$ 1,773,650	\$ —	\$ —	\$ 3,900	\$ —	\$ 1,777,550
Buildings	2,014,558	4,255	—	1,883	(9,985)	2,010,711
Machinery and equipment	6,228,063	12,698	(40,302)	3,945,335	(17,671)	10,128,123
Transportation equipment	139,172	3,863	(2,904)	1,082	(702)	140,511
Miscellaneous equipment	1,556,496	8,629	(28,665)	22,113	(4,577)	1,553,996
Leasehold improvements	1,961	—	—	—	—	1,961
Construction in progress and equipment awaiting inspection	2,980,676	1,320,575	—	(3,900,917)	(140)	400,194
	<u>\$ 14,694,576</u>	<u>\$ 1,350,020</u>	<u>\$ (71,871)</u>	<u>\$ 73,396</u>	<u>\$ (33,075)</u>	<u>\$ 16,013,046</u>

Accumulated depreciation and impairment	Balance at January 1, 2021	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance at June 30, 2021
Land and land improvements	\$ 16,979	\$ 1,355	\$ —	\$ —	\$ —	\$ 18,334
Buildings	1,386,608	30,712	—	—	(5,570)	1,411,750
Machinery and equipment	4,303,477	210,959	(39,624)	—	(15,287)	4,459,525
Transportation equipment	108,541	4,364	(2,176)	—	(552)	110,177
Miscellaneous equipment	1,333,481	28,038	(27,857)	—	(5,007)	1,328,655
Leasehold improvements	1,744	127	—	—	—	1,871
	<u>\$ 7,150,830</u>	<u>\$ 275,555</u>	<u>\$ (69,657)</u>	<u>\$ —</u>	<u>\$ (26,416)</u>	<u>\$ 7,330,312</u>

The carrying amounts of property, plant and equipment pledged as collateral for bank loans were disclosed in Note 36.

## 14. Lease Arrangements

### a. Right-of-use Assets

Cost	Balance at January 1, 2022	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2022
Land	\$ 741,333	\$ 310	\$ —	\$ 13,876	\$ 755,519
Buildings	3,759	—	—	183	3,942
Transportation equipment	42,005	2,763	(1,770)	—	42,998
Miscellaneous equipment	344,986	—	—	—	344,986
	<u>\$ 1,132,083</u>	<u>\$ 3,073</u>	<u>\$ (1,770)</u>	<u>\$ 14,059</u>	<u>\$ 1,147,445</u>

Accumulated depreciation	Balance at January 1, 2022	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2022
Land	\$ 32,724	\$ 13,408	\$ —	\$ 460	\$ 46,592
Buildings	1,886	608	—	116	2,610
Transportation equipment	22,475	5,978	(1,770)	—	26,683
Miscellaneous equipment	33,296	9,032	—	—	42,328
	<u>\$ 90,381</u>	<u>\$ 29,026</u>	<u>\$ (1,770)</u>	<u>\$ 576</u>	<u>\$ 118,213</u>

Cost	Balance at January 1, 2021	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2021
Land	\$ 268,500	\$ 471,903	\$ —	\$ (5,149)	\$ 735,254
Buildings	3,598	253	—	(62)	3,789
Transportation equipment	31,649	5,355	(3,278)	—	33,726
Miscellaneous equipment	228,416	6,078	—	—	234,494
	<u>\$ 532,163</u>	<u>\$ 483,589</u>	<u>\$ (3,278)</u>	<u>\$ (5,211)</u>	<u>\$ 1,007,263</u>

Accumulated depreciation	Balance at January 1, 2021	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2021
Land	\$ 6,696	\$ 13,042	\$ —	\$ (113)	\$ 19,625
Buildings	785	538	—	(17)	1,306
Transportation equipment	16,723	4,213	(3,278)	—	17,658
Miscellaneous equipment	20,525	6,222	—	—	26,747
	<u>\$ 44,729</u>	<u>\$ 24,015</u>	<u>\$ (3,278)</u>	<u>\$ (130)</u>	<u>\$ 65,336</u>

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Current	<u>\$ 45,658</u>	<u>\$ 34,457</u>	<u>\$ 39,524</u>
Non-current	<u>\$ 732,571</u>	<u>\$ 765,730</u>	<u>\$ 653,559</u>

Range of discount rate for lease liabilities is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.32%~9.80%	1.32%~9.80%	1.32%~9.80%
Buildings	1.55%~3.54%	1.55%~3.54%	1.55%~3.54%
Transportation equipment	1.27%~3.54%	1.27%~3.54%	1.42%~3.54%
Miscellaneous equipment	1.73%~2.19%	1.77%~3.54%	1.97%~3.54%

c. Other lease information

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Expenses relating to short-term leases	\$ 2,572	\$ 2,839
Expenses relating to low-value asset leases	\$ 144	\$ 65
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 33	\$ 120
Total cash outflow for leases	\$ (13,467)	\$ (12,006)
	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Expenses relating to short-term leases	\$ 4,870	\$ 5,518
Expenses relating to low-value asset leases	\$ 290	\$ 130
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,350	\$ 548
Total cash outflow for leases	\$ (42,940)	\$ (50,341)

**15. Investment Property**

Cost	Balance at January 1, 2022	Additions	Disposals	Balance at June 30, 2022
Land	\$ 1,039,111	\$ —	\$ —	\$ 1,039,111
Buildings and improvements	386,992	—	—	386,992
	<u>\$ 1,426,103</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,426,103</u>
	Balance at January 1, 2022	Additions	Disposals	Balance at June 30, 2022
Accumulated depreciation				
Buildings and improvements	\$ 73,888	\$ 4,636	\$ —	\$ 78,524
	<u>\$ 73,888</u>	<u>\$ 4,636</u>	<u>\$ —</u>	<u>\$ 78,524</u>

Cost	Balance at January 1, 2021	Additions	Disposals	Balance at June 30, 2021
Land	\$ 937,957	\$ —	\$ —	\$ 937,957
Buildings and improvements	279,971	—	—	279,971
	<u>\$ 1,217,928</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,217,928</u>

Accumulated depreciation	Balance at January 1, 2021	Additions	Disposals	Balance at June 30, 2021
Buildings and improvements	\$ 67,522	\$ 3,051	\$ —	\$ 70,573
	<u>\$ 67,522</u>	<u>\$ 3,051</u>	<u>\$ —</u>	<u>\$ 70,573</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value	<u>\$ 1,666,368</u>	<u>\$ 1,623,943</u>	<u>\$ 1,416,133</u>

The carrying amounts of investment property pledged as collateral for bank loans were disclosed in Note 36.

## 16. Intangible Assets

Cost	Balance at January 1, 2022	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2022
Computer Software	\$ 212	\$ 667	\$ (111)	\$ —	\$ 768
Patents and other intangible assets	1,215	—	—	72	1,287
	<u>\$ 1,427</u>	<u>\$ 667</u>	<u>\$ (111)</u>	<u>\$ 72</u>	<u>\$ 2,055</u>

Accumulated depreciation and impairment	Balance at January 1, 2022	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2022
Computer Software	\$ 186	\$ 102	\$ (111)	\$ —	\$ 177
Patents and other intangible assets	1,119	54	—	68	1,241
	<u>\$ 1,305</u>	<u>\$ 156</u>	<u>\$ (111)</u>	<u>\$ 68</u>	<u>\$ 1,418</u>



Cost	Balance at January 1, 2021	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2021
Computer Software	\$ 427	\$ —	\$ (215)	\$ —	\$ 212
Patents and other intangible assets	1,438	—	(76)	(19)	1,343
	<u>\$ 1,865</u>	<u>\$ —</u>	<u>\$ (291)</u>	<u>\$ (19)</u>	<u>\$ 1,555</u>
Accumulated depreciation and impairment	Balance at January 1, 2021	Additions	Disposals	Effect of Exchange Rate Changes	Balance at June 30, 2021
Computer Software	\$ 326	\$ 59	\$ (215)	\$ —	\$ 170
Patents and other intangible assets	1,214	69	(76)	(16)	1,191
	<u>\$ 1,540</u>	<u>\$ 128</u>	<u>\$ (291)</u>	<u>\$ (16)</u>	<u>\$ 1,361</u>

## 17. Short-Term Loans

	June 30, 2022	Annual interest rate	Maturity date
Usance L/C loans	\$ 4,720,975	1.01%~5.20%	2022.07~2023.01
Mortgage loans	505,299	1.15%~4.35%	2022.08~2023.06
Unsecured loans	1,993,323	1.03%~4.30%	2022.07~2023.06
	<u>\$ 7,219,597</u>		
	December 31, 2021	Annual interest rate	Maturity date
Usance L/C loans	\$ 2,145,963	0.80%~5.90%	2022.02~2022.09
Mortgage loans	1,261,907	0.95%~5.20%	2022.01~2022.06
Unsecured loans	3,316,265	0.71%~4.65%	2022.01~2022.12
	<u>\$ 6,724,135</u>		
	June 30, 2021	Annual interest rate	Maturity date
Usance L/C loans	\$ 4,655,928	0.64%~5.20%	2021.07~2022.06
Mortgage loans	792,078	0.95%~4.35%	2021.07~2022.06
Unsecured loans	2,059,160	0.91%~4.45%	2021.07~2022.06
	<u>\$ 7,507,166</u>		

The carrying amounts of short-term loans pledged as collateral for bank loans were disclosed in Note 36.

## 18. Commercial Papers

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial Papers	\$ 830,000	\$ 830,000	\$ 875,000
Less : Discount on commercial papers	(385)	(169)	(455)
	<u>\$ 829,615</u>	<u>\$ 829,831</u>	<u>\$ 874,545</u>
Interest rate range	1.34%~2.06%	0.84%~1.70%	1.09%~2.01%
Maturity date	2022.07~2022.09	2022.01~2022.03	2021.07~2021.09

## 19. Bonds Payable

	June 30, 2022	December 31, 2021	June 30, 2021
The first domestic secured corporate bonds in 2018	\$ 500,000	\$ 500,000	\$ 500,000
The first domestic secured corporate bonds in 2021	1,000,000	1,000,000	1,000,000
The fourth domestic unsecured corporate bonds	1,200,000	1,200,000	—
Less: discount on bonds payable	(64,552)	(71,606)	—
	<u>\$ 2,635,448</u>	<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 2021	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.

	June 30, 2022
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	\$ 1,126,800
Interest charged at an effective interest rate of 1.25%	8,568
Liability components at June 30, 2022	<u>\$ 1,135,448</u>

## **20. Long-Term Loans**

	June 30, 2022	Annual interest rate	Maturity date
Mortgage loans			
Bank SinoPac syndicated loan (I)	\$ 3,108,560	2.11%	2026.11
Bank SinoPac syndicated loan ( II )	969,957	2.30%	2024.02
Bank loans	<u>4,428,289</u>	1.46%~2.05%	2023.11~2038.06
	<u>8,506,806</u>		
Unsecured loans			
Taishin Bank syndicated loan	886,228	2.47%	2025.03
Bank loans	<u>1,529,916</u>	1.40%~2.05%	2023.07~2038.06
	<u>2,416,144</u>		
Minor total	10,922,950		
Less: Current portion	<u>(587,897)</u>		
	<u>\$ 10,335,053</u>		

	<u>December 31, 2021</u>	<u>Annual interest rate</u>	<u>Maturity date</u>
Mortgage loans			
Bank SinoPac syndicated loan (I)	\$ 3,165,251	1.96%~2.11%	2026.11
Bank loans	<u>3,748,559</u>	1.19%~1.82%	2022.05~2038.06
	6,913,810		
Unsecured loans	2,229,746	1.10%~1.77%	2022.05~2038.06
Less: Current portion	<u>(1,871,524)</u>		
	<u>\$ 7,272,032</u>		

	<u>June 30, 2021</u>	<u>Annual interest rate</u>	<u>Maturity date</u>
Mortgage loans			
Bank SinoPac syndicated loan (I)	\$ 2,867,063	1.77%	2025.07
Bank loans	<u>3,526,482</u>	1.19%~1.80%	2022.06~2038.06
	6,393,545		
Unsecured loans	2,069,889	1.10%~1.77%	2022.09~2038.06
Less: Current portion	<u>(1,128,873)</u>		
	<u>\$ 7,334,561</u>		

1. Bank SinoPac syndicated loan ( I )

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

- a. The credit line was divided into part A and B, which amounted to \$3 billion and \$3.2 billion, respectively; and the total line of credit amounted to 3.2 billion.
- b. Credit period
  - (a) Part A will be repaid 30 months from the signing date.
  - (b) Part B will be repaid 5 years from the first implement date, only if conform to the agreement can be extendable.
- c. Collateral
  - (a) Pledge stocks: All the SIN JHONG SOLAR POWER CO LTD., shares have been pledged before the first application.

- (b) Movables: Consolidated company will sign Mortgage Setting Contract for maximum movables what mortgage the solar power plant that will be constructed and reached maximum mortgage setting condition. As well as setting first priority.
- (c) Real estate: Consolidated company will sign Mortgage Setting Contract for buildings improvement what mortgage the booster station of solar power plant and set first priority.
- d. Under the agreement SIN JHONG CO., LTD. should maintain certain multiples of Interest Protection on every half fiscal year during the tenors of the loans. The computations are done based on the audited financial report and semiannual financial report before audited.

2. Bank SinoPac syndicated loan ( II )

On August 30 2021, Sub-subsidiary company, JHIH-GUANG ENERGY CO., LTD., entered into a syndicated loan with group of financial institutions, to construct solar power plant in Tainan and repay bank loans. The major content as follows:

- a. The credit line was divided into part A and B, which amounted to \$5.7 billion and \$5.7 billion, respectively; and the total line of credit amounted to 5.7 billion.
- b. Credit period
  - (a) Part A will be repaid 30 months from the signing date.
  - (b) Part B will be repaid 5 years from the first implement date, only if conform to the agreement can be extendable.
- c. Collateral
  - (a) Pledge stocks: 51% of the JHIH-GUANG ENERGY CO., LTD., shares have been pledged before the first application.
  - (b) Movables: Consolidated company will sign Mortgage Setting Contract for maximum movables what mortgage the solar power plant that will be constructed and reached maximum mortgage setting condition. As well as setting first priority.
  - (c) Real estate: Consolidated company will sign Mortgage Setting Contract for buildings improvement what mortgage the booster station of solar power plant and set first priority.
- d. Under the agreement JHIH-GUANG ENERGY CO., LTD. should maintain certain multiples of Interest Protection on every half fiscal year during the tenors of the loans. The computations are done based on the audited financial report and semiannual financial report before audited.

### 3. Tai shin Bank syndicated

Sub-subsidiary company, TA YA (CHINA) HOLDING LTD., entered into a syndicated loan with group of financial institutions, to pay outstanding syndicated loan of HENG YA ELECTRIC LTD. and plan to resume production and the plant expansion of TA YA (ZHANGZHOU) HOLDING LTD. The major content as follows:

- a. The credit line was divided into part A-1, A-2 and B, which amounted to USD 30,000 thousand and USD 30,000 thousand respectively; and the total line of credit amounted to USD 60,000 thousand.
- b. Credit period
  - (a) Part A-1 will be repaid in 3 years after the signing date.
  - (b) Part A-2 will be repaid in 3 years after the signing date.
  - (c) Part B will be repaid in 3 years after the signing date.
- c. Guarantee

The company was the joint guarantor.
- d. Under the agreement the company should maintain certain multiples of Interest Protection, debt ratio, and tangible net equity on every fiscal year during the tenors of the loans. The computations are done based on the audited financial report. The guarantor should provide the consolidated and parent company only financial statements in three months after the end of every fiscal year

The carrying amounts of long-term loans pledged as collateral for bank loans were disclosed in Note 36.

## 21. Provisions

	Warranty	Decommissioning liability	Total
Balance at January 1,2022	\$ 113,260	\$ 22,091	\$ 135,351
Recognized	10,249	238	10,487
Paid	(189)	—	(189)
Balance at June 30,2022	<u>\$ 123,320</u>	<u>\$ 22,329</u>	<u>\$ 145,649</u>

	Warranty	Decommissioning liability	Total
Balance at January 1,2021	\$ 114,481	\$ 21,360	\$ 135,841
Recognized	13,659	706	14,365
Paid	(311)	—	(311)
Balance at June 30,2021	<u>\$ 127,829</u>	<u>\$ 22,066</u>	<u>\$ 149,895</u>

	June 30, 2022	December 31, 2021	June 30, 2021
Current	<u>\$ 110,232</u>	<u>\$ 100,000</u>	<u>\$ 113,468</u>
Non-current	<u>\$ 35,417</u>	<u>\$ 35,351</u>	<u>\$ 36,427</u>

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

## **22.Retirement Benefit Plans**

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

Total pension expenses of NT\$6,664 thousand, NT\$6,996 thousand, NT\$13,514 thousand, and NT\$12,622 thousand are contributed by the Group for the three months ended June 30, 2022 and 2021, and the six months ended June 30, 2022 and 2021, respectively.



b. Defined benefit plans

For the three months ended June 30, 2022 and 2021, and the six months ended June 30, 2022 and 2021, the total pension expenses of NT\$2,178 thousand, NT\$2,266 thousand, NT\$4,394 thousand, and NT\$4,538 thousand, respectively, were recognized by the Group.

**23. Equity**

a. Capital stock

- (1) As of June 30 2022, December 31, 2021 and June 30, 2021, the Company's authorized capital was NT\$8,000,000 thousand, NT\$8,000,000 and thousand NT\$7,000,000 thousand, consisting of 645,895,402 shares, 645,895,402 shares and 595,068,022 shares of ordinary stock with a par value of NT\$10 per share.
- (2) On June 10 2022, the Company's shareholders annual general meeting resolved to approve the 2021 profit distribution, including the issuance of \$387,537 thousand share dividends. Since the statutory procedures have not been completed yet on June 30, 2022, the shares are temporarily recorded in Stock dividends to be distributed. The issuance date of bonus shares was on September 4, 2022, the basic earnings per share adjusted retrospectively were disclosed in Note 27.

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 June 30, 2022, December 31, 2021, and June 30, 2021, the balances of the Company's capital surplus were NT\$1,161,570 thousand, NT\$1,136,808 thousand, and NT\$608,708 thousand, mostly obtained from the trade of treasury stock, issued at premium and convertible bond.

c. Retained earnings (Accumulated deficit) and dividend policy

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

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

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

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

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

Under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", The Company should appropriate or reverse a special reserve.

The appropriations of earnings for 2021 and 2020 had been approved in the stockholders' meetings on August 13, 2021 and June 10, 2022, respectively. The appropriations and dividends per share were as follows :

	Appropriation of Earnings		Dividends Per Share(NT\$)	
	For Fiscal Year 2021	For Fiscal Year 2020	For Fiscal Year 2021	For Fiscal Year 2020
Legal capital reserve	\$ 140,409	\$ 76,097		
Cash dividends	226,063	208,274	0.35	0.35
Share dividends	387,537	208,274	0.60	0.35
	<u>\$ 754,009</u>	<u>\$ 492,645</u>		

d. Others

1) Foreign currency translation reserve

	Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ (225,398)	\$ (214,024)
Exchange differences arising on translation of foreign operations	61,593	(28,135)
Share of other comprehensive income of associates accounted for using the equity method	11,209	(5,254)
Income tax effect	(13,843)	6,239
Balance, end of period	<u>\$ (166,439)</u>	<u>\$ (241,174)</u>

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

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

	Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ 114,694	\$ 88,358
Unrealized loss on financial assets at fair value through other comprehensive income	(54,674 )	46,104
Share of other comprehensive income of associates accounted for using the equity method	9	158
Income tax effect	311	488
Balance, end of period	<u>\$ 60,340</u>	<u>\$ 135,108</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.

e. Non-controlling interests

	Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ 1,712,713	\$ 1,364,133
Changes in ownership interests in subsidiaries	—	760
Profit for the year	100,003	110,273
Exchange differences on translation of foreign financial statements	20,337	(7,017 )
Unrealized gain (losses) on investments in equity instruments measured at fair value through other comprehensive income	(3,657 )	3,375
Increase in non-controlling interests	(99,858 )	99,536
Balance, end of period	<u>\$ 1,729,538</u>	<u>\$ 1,571,057</u>

**25. Treasury Stock**

	Six Months Ended June 30, 2022			
Purpose of Treasury Shares	Beginning of period	Addition	Reduction	End of period
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>7,546,867</u>	<u>—</u>	<u>262,000</u>	<u>7,284,867</u>

Purpose of Treasury Shares	Six Months Ended June 30, 2022			
	Beginning of period	Addition	Reduction	End of period
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	<u>7,539,067</u>	<u>—</u>	<u>500,000</u>	<u>7,039,067</u>

a. Common Stock

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. The subsidiaries disposed a total of 262,000 shares and 0 share of its shares in the Company for the six months ended June 30 2022 and 2021, respectively.

c. As of June 30, 2022 、December 31, 2021 and June 30, 2021, treasury stock held by subsidiaries were 7,284,867 shares, 7,546,867 shares and 7,039,067 shares, the market values of the shares held by the subsidiaries were \$25.90, \$24.95 and \$30.50 per share, respectively.

## 26. Income Tax

a. Income tax expense recognized in profit or loss

	Three Months Ended June 30	
	2022	2021
Current tax		
In respect of the current period	\$ 36,512	\$ 70,198
Adjustments for prior years	(2,253)	1,382
Income tax on unappropriated earnings	<u>31,932</u>	<u>—</u>
	66,191	71,580
Deferred tax		
In respect of the current period	<u>(45,358)</u>	<u>34,403</u>
Income tax benefit recognized in profit or loss	<u>\$ 20,833</u>	<u>\$ 105,983</u>

		Six Months Ended June 30	
		2022	2021
Current tax			
In respect of the current period	\$	86,701	\$ 102,255
Adjustments for prior years		420	1,382
Income tax on unappropriated earnings		31,932	—
		119,053	103,637
Deferred tax			
In respect of the current period		(29,168)	81,093
Income tax benefit recognized in profit or loss	\$	89,885	\$ 184,730
b. Income tax expense recognized in other comprehensive income			
		Three Months Ended June 30	
		2022	2021
Related to unrealized gain/loss on translation of foreign operations	\$	2,076	\$ (6,677)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(7)	(106)
	\$	2,069	\$ (6,783)
		Six Months Ended June 30	
		2022	2021
Related to unrealized gain/loss on translation of foreign operations	\$	13,843	\$ (6,239)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(311)	(488)
	\$	13,532	\$ (6,727)

The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

## 27. Earnings Per Share

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Three Months Ended June 30, 2022</u>			
Basic EPS			
Net income available to common shareholders	\$ (72,941)	645,895	
Regard as treasury stock-common stock held by subsidiaries		(7,463)	
		<u>638,432</u>	\$ (0.11)
Diluted EPS			
Net income available to common shareholders	\$ (72,941)	638,432	
Assumed attributable to owners of potential ordinary share :			
Effect shares on convertible bonds	2,842	41,667	
	<u>\$ (70,099)</u>	<u>680,099</u>	\$ (0.10)
	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Three Months Ended June 30, 2021</u>			
Basic EPS			
Net income available to common shareholders	\$ 360,628	595,068	
Regard as treasury stock-common stock held by subsidiaries		(7,439)	
Issuance of bonus shares		20,827	
		<u>608,456</u>	\$ 0.59
Diluted EPS			
Net income available to common shareholders	\$ 360,628	608,456	
Assumed attributable to owners of potential ordinary share :			
Effect shares on convertible bonds	—	—	
	<u>\$ 360,628</u>	<u>608,456</u>	\$ 0.59

	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Six Months Ended June 30, 2022</u>			
Basic EPS			
Net income available to common shareholders	<u>\$ 158,674</u>	645,895	
Regard as treasury stock-common stock held by subsidiaries		(7,505)	
		<u>638,390</u>	<u>\$ 0.25</u>
Diluted EPS			
Net income available to common shareholders	\$ 158,674	638,390	
Assumed attributable to owners of potential ordinary share :			
Effect shares on convertible bonds	<u>5,643</u>	<u>41,667</u>	
	<u>\$ 164,317</u>	<u>680,057</u>	<u>\$ 0.24</u>
	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT\$)
<u>Six Months Ended June 30, 2021</u>			
Basic EPS			
Net income available to common shareholders	<u>\$ 796,061</u>	595,068	
Regard as treasury stock-common stock held by subsidiaries		(7,620)	
Issuance of bonus shares		<u>20,827</u>	
		<u>608,275</u>	<u>\$ 1.31</u>
Diluted EPS			
Net income available to common shareholders	\$ 796,061	608,275	
Assumed attributable to owners of potential ordinary share :			
Effect shares on convertible bonds	<u>—</u>	<u>—</u>	
	<u>\$ 796,061</u>	<u>608,275</u>	<u>\$ 1.31</u>



On June 10, 2022, the Company's shareholders annual general meeting resolved to approve the 2021 profit distribution, including the issuance of \$387,537 thousand share dividends (38,754 thousand shares in total). The information of the proposed retrospective adjustment to earnings per share after the adoption of the financial statements on the base date of issuance of bonus shares was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic EPS	\$ (0.11)	\$ 0.56	\$ 0.24	\$ 1.23
Diluted EPS	\$ (0.10)	\$ 0.56	\$ 0.23	\$ 1.23

## **28. Operating Revenues**

	Three Months Ended June 30	
	2022	2021
Sales Revenue	\$ 6,790,047	\$ 6,776,498
Construction Revenue	—	58,741
Electricity Revenue	206,534	303,598
Processing Revenue	4,979	3,792
Engineering Revenue	12,260	13,282
Others	13,602	16,011
	<u>\$ 7,028,422</u>	<u>\$ 7,171,922</u>

	Six Months Ended June 30	
	2022	2021
Sales Revenue	\$ 13,244,914	\$ 12,643,396
Construction Revenue	29,672	58,741
Electricity Revenue	362,123	357,108
Processing Revenue	17,073	9,119
Engineering Revenue	12,368	95,009
Others	62,335	20,200
	<u>\$ 13,728,485</u>	<u>\$ 13,183,573</u>

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

	Three Months Ended June 30	
	2022	2021
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 143,251	\$ 193,942
Depreciation of Right-of-use assets	14,495	11,962
Depreciation of investment property	2,318	1,525
Amortization of intangible assets	87	64
	<u>\$ 160,151</u>	<u>\$ 207,493</u>
Employee benefits expenses		
Salaries and bonus	\$ 302,557	\$ 314,500
Labor and health insurance	21,140	18,406
Pension	8,842	9,262
Remuneration of directors	2,501	1,203
Others	17,025	16,284
	<u>\$ 352,285</u>	<u>\$ 359,655</u>

  

	Six Months Ended June 30	
	2022	2021
Depreciation and amortization		
Depreciation of property, plant and equipment	\$ 284,446	\$ 275,555
Depreciation of Right-of-use assets	29,026	24,015
Depreciation of investment property	4,636	3,051
Amortization of intangible assets	156	128
	<u>\$ 318,264</u>	<u>\$ 302,749</u>
Employee benefits expenses		
Salaries and bonus	\$ 570,914	\$ 567,677
Labor and health insurance	41,892	38,401
Pension	17,548	17,160
Remuneration of directors	3,123	1,728
Others	31,838	30,944
	<u>\$ 665,315</u>	<u>\$ 655,910</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 not less than 1% of annual profits during the period, respectively.

The employees' compensation and remuneration of directors for the six months ended June 30, 2022 and 2021 were as follows:

	Six Months Ended June 30	
	2022	2021
Employees' compensation	\$ 1,587	\$ 7,641
Remuneration of directors	\$ 4,760	\$ 22,923

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating cost or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Corporation's board of directors in March 2022 and 2021, respectively, were as follows:

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

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, 2021 and 2020.

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

**30. Interest Income**

		Three Months Ended June 30	
		2022	2021
Bank deposits	\$	6,942	\$ 5,355
Other interest income		728	26
	\$	<u>7,624</u>	<u>\$ 5,381</u>
		Six Months Ended June 30	
		2022	2021
Bank deposits	\$	7,547	\$ 8,910
Other interest income		1,410	535
	\$	<u>8,957</u>	<u>\$ 9,445</u>

**31. Other Income**

		Three Months Ended June 30	
		2022	2021
Rental revenue	\$	3,969	\$ 4,431
Dividend income		24,723	9,949
Others		20,444	29,249
	\$	<u>49,136</u>	<u>\$ 43,629</u>
		Six Months Ended June 30	
		2022	2021
Rental revenue	\$	7,824	\$ 8,870
Dividend income		25,779	10,809
Others		36,515	41,467
	\$	<u>70,118</u>	<u>\$ 61,146</u>

**32. Other Gains And Losses**

		Three Months Ended June 30	
		2022	2021
Gain on disposal of property, plant and equipment	\$	10,264	\$ 250
Gain (loss) on disposal of investments		—	(7,106 )
Gain (loss) on disposal of investments accounted for using the equity method		1,165	—
Net foreign exchange gains (losses)		(29,872 )	42,364
Net gain (loss) arising on financial assets/liabilities at FVTPL		(157,253 )	(26,494 )
Others		(1,650 )	(2,004 )
	\$	<u>(177,346 )</u>	<u>\$ 7,010</u>

	Six Months Ended June 30	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$ 10,797	\$ 1,162
Gain on disposal of investments	(5,726)	7,511
Gain (loss) on disposal of investments accounted for using the equity method	1,165	—
Net foreign exchange gains (losses)	(53,530)	55,609
Net gain (loss) arising on financial assets/liabilities at FVTPL	(43,684)	144,231
Others	(3,902)	(4,888)
	<u>\$ (94,880)</u>	<u>\$ 203,625</u>

### 33. Finance Costs

	Three Months Ended June 30	
	2021	2020
Interest expense		
Bank loans	\$ 93,855	\$ 52,720
Bonds payable	6,258	—
Interest of lease liabilities	4,745	4,361
Decommissioning liabilities	120	117
Other Interest expense	1,991	5,721
Less: Amounts included in the cost of qualifying assets	(3,790)	—
	<u>\$ 103,179</u>	<u>\$ 62,919</u>

	Six Months Ended June 30	
	2021	2020
Interest expense		
Bank loans	\$ 167,879	\$ 98,772
Bonds payable	12,497	5,450
Interest of lease liabilities	9,545	8,778
Decommissioning liabilities	238	233
Other Interest expense	3,672	4,172
Less: Amounts included in the cost of qualifying assets	(5,564)	—
	<u>\$ 188,267</u>	<u>\$ 117,405</u>

### **34. Capital Management**

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

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

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

There were no changes in the Group's approach to capital management for the six months ended June 30, 2022.

### **35. Financial Instruments**

#### **a. Financial risk management objective**

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

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

b. Market risk

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

(a) Foreign currency risk

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

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

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Assets</u>									
<u>Monetary</u>									
<u>items</u>									
USD	\$ 64,217	29.716	\$1,908,272	\$ 59,066	27.68	\$1,634,947	\$ 69,882	27.86	\$1,946,913
HKD	2,258	3.7873	8,552	1,616	3.55	5,737	1,615	3.59	5,798
CNY	3,243	4.4358	14,385	3,693	4.35	16,065	3,980	4.32	17,194
JPY	795,671	0.2182	173,615	685,253	0.24	164,461	607,647	0.25	151,912
<u>Liabilities</u>									
<u>Monetary</u>									
<u>items</u>									
USD	\$ 149,151	29.716	\$4,432,171	\$ 123,141	27.68	\$3,408,543	\$ 138,553	27.86	\$3,860,087
CNY	1,680	4.4358	7,452	1,299	4.35	5,651	1,781	4.32	7,694
JPY	70,934	0.2182	15,478	137,583	0.24	33,020	16,095	0.25	4,024

For the six months ended June 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were gains of NT\$ (53,530) thousand and gains of NT\$55,609 thousand, respectively.

#### Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss, loans and borrowings, accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the foreign currency for the six months ended June 30, 2022 and 2021 would have increased (decrease) the net profit before tax by NT\$ 23,503 thousand and NT\$17,500 thousand, respectively.

#### (b) Interest rate risk

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

#### Interest rate sensitivity analysis

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

If the interest rate increases (decreases) by 0.1%, all other variable factors that remains constant, the Group's net profit before tax would have (decreased) increased by NT\$ 7,436 thousand and NT\$6,679 thousand for the six months ended June 30, 2022 and 2021, respectively. This is mainly due to the Group's net assets in floating rates.

#### (c) Other price risk

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

#### Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower, the Group's net profit before tax for the six months ended June 30, 2022 and 2021 would have been higher/lower by NT\$ 187,270 thousand and NT\$145,318 thousand, respectively, as a result of the fair value changes of Financial assets at fair value through profit or loss.



If equity prices had been 5% higher/lower, the Group's other comprehensive income for the six months ended June 30, 2022 and 2021 would have been higher/lower by NT\$ 53,665 thousand and NT\$49,295 thousand, respectively, as a result of the fair value changes of Financial assets at fair value through other comprehensive income.

c. Credit risk management

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

Business related credit risk

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

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's ten largest customers accounted for 13.46%, 8.17% and 22.57% of accounts receivable, respectively. The Group considers the concentration of credit risk for the remaining accounts receivable not material.

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

Financial credit risk

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

d. Liquidity risk management

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

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

	June 30, 2022				
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
<b>Non-derivative financial liabilities</b>					
Short-term bank loans	\$ 7,219,597	\$ 7,219,597	\$ 7,219,597	\$ —	\$ —
Commercial papers	829,615	830,000	830,000	—	—
Notes payable (including related parties)	70,368	70,368	70,368	—	—
Accounts payable (including related parties)	777,774	777,774	777,774	—	—
Other payables	910,178	910,178	910,178	—	—
Lease liabilities	778,229	962,932	64,058	225,403	673,471
Bonds payable	2,635,448	2,700,000	—	2,700,000	—
Long-term bank loans	10,922,950	10,922,950	587,897	6,476,057	3,858,996
	<u>\$ 24,144,159</u>	<u>\$ 24,393,799</u>	<u>\$10,459,872</u>	<u>\$ 9,401,460</u>	<u>\$ 4,532,467</u>
<b>Derivative financial liabilities</b>					
Metals futures	\$ 14,902	\$ 205,159	\$ 205,159	\$ —	\$ —
Foreign exchange forward contract	12,614	96,167	96,167	—	—
Interest rate swap contract	33,749	3,500,000	—	3,500,000	—
	<u>\$ 61,265</u>	<u>\$ 3,801,326</u>	<u>\$ 301,326</u>	<u>\$ 3,500,000</u>	<u>\$ —</u>

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	\$ 6,724,135	\$ 6,724,135	\$ 6,724,135	\$ —	\$ —
Commercial papers	829,831	830,000	830,000	—	—
Notes payable (including related parties)	93,069	93,069	93,069	—	—
Accounts payable (including related parties)	626,636	626,636	626,636	—	—
Other payables	710,797	710,797	710,797	—	—
Lease liabilities	800,187	991,343	63,982	226,859	700,502
Bonds payable	2,628,394	2,700,000	—	2,700,000	—
Long-term bank loans	9,143,556	9,143,556	1,871,524	6,483,265	788,767
	<u>\$21,556,605</u>	<u>\$ 21,819,536</u>	<u>\$10,920,143</u>	<u>\$ 9,410,124</u>	<u>\$ 1,489,269</u>
<u>Derivative financial liabilities</u>					
Metals futures	\$ 376	\$ 107,550	\$ 107,550	\$ —	\$ —
Foreign exchange forward contract	7,590	625,634	625,634	—	—
Interest rate swap contract	360	1,900,000	—	1,900,000	—
	<u>\$ 8,326</u>	<u>\$ 2,633,184</u>	<u>\$ 733,184</u>	<u>\$ 1,900,000</u>	<u>\$ —</u>

June 30, 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	\$ 7,507,166	\$ 7,507,166	\$ 7,507,166	\$ —	\$ —
Commercial papers	874,545	875,000	875,000	—	—
Notes payable (including related parties)	77,623	77,623	77,623	—	—
Accounts payable (including related parties)	714,360	714,360	714,360	—	—
Other payables	769,288	769,288	769,288	—	—
Lease liabilities	693,083	906,413	58,349	204,151	643,913
Bonds payable	1,500,000	1,500,000	—	1,500,000	—
Long-term bank loans	8,463,434	8,463,434	1,128,873	4,332,000	3,002,561
	<u>\$20,599,499</u>	<u>\$ 20,813,284</u>	<u>\$11,130,659</u>	<u>\$ 6,036,151</u>	<u>\$ 3,646,474</u>
<u>Derivative financial liabilities</u>					
<u>Metal commodities</u>					
futures contract	\$ 39	\$ 91,431	\$ 91,431	\$ —	\$ —
Forward exchange contract	353	312,021	312,021	—	—
	<u>\$ 392</u>	<u>\$ 403,452</u>	<u>\$ 403,452</u>	<u>\$ —</u>	<u>\$ —</u>

e. Fair value of financial instruments

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

The Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated 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 values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks).

- Forward exchange contracts and cross currency swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- The fair values of other financial assets and financial liabilities in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) .

i. Information of fair value hierarchy of financial instruments

June 30, 2022				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 2,492,010	\$ —	\$ —	\$ 2,492,010
Unlisted stocks	—	318,418	934,988	1,253,406
Derivative not designated as a hedging instrument	—	688,497	—	688,497
	<u>\$ 2,492,010</u>	<u>\$ 1,006,915</u>	<u>\$ 934,988</u>	<u>\$ 4,433,913</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 332,283	\$ —	\$ —	\$ 332,283
Unlisted stocks	—	19,640	721,367	741,007
	<u>\$ 332,283</u>	<u>\$ 19,640</u>	<u>\$ 721,367</u>	<u>\$ 1,073,290</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 61,265	\$ —	\$ 61,265
Put options of convertible bond payables	—	9,000	—	9,000
	<u>\$ —</u>	<u>\$ 70,265</u>	<u>\$ —</u>	<u>\$ 70,265</u>

December 31, 2021				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 2,254,016	\$ —	\$ —	\$ 2,254,016
Unlisted stocks	—	319,964	706,194	1,026,158
Derivative not designated as a hedging instrument	—	711,403	—	711,403
	<u>\$ 2,254,016</u>	<u>\$ 1,031,367</u>	<u>\$ 706,194</u>	<u>\$ 3,991,577</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 312,531	\$ —	\$ —	\$ 312,531
Unlisted stocks	—	19,640	710,484	730,124
	<u>\$ 312,531</u>	<u>\$ 19,640</u>	<u>\$ 710,484</u>	<u>\$ 1,042,655</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 8,326	\$ —	\$ 8,326
Put options of convertible bond payables	—	6,600	—	6,600
	<u>\$ —</u>	<u>\$ 14,926</u>	<u>\$ —</u>	<u>\$ 14,926</u>

June 30, 2020				
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	\$ 1,981,952	\$ —	\$ —	\$ 1,981,952
Unlisted stocks	—	330,115	594,301	924,416
Derivative not designated as a hedging instrument	—	672,001	—	672,001
	<u>\$ 1,981,952</u>	<u>\$ 1,002,116</u>	<u>\$ 594,301</u>	<u>\$ 3,578,369</u>
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	\$ 290,438	\$ —	\$ —	\$ 290,438
Unlisted stocks	—	22,040	673,421	695,461
	<u>\$ 290,438</u>	<u>\$ 22,040</u>	<u>\$ 673,421</u>	<u>\$ 985,899</u>
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	\$ —	\$ 392	\$ —	\$ 392

ii. The transfer between Level 1 and Level 2.

There were no transfers between Level 1 and 2 for the six months ended June 30, 2022.

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

Reconciliations for the six months ended June 30, 2022 and 2021 were as follows:

Six Months Ended June 30, 2022			
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	\$ 710,484	\$ 706,194	\$ 1,416,678
Purchases	—	212,159	212,159
Disposals	—	(2,402)	(2,402)
Capital reduction	(3,504)	—	(3,504)
Recognized in other comprehensive income	10,110	—	10,110
Effect of exchange rate changes	4,277	19,037	23,314
Balance at June 30, 2022	<u>\$ 721,367</u>	<u>\$ 934,988</u>	<u>\$ 1,656,355</u>



	Six Months Ended June 30, 2021		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	\$ 660,137	\$ 565,739	\$ 1,225,876
Purchases	—	82,445	82,445
Capital reduction	(8,212)	—	(8,212)
Recognized in other comprehensive income	23,032	—	23,032
Level 3 transfers out	—	(48,400)	(48,400)
Effect of exchange rate changes	(1,536)	(5,483)	(7,019)
Balance at June 30, 2021	<u>\$ 673,421</u>	<u>\$ 594,301</u>	<u>\$ 1,267,722</u>

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

June 30, 2022	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI – current and noncurrent	\$ 721,367	The latest issue final price and net asset approach	N/A	N/A	N/A
Financial assets at FVTPL – current and noncurrent	\$ 934,988	The latest issue final price and issuance of common stock for cash	N/A	N/A	N/A
December 31, 2021	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI – current and noncurrent	\$ 710,484	Net asset approach	N/A	N/A	N/A
Financial assets at FVTPL – current and noncurrent	\$ 706,194	The latest issue final price and issuance of common stock for cash	N/A	N/A	N/A
June 30, 2021	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI – current and noncurrent	\$ 673,421	Net asset approach	N/A	N/A	N/A
Financial assets at FVTPL – current and noncurrent	\$ 594,301	The latest issue final price and issuance of common stock for cash	N/A	N/A	N/A

(d)Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 4,799,422	\$ 4,999,261	\$ 4,342,765
Notes receivable and trade receivables	4,716,275	4,399,914	4,997,241
Other receivables	116,496	52,903	109,307
Refundable deposits	129,073	88,750	89,761
Financial assets at amortized cost	413,122	385,821	277,256
Financial assets at FVTPL (current and non-current)	4,433,913	3,991,577	3,578,369
Financial assets at FVTOCI (current and non-current)	1,073,290	1,042,655	985,899
<u>Financial liabilities</u>			
Financial liabilities at FVTPL (current and non-current)	70,265	14,926	392
Financial liabilities at amortized cost			
Short-term borrowings	7,219,597	6,274,135	7,507,166
Short-term notes and bills payable	829,615	829,831	874,545
Notes payable and trade payables	848,142	719,705	791,983
Other payables	910,178	710,797	769,288
Lease liabilities (current and non-current)	778,229	—	693,083
Bonds payable (including current portion)	2,635,488	2,628,394	1,500,000
Long-term borrowings (including current portion)	10,922,950	9,143,556	8,463,434
Guarantee deposits	58,842	79,150	38,685

### **35.Related Party Transactions**

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

Company	Relationship
AD ENGINEERING CORPORATION	Associates
JUNG SHING WIRE CO., LTD.	Associates
HENGST TECHNOLOGY CO., LTD.	Associates
AMIT SYSTEM SERVICE LTD.	Associates
TECO(Vietnam) Electric & Machinery CO., LTD.	Associates
JIASHAN INVESTMENT HOLDING CO.,LTD.	Other related parties
JIA HSI INVESTMENT HOLDING CO.,LTD.	Other related parties
TA AN PRECISION CO., LTD.	Other related parties before Q2 2021
Shen Shang Hung	Other related parties
Shen San Yi	Other related parties
Shen Shang Pang	Other related parties
Shen Shang Tao	Other related parties
Green inside	Other related parties

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

##### **Sales**

Related Parties	For The Three Months Ended June 30	
	2022	2021
Associates	\$ 336,510	\$ 73,992
Joint venture	—	22,830
	<u>\$ 336,510</u>	<u>\$ 96,822</u>

Related Parties	For The Six Months Ended June 30	
	2022	2021
Associates	\$ 451,080	\$ 154,211
Joint venture	—	55,651
	<u>\$ 451,080</u>	<u>\$ 209,862</u>

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

**Purchases**

Related Parties	For The Three Months Ended June 30	
	2022	2021
Associates	\$ 63,421	\$ —
Joint venture	—	6,903
	<u>\$ 63,421</u>	<u>\$ 6,903</u>

Related Parties	For The Six Months Ended June 30	
	2022	2021
Associates	\$ 106,632	\$ —
Joint venture	—	14,774
	<u>\$ 106,632</u>	<u>\$ 14,774</u>

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

**Others**

Related Parties	For The Three Months Ended June 30	
	2022	2021
Manufacturing overhead		
Other related parties	\$ —	\$ 194
Associates	4,409	—
	<u>\$ 4,409</u>	<u>\$ 194</u>

Related Parties	For The Three Months Ended June 30	
	2022	2021
Operating expenses		
Other related parties	\$ 3,480	\$ 4,895
Other income		
Other related parties	\$ 13	\$ 117
Associates	315	199
	<u>\$ 328</u>	<u>\$ 316</u>

Related Parties	For The Six Months Ended June 30	
	2022	2021
Manufacturing overhead		
Other related parties	\$ —	\$ 1,746
Associates	4,409	—
	<u>\$ 4,409</u>	<u>\$ 1,746</u>

		For The Six Months Ended June 30	
	Related Parties	2022	2021
Operating expenses	Other related parties	\$ 6,330	\$ 7,821
	Associates	—	24
		<u>\$ 6,330</u>	<u>\$ 7,845</u>
Other income	Other related parties	\$ 27	\$ 219
	Associates	624	507
		<u>\$ 651</u>	<u>\$ 726</u>

### **Property exchange**

		For The Three Months Ended June 30	
	Related Parties	2022	2021
HENGST TECHNOLOGY CO., LTD.	Item		
	Machinery and equipment	<u>\$ 232,895</u>	<u>\$ 715,872</u>

		For The Six Months Ended June 30	
	Related Parties	2022	2021
HENGST TECHNOLOGY CO., LTD.	Item		
	Machinery and equipment	<u>\$ 317,892</u>	<u>\$ 1,230,922</u>

		For The Three Months Ended June 30	
	Related Parties	2022	2021
Associates	Item		
	Machinery and equipment	<u>\$ —</u>	<u>\$ 800</u>

		For The Six Months Ended June 30	
	Related Parties	2022	2021
Associates	Item		
	Machinery and equipment	<u>\$ —</u>	<u>\$ 3,200</u>

		For The Three Months Ended June 30	
	Related Parties	2022	2021
HENGST TECHNOLOGY CO., LTD.	Item		
	Development Services	<u>\$ —</u>	<u>\$ 28,560</u>

		For The Six Months Ended June 30	
	Related Parties	2022	2021
HENGST TECHNOLOGY CO., LTD.	Item		
	Development Services	<u>\$ —</u>	<u>\$ 28,560</u>

The Group signed a contract with HENGST TECHNOLOGY CO., LTD. for solar system development services and project construction. As of June 30, 2022, the portion of the contracts not yet recognized was \$2,892,086 thousand.

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

**Receivables**

	Related Parties	June 30, 2022	December 31, 2021	June 30, 2021
(1) Notes receivable	Joint venture	\$ 42	\$ —	\$ 5,500
		June 30, 2022	December 31, 2021	June 30, 2021
(2) Accounts receivable	Associates	\$ 304,723	\$ 34,965	\$ 30,868
	Joint venture	—	992	21,247
	Other related parties	2	2	—
		<u>\$ 304,725</u>	<u>\$ 35,959</u>	<u>\$ 52,115</u>
(3) Other receivables	HENGST TECHNOLOGY CO., LTD.	\$ 30,122	\$ —	\$ 69,784

**Payables**

	Related Parties	June 30, 2022	December 31, 2021	June 30, 2021
(1) Accounts payable	Associates	\$ —	\$ 46,594	\$ —
	Joint venture	—	—	1,446
		<u>\$ —</u>	<u>\$ 46,594</u>	<u>\$ 1,446</u>
	Related Parties	June 30, 2022	December 31, 2021	June 30, 2021
(2) Other payables	HENGST TECHNOLOGY CO., LTD.	\$ 180,743	\$ 218,249	\$ 350,883
	Joint venture	—	1,192	—
	Other related parties	3,771	4,741	4,113
		<u>\$ 184,514</u>	<u>\$ 224,182</u>	<u>\$ 354,996</u>

**Prepayments**

Related Parties	June 30,2022	December 31,2021	June 30,2021
HENGST TECHNOLOGY CO., LTD.	\$ 16,168	\$ 37,496	\$ —

**Other non-current assets**

Related Parties	June 30,2022	December 31,2021	June 30,2021
HENGST TECHNOLOGY CO., LTD.	\$ —	\$ —	\$ 28,560

**Contract liabilities**

Related Parties	June 30,2022	December 31,2021	June 30,2021
Joint venture	\$ —	\$ 2,073	\$ 3,214

**Guarantee deposits**

Related Parties	June 30,2022	December 31,2021	June 30,2021
Associates	\$ 254	\$ 254	\$ 254

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

Item	For The Three Months Ended June 30	
	2022	2021
Short-term employee benefits	\$ 18,872	\$ 15,514
Post-employment benefits	1,196	1,010
	\$ 20,068	\$ 16,524

  

Item	For The Six Months Ended June 30	
	2022	2021
Short-term employee benefits	\$ 42,238	\$ 36,431
Post-employment benefits	2,361	2,142
	\$ 44,599	\$ 38,573

### 36. Mortgage Assets

As of June 30, 2022, December 31, 2021 and June 30, 2021, certain assets were pledged as collateral to secure debts and engineering performance bond. The net book value of such assets as of June 30, 2022, December 31, 2021 and June 30, 2021 were summarized as follows:

	June 30, 2022		December 31, 2021		June 30, 2021	
	Number of shares	Original cost	Number of shares	Original cost	Number of shares	Original cost
Investments accounted for using equity method —						
Jung Shing Wire Co., Ltd	24,329,000	\$ 307,316	28,200,000	\$ 356,213	28,200,000	\$ 356,213
Financial assets at fair value through other comprehensive income —						
Sun Ba Power Corporation	30,000,000	\$ 464,250	30,000,000	\$ 464,250	30,000,000	\$ 464,250
Sub-subsidiary stock —						
SIN JHONG SOLAR POWER CO., LTD.	80,000,000	\$ 800,000	80,000,000	\$ 800,000	80,000,000	\$ 800,000
JHIH-GUANG ENERGY CO., LTD.	57,120,000	\$ 571,200	48,450,000	\$ 484,500	—	\$ —
			June 30, 2022	December 31, 2021	June 30, 2021	
Property, plant and equipment —						
Land (include revaluation increments)		\$ 1,186,732	\$ 1,186,732	\$ 1,186,397		
Buildings, net		200,495	212,215	211,684		
Machinery and equipment, net		5,289,354	5,439,026	5,115,897		
Transportation equipment, net		454	—	—		
Miscellaneous equipment, net		1,517	—	—		
		\$ 6,678,552	\$ 6,837,973	\$ 6,513,978		
Investment property — land		\$ 700,500	\$ 700,579	\$ 700,658		
Refundable deposits		\$ 129,073	\$ 88,750	\$ 89,761		
Other current assets —						
Mortgage demand deposits		\$ 186,632	\$ 83,304	\$ 253,411		
Other non-current assets —						
Mortgage demand deposits		\$ 628,974	\$ 486,731	\$ 398,996		
Right-of-use assets — Land		\$ 13,113	\$ 13,112	\$ 13,139		



### **37.Commitments And Contingent Liabilities**

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

- (a) As of June 30, 2022, TA YA had outstanding usance letters of credit amounting to approximately \$1,335 thousand (JPY\$6,118 thousand).
- (b) TA YA pledged guarantee deposits amounting to \$620,308 thousand due to the wire and cable installation project.
- (c) The balance of deposit guarantee notes due to taking out bank loans, issuing letter of credit guarantee, endorsement guarantee, and commercial paper was \$4,170,026 thousand.
- (d) TA YA, HENG YA ELECTRIC (DONGGUAN), HENG YA ELECTRIC LTD., TAYA ZHANGZHOU and CUPRIME MATERIAL entered into contracts of copper procurement with 47,612 ton.
- (e) TA HO engaged into a contract of wire and cable installation project. As of June 30, 2022, \$74,805 thousand had not been paid.
- (f) TA YA, CUPRIME MATERIAL, HENG YA ELECTRIC LTD. and TAYA ZHANGZHOU entered into contracts of machinery, equipment and construction in progress procurement with the amount of \$309,283 thousand. As of June 30, 2022, \$139,685 thousand had not been paid.
- (g) TA HO ENGINEERING, CO., LTD. With FURUKAWA ELECTRIC CO., LTD. signed a long-term technical consultant contract, promising to pay USD 7 thousand per month, and the total amount to be paid in the next year is USD 84 thousand.
- (h) JHIH-GUANG signed a contract with HENGGS TECHNOLOGY CO., LTD. for solar system development services and project construction. As of June 30, 2022, the portion of the contracts not yet recognized was \$2,892,086 thousand.
- (i) TA YA signed contracts with the relevant firms for the booster station of solar power generation system and power grid project. As of June 30, 2022, the portion of the contracts not yet recognized was \$379,914 thousand.
- (j) The former employee filed a civil lawsuit against CUGREEN METAL TECH CO., LTD. for payment of remuneration, which has been remanded by the Supreme Court and the first instance is currently being heard. The operations of the Group will not be materially affected by this case.

(k) FU CHERNG INDUSTRIAL CO., LTD. filed a civil lawsuit against CUGREEN METAL TECH CO., LTD. for damage compensation, which is currently being heard by the District Court. The operations of the Group will not be materially affected by this case.

**38. Significant Losses From Disasters : N/A**

**39. Significant Subsequent Events : N/A**

**40. 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 Group evaluated the overall financial and business aspect and concluded that there were no huge effects on the Group and that it does not have the concerns of continuing to operate, risks of funding, and impairment of assets.

**41. Segment Information**

**a. Basic information**

**1) Classification**

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

**(1) Electric wire & cable**

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

**(2) Solar power plants**

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

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

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

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

## 3) Identification of operating segments

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

b. Financial information

1) Segment revenues and results

	Six Months Ended June 30,2022		
	Electric wire & cable	Solar power plants	Total
Revenue from			
external customers	\$ 13,366,362	\$ 362,123	\$ 13,728,485
Operating profit	385,479	157,967	543,446
Net non-operating income (expenses)			
Net interest income (expenses)			(179,310)
Dividend income			25,779
Share of profits of associates accounted for using the equity method			9,188
Gain on disposal of property, plant and equipment			10,797
Gain on disposal of investments			(4,561)
Net foreign exchange losses			(53,530)
Net loss of financial assets and liabilities at fair value through profit or loss			(43,684)
Other gains			40,437
Consolidated income before income tax			348,562

	Six Months Ended June 30,2021		
	Electric wire & cable	Solar power plants	Total
Revenue from			
external customers	\$ 12,826,465	\$ 357,108	\$ 13,183,573
Operating profit	678,239	165,616	843,855
Net non-operating			
income (expenses)			
Net interest income (expenses)			(107,960 )
Dividend income			10,809
Share of profits of associates			
accounted for using the equity			
method			90,398
Gain on disposal of property,			
plant and equipment			1,162
Gain on disposal of investments			7,511
Net foreign exchange gain			55,609
Net gain of financial assets and			
liabilities at fair value			
through profit or loss			144,231
Other gains			45,449
Consolidated income			
before income tax			1,091,064

2) Segment assets and liabilities

	Electric wire & cable	Solar power plants	Total
Segment assets			
June 30,2022	\$ 27,949,426	\$ 8,967,601	\$ 36,917,027
June 30,2021	\$ 24,045,130	\$ 7,912,794	\$ 31,957,924
Segment liabilities			
June 30,2022	\$ 18,786,246	\$ 6,642,292	\$ 25,428,538
June 30,2021	\$ 16,257,909	\$ 5,539,830	\$ 21,797,739

c. Geographical information

Six Months Ended June 30,2022				
	Taiwan	Asia	Consolidated write-off	Total
Segment Revenue				
Revenue from				
External Customers	\$ 11,280,940	\$ 4,167,214	\$ (1,719,669)	\$ 13,728,485
Interest income	2,259	9,209	(2,511)	8,957
	<u>\$ 11,283,199</u>	<u>\$ 4,176,423</u>	<u>\$ (1,722,180)</u>	<u>\$ 13,737,442</u>
Segment Profit and Loss	<u>\$ 631,556</u>	<u>\$ (15,365)</u>	<u>\$ (267,629)</u>	<u>\$ 348,562</u>
Non-current Assets	<u>\$ 12,854,671</u>	<u>\$ 845,802</u>	<u>\$ (149,688)</u>	<u>\$ 13,550,785</u>
Segment total assets	<u>\$ 39,810,228</u>	<u>\$ 6,214,868</u>	<u>\$ (9,108,069)</u>	<u>\$ 36,917,027</u>
Six Months Ended June 30,2021				
	Taiwan	Asia	Consolidated write-off	Total
Segment Revenue				
Revenue from				
External Customers	\$ 9,881,943	\$ 4,694,738	\$ (1,393,108)	\$ 13,183,573
Interest income	2,853	9,331	(2,739)	9,445
	<u>\$ 9,884,796</u>	<u>\$ 4,704,069</u>	<u>\$ (1,395,847)</u>	<u>\$ 13,193,018</u>
Segment Profit and Loss	<u>\$ 1,434,375</u>	<u>\$ 182,419</u>	<u>\$ (525,730)</u>	<u>\$ 1,091,064</u>
Non-current Assets	<u>\$ 10,837,293</u>	<u>\$ 773,494</u>	<u>\$ (68,956)</u>	<u>\$ 11,541,831</u>
Segment total assets	<u>\$ 33,809,080</u>	<u>\$ 6,442,009</u>	<u>\$ (8,293,165)</u>	<u>\$ 31,957,924</u>

d. Major customer information

For the Six Months Ended June 30, 2022 and 2021, there was no other individual customer exceeded 10% of the Group's operating revenue.