TA YA ELECTRIC WIRE & CABLE CO., LTD.

AND SUBSIDIARIES

Consolidated Financial Statements
with Independent Auditors' Report for the
Years Ended December 31, 2020 and 2019

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

Index to Financial Statements

群智聯合會計師事務所
SOLOMON & CO., CPAs

INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders

TA YA ELECTRIC WIRE & CABLE CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of Ta Ya Electric Wire & Cable Co., Ltd and its subsidiaries (the Company), which comprise the consolidated financial balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section of this report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the financial statement as of and for the year ended December 31,2020 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional

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Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Loss allowance of accounts receivable

The recognition of the loss allowance of accounts receivable is based on the customer's credit quality, situation of collecting payments, and future economic conditions. Since the expected credit loss ratio involves subjective judgments and significant estimates of managements, the loss allowance of accounts receivable is identified as a key audit matter.

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

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

Inventory evaluation

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

The book value of Inventories please refer to Notes 11 to the parent company's financial statements.

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

Other Matter

Certain investments which were accounted for under the equity method based on the financial statements of the investees were audited by other independent accountants. Our audit, insofar as it related to these companies' total assets were NT 2,686,935 thousands and NT 2,560,813 thousands, which represented 10.66% and 12.31% of the total consolidated assets as of December 31, 2020 and 2019, the related shares of net operating revenue from the associates in the amount of NT 2,811,886 thousands and NT 2,897,033 thousands, which represented 15.36% and 15.96% of the total consolidated net operating revenue for the years ended December 31, 2020 and 2019; The investments accounted for under the equity method balance of NT 831,370 thousands and NT 769,535 thousands, which represented 3.30% and 3.70% of the total consolidated assets as of December 31, 2020 and 2019, the related shares of profit of associates and joint ventures accounted for using equity method in the amount of NT 124,108 thousands and NT 35,725 thousands, which represented 11.93% and 6.51% of the consolidated total comprehensive income (loss) for the years ended December 31, 2020 and 2019.

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

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

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

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

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

Auditors' Responsibilities for the Audit of the consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Solomon & Co., CPAs

March 23, 2021

<u>*Notice to Readers*</u>

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)

	December 31,2020		December 31,2019	
ASSETS	***Amount***	***%***	***Amount***	***%***
CURRENT ASSETS				
Cash and cash equivalents (notes 4 and 6)	$ 2,906,624	11.5	$ 2,452,870	11.8
Financial assets at fair value through profit or loss (notes 4, 7 and 35)	590,344	2.3	421,323	2.0
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	26,065	0.1	5,348	—
Financial assets at amortized cost(notes 9)	333,031	1.3	252,933	1.2
Contract assets	49,772	0.2	172,886	0.8
Notes receivable, net (notes 4, 10 and 36)	156,484	0.7	152,666	0.7
Accounts receivable, net (notes 4, 10 and 36)	3,448,935	13.7	2,888,444	13.9
Other receivables (note 36)	51,430	0.2	84,285	0.4
Income tax receivable (note 26)	438	—	—	—
Inventories, net (notes 4 and 11)	2,935,739	11.6	3,429,976	16.5
Inventories (Construction),net (notes 4 and 11)	225,370	0.9	145,257	0.7
Prepayments	202,583	0.9	92,153	0.4
Other current assets	105,891	0.4	509,968	2.5
Total current assets	11,032,706	43.8	10,608,109	50.9
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (notes 4, 7 and 35)	2,232,668	8.9	1,497,990	7.3
Financial assets at fair value through other comprehensive income (notes 4, 8 and 35)	920,106	3.7	837,578	4.0
Investments accounted for using equity method (notes 4, 12 and 37)	884,224	3.5	796,332	3.8
Property, plant and equipment (notes 4, 13 and 37)	7,543,746	29.9	4,821,771	23.2
Right-of-use assets (notes 4 and 14)	487,434	1.9	467,550	2.2
Investment Property, net (notes 4 and 15)	1,150,406	4.6	1,104,437	5.3
Intangible assets(notes 16)	325	—	690	—
Deferred income tax assets (notes 2 and 26)	149,720	0.6	203,536	1.0
Prepayments for equipment	49,058	0.2	57,205	0.3
Refundable deposits (note 37)	101,659	0.4	117,611	0.6
Net defined benefit asset	6,227	—	4,263	—
Other non-current assets	645,924	2.5	283,944	1.4
Total noncurrent assets	14,171,497	56.2	10,192,907	49.1
TOTAL	$ 25,204,203	100.0	$ 20,801,016	100.0
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (note17)	$ 4,522,706	17.9	$ 3,550,418	17.1
Short-term notes and bills payable (note18)	454,930	1.8	754,741	3.6
Financial liabilities at fair value through profit or loss (notes 4, 7 and 35)	127,753	0.5	35,380	0.2
Contract liabilities	141,319	0.6	97,224	0.5
Notes payable	85,919	0.3	69,156	0.3
Accounts payable (note 36)	581,544	2.3	536,250	2.6
Other payables	725,608	2.9	549,611	2.6
Income tax payable (note 26)	91,081	0.4	52,068	0.2
Provisions (note 21)	100,000	0.4	102,281	0.5
Lease liabilities (notes 4 and 14)	19,302	0.1	19,293	0.1
Receipts in advance	923	—	8,440	—
Current portion of long-term loans (notes 19 and 20)	1,157,986	4.6	2,085,487	10.0
Other current liabilities	29,444	0.1	31,508	0.2
Total current liabilities	8,038,515	31.9	7,891,857	37.9
NONCURRENT LIABILITIES				
Bonds payable (note 19)	1,500,000	6.0	500,000	2.4
Long-term loans (note 20)	5,891,656	23.4	3,311,805	15.9
Provisions (note 21)	35,841	0.1	39,301	0.2
Deferred income tax liabilities (note 26)	268,665	1.1	265,900	1.3
Lease liabilities (notes 4 and 14)	242,796	1.0	231,034	1.1
Net defined benefit liability (note 22)	27,325	0.1	66,743	0.3
Guarantee deposits	29,785	0.1	42,071	0.2
Other noncurrent liabilities	39,576	0.1	58,123	0.3
Total noncurrent liabilities	8,035,644	31.9	4,514,977	21.7
Total liabilities	16,074,159	63.8	12,406,834	59.6
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (note 23)				
Share capital	5,950,680	23.6	5,950,680	28.6
Capital surplus	602,220	2.4	531,117	2.6
Retained earnings				
Appropriated as legal capital reserve	137,749	0.5	87,245	0.4
Appropriated as special capital reserve	147,555	0.6	147,555	0.7
Unappropriated earnings (accumulated deficits)	1,088,298	4.3	556,359	2.7
Total retained earnings	1,373,602	5.4	791,159	3.8
Others	(125,666)	(0.5)	(146,288)	(0.7)
Treasury stock (notes 4 and 24)	(34,925)	(0.1)	(30,872)	(0.1)
Total equity attributable to owners of the parent	7,765,911	30.8	7,095,796	34.2
NON-CONTROLLING INTERESTS (notes 23)	1,364,133	5.4	1,298,386	6.2
Total equity	9,130,044	36.2	8,394,182	40.4
TOTAL	$ 25,204,203	100.0	$ 20,801,016	100.0

The accompanying notes are an integral part of the consolidated financial statements
(With Solomon & Co., audit report dated March 23, 2021)

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

	2020		2019	
	Amount	%	Amount	%
NET REVENUE (notes 28)	$ 18,300,805	100.0	$ 18,153,101	100.0
COST OF REVENUE (notes 11, 22, 29,and 36)	16,699,808	91.3	16,847,531	92.8
GROSS PROFIT	1,600,997	8.7	1,305,570	7.2
OPERATING EXPENSES (notes 22, 25, 29,and 36)				
Sales and marketing	257,837	1.4	257,336	1.4
General and administrative	847,875	4.6	677,937	3.7
Research and development	67,013	0.4	64,375	0.4
Total Operating Expenses	1,172,725	6.4	999,648	5.5
INCOME FROM OPERATIONS	428,272	2.3	305,922	1.7
NON-OPERATING INCOME AND EXPENSES				
Interest income (note 30 and 36)	31,553	0.2	44,380	0.2
Other income (note 31 and 36)	125,332	0.7	112,854	0.6
Other gains and losses (note 32 and 36)	721,664	3.9	530,889	2.9
Finance costs (note 33)	(216,303)	(1.2)	(279,278)	(1.5)
Share of profit associates (note 12)	128,511	0.7	39,810	0.2
Impairment loss	(361)	–	(26,818)	(0.1)
Total non-operating Income and expenses	790,396	4.3	421,837	2.3
INCOME BEFORE INCOME TAX	1,218,668	6.6	727,759	4.0
INCOME TAX EXPENSE (notes 26)	(184,948)	(1.0)	(142,915)	(0.8)
NET INCOME	1,033,720	5.6	584,844	3.2
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (note 22)	(5,997)	–	1,108	–
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	85,297	0.6	25,022	0.2
Share of other comprehensive income (loss) of associates	(295)	–	3,848	–
Income tax relating to items that will not be reclassified subsequently to profit or loss (notes 26)	(7,123)	–	(9,882)	(0.1)
	71,882	0.6	20,096	0.1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(74,417)	(0.4)	(37,430)	(0.2)
Share of the other comprehensive income of associates accounted for using the equity method	(901)	–	(26,553)	(0.1)
Income tax benefit related to items that will not be reclassified subsequently (notes 26)	9,711	0.1	8,166	–
	(65,607)	(0.3)	(55,817)	(0.3)
Other comprehensive income (loss) for the year , net of income tax	6,275	0.3	(35,721)	(0.2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 1,039,995	5.7	$ 549,123	3.0
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	$ 850,045	4.6	$ 505,047	2.8
Non-controlling interests	183,675	1.0	79,797	0.4
	$ 1,033,720	5.6	$ 584,844	3.2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 879,256	4.8	$ 476,746	2.6
Non-controlling interests	160,739	0.9	72,377	0.4
	$ 1,039,995	5.7	$ 549,123	3.0
EARNINGS PER SHARE (NT$,notes 27)				
Basic earnings per share	$ 1.45		$ 0.86	

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

(With Solomon & Co., audit report dated March 23, 2021)

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

	Capital Stock —Common Stock			*Retained Earnings*			*Others*				
	Shares	***Amount***	***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 AT JANUARY 1, 2019 RESTATED	572,180,791	$ 5,721,808	$ 524,667	$ 46,746	$ 264,909	$ 378,000	$ (138,115)	$ 20,508	$ (20,770)	$ 1,303,901	$ 8,101,654
Appropriation of prior year's earnings:											
Legal and Special reserve used to offset accumulated deficit	—	—	—	40,499	—	(40,499)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	—	(171,654)	—	—	—	—	(171,654)
Share dividends distributed by the Corporation	22,887,231	228,872	—	—	—	(228,872)	—	—	—	—	—
Reversal of special reserve	—	—	—	—	(117,354)	117,354	—	—	—	—	—
Adjustments to share of changes in equity of subsidiaries and associates	—	—	4,160	—	—	(4,325)	—	928	—	7,786	8,549
Treasury stock- sales of parent company stock held by subsidiaries	—	—	—	—	—	—	—	—	(10,102)	(12,237)	(22,339)
Adjustments for dividends subsidiaries received from parent company	—	—	2,290	—	—	—	—	—	—	—	2,290
Net income in 2019	—	—	—	—	—	505,047	—	—	—	79,797	584,844
Other comprehensive income in 2019, net of income tax	—	—	—	—	—	(7,154)	(44,948)	23,801	—	(7,420)	(35,721)
Disposed of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	8,462	—	(8,462)	—	—	—
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	(73,441)	(73,441)
Balance at December 31, 2019	595,068,022	5,950,680	531,117	87,245	147,555	556,359	(183,063)	36,775	(30,872)	1,298,386	8,394,182
Appropriation of 2019 earnings											
Legal and Special reserve used to offset accumulated deficit	—	—	—	50,504	—	(50,504)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	—	(178,521)	—	—	—	—	(178,521)
Adjustments to share of changes in equity of subsidiaries and associates	—	—	90	—	—	(500)	—	—	—	—	(410)
Net income in 2020	—	—	—	—	—	850,045	—	—	—	183,675	1,033,720
Other comprehensive income in 2020, net of income tax	—	—	—	—	—	(10,956)	(30,961)	71,128	—	(22,936)	6,275
Treasury stock repurchase	—	—	—	—	—	—	—	—	(54,141)	—	(54,141)
Disposal of the Company's shares held by subsidiaries	—	—	2,625	—	—	—	—	—	1,557	—	4,182
Adjustments for dividends subsidiaries received from parent company	—	—	2,404	—	—	—	—	—	—	—	2,404
The difference between the fair value of the consideration paid from acquiring subsidiaries and the carrying amounts of the subsidiaries	—	—	—	—	—	(97,100)	—	—	—	97,100	—
Changes in subsidiaries ownership	—	—	10,269	—	—	3,141	—	(3,211)	—	(6,429)	3,770
Share-based payments	—	—	55,715	—	—	—	—	—	54,141	—	109,856
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	(195,394)	(195,394)
Disposal of investments in equityinstruments at fair value through othercomprehensive income	—	—	—	—	—	16,334	—	(16,334)	—	—	—
Others	—	—	—	—	—	—	—	—	(5,610)	9,731	4,121
Balance at December 31, 2020	595,068,022	$ 5,950,680	$ 602,220	$ 137,749	$ 147,555	$ 1,088,298	$ (214,024)	$ 88,358	$ (34,925)	$ 1,364,133	$ 9,130,044

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

(With Solomon & Co., audit report dated March 23, 2021)

TA YA ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,218,668	$ 727,759
Adjustments for :		
Depreciation expense	357,942	375,474
Amortization expense	408	449
Expected credit loss	23,085	4,417
Net gain of financial assets and liabilities at fair value through profit or loss	(547,337)	(400,921)
Finance costs	216,303	279,278
Interest income	(31,553)	(44,380)
Dividend income	(107,594)	(91,546)
Shared-based payment expenses recognized	55,681	—
Share of profits of associates	(128,511)	(39,810)
Gain on disposal of property, plant and equipment	(3,352)	(291)
Property, plant and equipment transferred to expenses	4,733	10,804
Gain on disposal of investment property	(301)	—
Gain on disposal of investments	(202,330)	(4,187)
Gains on disposal of associates	(2,155)	(1,616)
Impairment loss on non-financial assets	361	26,818
Income and expense adjustments	(364,620)	114,489
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(75,941)	(75,094)
Contract assets	123,114	(133,342)
Notes and accounts receivable	(589,385)	168,990
Other receivables	32,739	10,631
Inventories	416,324	(26,582)
Prepayments	(110,430)	240,670
Other current assets	(29,096)	9,210
Contract liabilities	44,095	2,211
Notes and accounts payable	62,057	(119,114)
Other payables	195,938	112,452
Provisions	(6,189)	8,887
Advance receipts	(7,517)	4,865
Other current liabilities	(2,064)	(13,098)
Net defined benefit liability	(47,379)	(74,901)
Total changes in operating assets and liabilities	6,266	115,785
Total adjustments	(358,354)	230,274
Cash generated from operations	860,314	958,033
Interest received	31,551	44,373
Interest paid	(215,396)	(276,628)
Income tax paid	(88,976)	(120,184)
Net cash generated from operating activities	587,493	605,594

(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Thousands of New Taiwan Dollars)

	2020	*2019*
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial asset at fair value through other comprehensive income	(101,149)	(105,012)
Proceeds from disposal of financial asset at fair value through other comprehensive income	69,426	125,308
The capital reduction on financial asset at fair value through other comprehensive income	15,551	22,402
Financial assets at amortized cost	(80,098)	62,120
Purchase of associates under the equity method	—	(80,930)
Proceeds from disposal of associates under the equity method	4,570	9,626
Acquisition of property, plant and equipment (including prepayments for equipment)	(2,955,053)	(534,641)
Proceeds from disposal of property, plant and equipment	7,632	9,366
Decrease in refundable deposits	15,952	24,120
Acquisition of intangible assets	(56)	(130)
Payments for right-of-use assets	(19,374)	(13,544)
Acquisition of investment properties	(52,242)	(3,838)
Proceeds from disposal of investment properties	1,000	—
Increase in other non-current assets	(82,845)	(155,854)
Dividend received	135,798	137,693
Other investing activities	14,498	(154,199)
Net cash used in investing activities	(3,026,390)	(657,513)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	972,288	391,410
Decrease in short-term notes and bills payable	(299,811)	(4,995)
Issuance of bonds payable	1,000,000	—
Repayments of bonds payable	—	(200,000)
Proceeds from long-term bank loans	5,145,305	822,937
Repayment of long-term bank loans	(3,442,141)	(1,040,771)
Decrease in guarantee deposits	(12,286)	(7,244)
Repayment of principal of lease liabilities	(20,941)	(24,863)
Increase (decrease) in other noncurrent liabilities	(3,206)	2,875
Cash dividends	(176,117)	(169,364)
Increase in treasury stock	(54,141)	(22,339)
Proceeds from disposal of treasury shares	1,557	—
Treasury stock sold to employees	54,175	—
Decrease in non-controlling interests	(191,273)	(73,441)
Net cash generated (used) by financing activities	2,973,409	(325,795)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(80,758)	(37,375)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	453,754	(415,089)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,452,870	2,867,959
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	$ 2,906,624	$ 2,452,870

(Concluded)

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

(With Solomon & Co., audit report dated March 23, 2021)

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

Notes to Financial Statements

December 31, 2020 and 2019

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

1. Organization

TA YA ELECTRIC WIRE & CABLE CO., LTD. (the Company) was incorporated in November, 1962, mainly engages in the manufacturing and sale of electric wire & cable, and constructing, selling and renting of office and house buildings. The authorized capital was NTD 7,000,000 thousand, of which NTD 5,950,680 thousand was issued as of December 31, 2020. 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 March 11, 2021.

3. Application Of New And Revised International Financial Reporting Standards

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

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to "whole would influence the judgment made by a reasonable user on financial statements." Therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

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

New IFRSs	Effective Date Announced by IASB (Note)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"	January 1, 2022 (Note 4)

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. Summary Of Significant Accounting Policies

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

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 IFRSs as endorsed and issued into effect by the FSC.

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 intragroup transactions have been eliminated on consolidation.

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership 2021.12.31	% of Ownership 2019.12.31	Additional Descriptions
TA YA	TA YA (CHINA) HOLDING LTD.	Investment holding	100.00%	100.00%	
TA YA	TA YA VENTURE HOLDINGS LTD.	Investment holding	100.00%	100.00%	
TA YA	TA YA (Vietnam) INVESTMENT HOLDING LTD.	Investment holding	100.00%	100.00%	
TA YA	TAYA ELECTRIC WIRE &CABLE (H.K.) CO., LTD.	Sales Agent	99.99%	99.99%	
TA YA and TA YI	PLASTIC TECHNOLOGY INVESTMENT HOLDING LTD.	Investment holding	59.13	59.13%	
TA YA	TA YA Innovation Investment Co., Ltd.	General investment	100.00%	100.00%	
TA YA And CUPRIME MATERIAL	TA YA VENTURE CAPITAL CO., LTD.	General investment	99.99%	99.99%	
TA YA	CUPRIME MATERIAL CO., LTD.	Manufacturing and marketing of wire and cable	54.01%	45.22%	Note 1

Investor	Investee	Main Business	% of Ownership 109.12.31	108.12.31	Additional Descriptions
TA YA	UNION STORAGE ENERGY SYSTEM LTD.	Other management consulting services	70.66%	50.70%	Note 2
TA YA	TA HO ENGINEERING, CO., LTD.	Cables Construction and consulting services	48.00%	48.00%	Note 3
TA YA and TA YA VENTURE CAPITAL	UNITED ELECTRIC INDUSTRY CO., LTD.	Manufacturing, processing and marketing of cable a,wire and electromechanical	42.78%	42.78%	Note3
TA YA and CUPRIME MATERIAL	TA HENG ELECTRIC WIRE & CABLE CO., LTD.	Manufacturing, processing and marketing of electric wire	64.15%	64.15%	
TA YA and TA HENG	TA YI PLASTIC CO., LTD.	Manufacturing, processing and marketing of plastic	54.56%	51.90%	Note 4
CUPRIME MATERIAL	CUPRIME MATERIALPTE.LTD.	General investment	100.00%	100.00%	
CUPRIME MATERIAL	CUPRIME VENTURE HOLDING CO.,LTD.	General investment	100.00%	100.00%	
CUPRIME MATERIAL	CUPRIME INVESTMENT HOLDING COMPANY LIMITED	Investment holding	100.00%	100.00%	
CUPRIME MATERIAL	CUGREEN METAL TECH CO., LTD.	Processing of metal	96.48%	96.48%	
CUPRIMEMATERIALPTE.LTD.	CUPRIME ELECTRIC WIRE & CABLE (H.K.) CO., LTD.	Marketing of cable, wire and copper	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%	
TA YI PLASTIC (H.K)	DONGGUAN HUI CHANG PLASTIC CO., LTD	Manufacturing and marketing of plastic	100.00%	100.00%	
TA YI PLASTIC (H.K)	DONGGUAN HUI JI PLASTIC CO., LTD	Manufacturing and marketing of plastic	100.00%	100.00%	
HUI CHANG	TA YI PLASTIC LTD.	Manufacturing and marketing of plastic	100.00%	100.00%	
TA YA (CHINA)	HENG YA ELECTRIC LTD.	Manufacturing and processing of cable and wire	100.00%	100.00%	
HENG YA	HENG YA ELECTRIC (KUNSHAN) LTD.	Manufacturing and processing of magnet wire	100.00%	100.00%	

Investor	Investee	Main Business	% of Ownership 10912.31	108.12.31	Additional Descriptions
HENG YA	TAYA ZHANGZHOU WIRES CABLE CO.,LTD.	Manufacturing and marketing of magnet wire and triple Insulated wire	100.00%	100.00%	
HENG YA	HENG YA ELECTRIC (DONGGUAN) LTD.	Manufacturing and marketing of magnet wire and triple Insulated wire	100.00%	100.00%	
TA YA VENTURE HOLDINGS	LUCKY MAX CAPITAL INVESTMENT LIMITE	Investment holding	100.00%	100.00%	
TA YA and TA YA VENTURE CAPITAL	TA YA GREEN ENERGY TECHNOLOGY CO., LTD.	Energy Technical Services	88.06%	75.00%	Note 5
TA YA GREEN ENERGY	BOSI SOLAR ENERGY CO., LTD.	Energy Technical Services	100.00%	100.00%	
TA YA GREEN ENERGY	DAIJU ELECTRIC CO., LTD.	Solar power business	100.00%	100.00%	
TA YA GREEN ENERGY	BRAVO SOLAR POWER CO.,LTD.	Solar power business	100.00%	100.00%	
TA YA GREEN ENERGY	SIN JHONG SOLAR POWER CO., LTD.	Solar power business	100.00%	100.00%	
TA YA (Vietnam) INVESTMENT HOLDING and COPRIME INVESTMENT HOLDING COMPANY LIMITED	TA YA VIETNAM (Cayman) HOLDINGS LTD.	Investment holding	100.00%	100.00%	
TA YA VIETNAM (Cayman) HOLDINGS	TA YA (Vietnam) ELECTRIC WIRE & CABLE JOINT STOCK COMPANY	Building wire and cable	100.00%	80.00%	

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

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

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

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

Note 5：In September 2020 The Group purchase the shares, TA YA GREEN ENERGY CO, from associates. In January 2020 and October 2020, the Group further invested 15,000 thousand shares and 25,000 thousand shares separately in the subsidiary TA YA GREEN ENERGY CO. which increasing the shareholding ratio for the year ended December 31, 2020 in TA YA GREEN ENERGY CO. to 88.06%.

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 were reviewed by auditors except for TAYA ELECTRIC WIRE & CABLE (H.K.).

Operating Cycle

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

Classification Of Current And Noncurrent Assets And Liabilities

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

Cash Equivalent

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

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

Financial Instruments

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

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

a. The Group’s Financial Assets

Measurement category

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

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 35.

2) Financial assets at amortized cost

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

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

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

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

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

(1) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

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

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

3) Investments in debt instruments at FVTOCI

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

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

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

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

b. Financial liabilities and equity instruments

1) Classification of debt or equity

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

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

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

2) Financial liabilities at FVTPL

At initial recognition, financial liabilities in this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which take into account any interest expense, are recognized in profit or loss.

3) Other financial liabilities

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

4) Derecognition of financial liabilities

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

5) Offsetting of financial assets and liabilities

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

Derivative Financial Instruments

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

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

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

Inventories

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

Investments Accounted For Using Equity Method

Investments accounted for using the equity method are investments in associates.

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

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting other than those that meet the criteria to be classified as assets held for sale. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent to that the Group has an obligation or has made payments on behalf of the investee.

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

Any unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate

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Property, Plant And Equipment

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

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

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

Leases

At the inception of a contract, the Group assess whether the contract is, or contains, a lease.

a. The Group as lessor

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

   Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group’s net investment outstanding in respect of leases.

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

b. The Group as lessee

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

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

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

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

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

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

2020

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payments in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

Investment Properties

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

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

Intangible Assets

Separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible Assets

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

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Retirement Benefits

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

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

Treasury Stock

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax for the year

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

Foreign Currencies

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

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

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

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

Provision

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

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

Revenue Recognition

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

a. Sale of goods

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

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

b. Construction contract revenue

   As construction is in progress, the Group recognizes revenue from construction contract over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs or the units produced and installed relative to estimated total units under the contract as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the milestone payments exceed the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain amount retained by the customer as specified in the contract is intended to ensure that the Group adequately complete all contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies performance obligations.

c. Revenue from the rendering of services

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

Earnings Per Share

Earnings per share of common stock are calculated based on the weighted-average number of shares outstanding during the period. The increased shares from the capitalization of retained earnings and capital surplus are calculated retroactively.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In the application of the Group's accounting policies, which are described in Note 4., the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

a. Impairment of financial assets

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

b. Valuation of financial instrument

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

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

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

d. Realization of deferred income tax assets

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

e. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Please refer to Note 11.

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

Therefore, there might be material changes to the evaluation.

f. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. Please refer to Note 22.

6. Cash And Cash Equivalents

	December 31, 2020	December 31, 2019
Petty cash	$ 7,122	$ 7,157
Cash in bank		
Checking accounts	604,567	394,568
Demand deposits	1,679,742	1,171,625
Foreign currency-demand deposits	289,205	324,017
Time deposits	325,988	555,503
Sub-total	2,899,502	2,445,713
Total	$ 2,906,624	$ 2,452,870

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

	December 31, 2020	December 31, 2019
Financial assets at FVTPL - current		
Listed stocks	$ 274,817	$ 248,591
Non-listed stocks	8,000	8,000
Metal options	—	3,310
Metal commodities futures contract	—	193
Foreign exchange forward contract	192	—
	283,009	260,094
Valuation adjustment	307,335	161,229
	$ 590,344	$ 421,323
Financial assets at FVTPL - noncurrent		
Listed stock and emerging market stocks	$ 231,904	$ 46,579
Non-listed stocks	1,192,117	1,148,994
Metal options	—	460
Metal commodities futures contract	372,034	1,306
	1,796,055	1,197,339
Valuation adjustment	436,613	300,651
	$ 2,232,668	$ 1,497,990

	December 31, 2020	December 31, 2019
Financial liabilities at FVTPL - current		
Metal commodities futures contract	$ 121,473	$ 31,343
Foreign exchange forward contract	6,280	4,037
	$ 127,753	$ 35,380

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
December 31, 2020					
Buy	5,400	2021.02~2023.06	USD 28,779	USD 41,819	USD 13,040
Sell	7,600	2021.01~2021.03	USD 54,750	USD 58,993	(USD 4,243)
December 31, 2019					
Buy	225	2020.01~2021.07	USD 1,345	USD 1,395	USD 50
Sell	8,300	2020.01~2021.04	USD 50,190	USD 51,232	(USD 1,042)

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

	Metric Tons	Maturity Date	National Amounts	Fair Value
December 31, 2019				
Sell	1,200	2020.01-2021.01	USD 6,600	(USD 125)

c. 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)
December 31, 2020			
Buy	NTD/USD	2021.06	NTD 288,583/USD 10,132
December 31, 2019			
Buy	CNY/USD	2020.02	CNY 35,186/USD 5,000
Buy	NTD/USD	2020.03	NTD 185,799/USD 6,100

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

8. Financial Assets At Fair Value Through Other Comprehensive Income

	December 31, 2020	December 31, 2019
Financial assets at fair value through other comprehensive income－current		
Listed stocks	$ 15,707	$ 4,783
Valuation adjustment	10,358	565
	$ 26,065	$ 5,348

	December 31, 2020	December 31, 2019
Financial assets at fair value through other comprehensive income－non-current		
Listed stock and emerging market stocks	$ 141,544	$ 20,781
Non-listed stock and emerging market stocks	676,745	769,591
	818,289	790,372
Valuation adjustment	101,817	47,206
	$ 920,106	$ 837,578

9. Financial Assets at amortized cost

	December 31, 2020	December 31, 2019
Time deposits with original maturities of more than 3 months	$ 333,031	$ 252,933

10. Notes And Accounts Receivable, Net

	December 31, 2020	December 31, 2019
Notes and accounts receivable	$ 3,678,723	$ 3,091,613
Allowance for impairment loss	(73,304)	(50,503)
Notes and accounts receivable, net	$ 3,605,419	$ 3,041,110

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:

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

December 31, 2019	Non Past Due	1-30 Days	31-60 Days	61~365 Days	Over 365 Days	Total
Expected credit rate	0%~1%	0%~2%	10%~12%	25%~100%	100%	
Gross carrying amount	$ 2,642,145	$ 367,715	$ 55,577	$ 6,733	$ 19,443	$ 3,091,613
Loss allowance (Lifetime ECL)	(16,341)	(7,134)	(5,734)	(1,851)	(19,443)	(50,503)
Amortized cost	$ 2,625,804	$ 360,581	$ 49,843	$ 4,882	$ −	$ 3,041,110

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

	Years Ended December 31	
	2020	2019
Balance at January 1	$ 50,503	$ 58,389
Net measurement of loss allowance	23,085	4,417
Amounts written off	(2,275)	(11,338)
Effect of exchange rate changes	1,991	(965)
Balance at December 31	$ 73,304	$ 50,503

11. Inventories, Net

a. Manufacturing

	December31, 2020	December31, 2019
Raw materials	$ 471,986	$ 969,237
Supplies	29,378	37,586
Work-in-process	578,921	569,810
Semi-finished goods	11,477	6,482
Finished goods	1,776,947	1,608,650
Merchandise	79,586	108,553
Inventory in transit	25,878	179,934
Total	2,974,173	3,480,252
Less: Allowance for inventory valuation losses	(38,434)	(50,276)
	$ 2,935,739	$ 3,429,976

b. Construction

	December 31, 2020	December 31, 2019
Land held for sale	$ 71,880	$ 83,369
Buildings held for sale	—	16,013
	71,880	99,382
Building and land in progress	69,062	7,000
Construction in progress	84,428	38,875
	153,490	45,875
	225,370	145,257
Less: Allowance for loss on decline in market value and obsolescence	—	—
	$ 225,370	$ 145,257

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

	Years Ended December 31	
	2020	2019
Cost of goods sold	$ 16,708,471	$ 16,856,621
Loss (gain) on physical inventory	3,179	2,898
(Reversal gain of) Write-down of inventories	(11,842)	(11,988)
	$ 16,699,808	$ 16,847,531

12. Investments Accounted For Using Equity Method

a. Investments in associates

Associates consisted of the following：

Name of Associates	Carrying Amount December 31, 2020	Carrying Amount December 31, 2019	% of ownership and Voting Rights Held by the Group December31, 2020	% of ownership and Voting Rights Held by the Group December31, 2019
Ad Engineering Corporation	$ 102,718	$ 86,126	27.00	27.00
Jung Shing Wire Co., Ltd.	440,167	418,355	22.13	22.13
Teco(Vietnam) Eletric & Machinery Co.,Ltd.	69,741	87,225	20.00	21.10
Otto2 Holdings Corporation	22,039	22,193	27.27	27.27
Huizhou Boluo Huxing Flame-Retardant Materials Co.,Ltd	30,815	26,797	33.00	33.00
AMIT system service Ltd.	718	2,444	19.61	19.61
Hengs Technology Co., Ltd.	203,303	137,899	22.58	22.86
Tenart Biotech Limited	14,723	15,293	25.41	25.41
	$ 884,224	$ 796,332		

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

	December 31, 2020	December 31, 2019
Total assets	$ 7,819,657	$ 6,172,858
Total liabilities	(3,944,514)	(2,776,378)
Net assets	$ 3,875,143	$ 3,396,480

	Years Ended December 31 2020	Years Ended December 31 2019
Net revenue	$ 7,545,026	$ 4,451,718
Net income	$ 439,135	$ 369,185
The Group's share of profits of associates	$ 128,511	$ 39,810

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the associates' audited financial statements for the same years then ended except Huizhou Boluo Huxing Flame-Retardant Materials Co.,Ltd and Otto2 Holdings Corporation.

(1). The Group participated in the capital increase of Hengs Technology Co., Ltd. by cash in Q2 2019 and the investment amounted to 4,665 thousand shares. Therefore, the Group's ownership interest in Hengs Technology Co., Ltd. increased to 22.58% after having disposed 573 thousand shares、90 thousand shares and 50 thousand shares in Q3 2019、Q1 2020 and Q2 2020.

(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.

	December 31, 2020	December 31, 2019
Fair value	$ 472,446	$ 393,210

(3). The carrying amounts of investments accounted for using equity method pledged as collateral for bank loans were disclosed in Note 37.

13. Property, Plant And Equipment

Cost	Year Ended December 31, 2020 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Land and land improvements	$ 1,768,650	$ —	$ —	$ 5,000	$ —	$ 1,773,650
Buildings	2,013,827	14,492	(1,913)	2,061	(13,909)	2,014,558
Machinery and equipment	6,222,423	13,581	(82,827)	104,188	(29,302)	6,228,063
Transportation equipment	138,473	5,632	(5,877)	2,250	(1,306)	139,172
Miscellaneous equipment	1,527,016	33,674	(26,847)	26,145	(3,492)	1,556,496
Leasehold improvements	1,961	—	—	—	—	1,961
Construction in progress and equipment awaiting inspection	173,780	2,704,880	—	102,004	12	2,980,676
	$ 11,846,130	$2,772,259	$ (117,464)	$ 241,648	$ (47,997)	$ 14,694,576

Accumulated depreciation and impairment	Year Ended December 31, 2020 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Land and land improvements	$ 14,328	$ 2,651	$ —	$ —	$ —	$ 16,979
Buildings	1,338,255	59,636	(1,899)	(1,276)	(8,108)	1,386,608
Machinery and equipment	4,234,408	205,605	(79,493)	(27,349)	(29,694)	4,303,477
Transportation equipment	107,195	8,487	(5,548)	(570)	(1,023)	108,541
Miscellaneous equipment	1,328,670	51,309	(26,244)	(16,692)	(3,562)	1,333,481
Leasehold improvements	1,503	241	—	—	—	1,744
	$ 7,024,359	$ 327,929	$ (113,184)	$ (45,887)	$ (42,287)	$ 7,150,830

Cost	Year Ended December 31, 2019 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Land and land improvements	$ 1,768,650	$ —	$ —	$ —	$ —	$ 1,768,650
Buildings	2,018,244	3,383	(7,361)	14,925	(15,364)	2,013,827
Machinery and equipment	6,039,638	28,126	(110,928)	291,997	(26,410)	6,222,423
Transportation equipment	137,944	3,185	(5,276)	3,733	(1,113)	138,473
Miscellaneous equipment	1,494,307	29,310	(22,952)	34,033	(7,682)	1,527,016
Leasehold improvements	1,961	—	—	—	—	1,961
Construction in progress and equipment awaiting inspection	120,251	249,748	(70)	(195,801)	(348)	173,780
	$ 11,580,995	$ 313,752	$ (146,587)	$ 148,887	$ (50,917)	$ 11,846,130

Accumulated depreciation and impairment	Year Ended December 31, 2019 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Land and land improvements	$ 11,677	$ 2,651	$ —	$ —	$ —	$ 14,328
Buildings	1,290,600	57,497	(1,843)	—	(7,999)	1,338,255
Machinery and equipment	4,116,243	244,197	(107,978)	—	(18,054)	4,234,408
Transportation equipment	104,562	8,114	(5,013)	—	(468)	107,195
Miscellaneous equipment	1,298,353	59,996	(22,678)	—	(7,001)	1,328,670
Leasehold improvements	1,120	383	—	—	—	1,503
	$ 6,822,555	$ 372,838	$ (137,512)	$ —	$ (33,522)	$ 7,024,359

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

14. Lease Arrangements

a. Right-of-use Assets

Cost	Year Ended December 31, 2020 Balance, Beginning of Year	Additions	Disposals	Effect of Exchange Rate Changes	Balance, End of Year
Land	$ 258,599	$ 19,374	$ —	$ (9,473)	$ 268,500
Buildings	2,798	2,951	(2,016)	(135)	3,598
Transportation equipment	31,500	1,770	(1,621)	—	31,649
Miscellaneous equipment	198,424	29,992	—	—	228,416
	$ 491,321	$ 54,087	$ (3,637)	$ (9,608)	$ 532,163

Accumulated depreciation	Balance, Beginning of Year	Additions	Disposals	Effect of Exchange Rate Changes	Balance, End of Year
	Year Ended December 31, 2020				
Land	$ 3,452	$ 3,407	$ –	$ (163)	$ 6,696
Buildings	1,439	1,403	(2,015)	(42)	785
Transportation equipment	9,073	9,272	(1,622)	–	16,723
Miscellaneous equipment	9,807	10,718	–	–	20,525
	$ 23,771	$ 24,800	$ (3,637)	$ (205)	$ 44,729

Cost	Balance, Beginning of Year	Initial Application of IFRS 16	Additions	Effect of Exchange Rate Changes	Balance, End of Year
	Year Ended December 31, 2019				
Land	$ –	$ 250,063	$ 13,544	$ (5,008)	$ 258,599
Buildings	–	2,749	81	(32)	2,798
Transportation equipment	–	28,081	3,419	–	31,500
Miscellaneous equipment	–	161,864	36,560	–	198,424
	$ –	$ 442,757	$ 53,604	$ (5,040)	$ 491,321

Accumulated depreciation	Balance, Beginning of Year	Additions	Disposals	Effect of Exchange Rate Changes	Balance, End of Year
Land	$ –	$ 3,541	$ –	$ (89)	$ 3,452
Buildings	–	1,467	–	(28)	1,439
Transportation equipment	–	9,073	–	–	9,073
Miscellaneous equipment	–	9,807	–	–	9,807
	$ –	$ 23,888	$ –	$ (117)	$ 23,771

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	$ 19,302	$ 19,293
Non-current	$ 242,796	$ 231,034

Range of discount rate for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Land	1.32%~9.80%	1.32%~9.80%
Buildings	1.55%~3.70%	1.55%~3.70%
Transportation equipment	1.38%~3.54%	1.38%~3.54%
Miscellaneous equipment	1.97%~3.54%	1.99%~2.19%

c. Other lease information

	December 31, 2020	December 31, 2020
Expenses relating to short-term leases	$ 7,921	$ 7,936
Expenses relating to low-value asset leases	$ 17	$ 14
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 3,638	$ 2,891
Total cash outflow for leases	$ (40,725)	$ (35,704)

15. **Investment Property**

	Year Ended December 31, 2020			
Cost	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year
Land	$ 919,784	$ 18,872	$ (699)	$ 937,957
Buildings and improvements	246,601	33,370	–	279,971
	$ 1,166,385	$ 52,242	$ (699)	$ 1,217,928

	Year Ended December 31, 2020			
Accumulated depreciation	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Land	$ —	$ —	$ —	$ —
Buildings and improvements	61,948	5,574	—	67,522
	$ 61,948	$ 5,574	$ —	$ 67,522

Cost	Year Ended December 31, 2019 Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Land	$ 920,251	$ —	$ (467)	$ 919,784
Buildings and improvements	241,835	3,838	928	246,601
	$ 1,162,086	$ 3,838	$ 461	$ 1,166,385

Accumulated depreciation	Year Ended December 31, 2019 Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Land	$ —	$ —	$ —	$ —
Buildings and improvements	55,921	5,566	461	61,948
	$ 55,921	$ 5,566	$ 461	$ 61,948

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

	December 31, 2020	December 31, 2019
Fair value	$ 1,359,052	$ 1,332,684

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

16. Intangible Assets

Cost	Year Ended December 31, 2020 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Computer Software	$ 493	$ 56	$ (122)	$ —	$ —	$ 427
Patents and other intangible assets	3,504	—	(2,000)	—	(66)	1,438
	$ 3,997	$ 56	$ (2,122)	$ —	$ (66)	$ 1,865

Accumulated depreciation and impairment	Year Ended December 31, 2020 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Computer Software	$ 220	$ 228	$ (122)	$ —	$ —	$ 326
Patents and other intangible assets	3,087	180	(2,000)	—	(53)	1,214
	$ 3,307	$ 408	$ (2,122)	$ —	$ (53)	$ 1,540

Cost	Year Ended December 31, 2019 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Computer Software	$ 588	$ 54	$ (149)	$ —	$ —	$ 493
Patents and other intangible assets	3,829	76	(381)	—	(20)	3,504
	$ 4,417	$ 130	$ (530)	$ —	$ (20)	$ 3,997

Accumulated depreciation and impairment	Year Ended December 31, 2020 Balance, Beginning of Year	Additions	Disposals	Reclassification	Effect of Exchange Rate Changes	Balance, End of Year
Computer Software	$ 178	$ 191	$ (149)	$ —	$ —	$ 220
Patents and other intangible assets	3,226	258	(381)	—	(16)	3,087
	$ 3,404	$ 449	$ (530)	$ —	$ (16)	$ 3,307

17. Short-Term Loans

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

	December 31, 2019	Annual interest rate	Maturity date
Usance L/C loans	$ 935,609	1.20%~4.56%	2020.01~2020.12
Mortgage loans	962,869	1.09%~5.80%	2020.01~2020.12
Unsecured loans	1,651,940	0.84%~5.90%	2020.01~2020.11
	$ 3,550,418		

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

18. Commercial Papers

	December 31, 2020	December 31, 2019
Commercial Papers	$ 455,000	$ 755,000
Less：Discount on commercial papers	(70)	(259)
	$ 454,930	$ 754,741
Interest rate range	1.09%~1.71%	1.35%~1.43%
Maturity date	2021.01~2021.03	2020.01~2020.03

19. Bonds Payable

	December 31, 2020	December 31, 2019
The first domestic secured corporate bonds in 2018	$ 500,000	$ 500,000
The first domestic secured corporate bonds in 2020	1,000,000	—
Less：current portion	—	—
	$ 1,500,000	$ 500,000

Related issuance conditions were as follows:

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

20. Long-Term Loans

	December 31, 2020	Annual interest rate	Maturity date
Mortgage loans	$ 5,286,715	2.11%	2022.10
Unsecured loans	1,762,927	1.19%~1.77%	2021.01~2038.06
Less: Current portion	(1,157,986)		
	$ 5,891,656		

	December 31, 2019	Annual interest rate	Maturity date
Mortgage loans	$ 3,250,847	1.44%~2.05%	2021.01~2038.06
Unsecured loans	2,146,445	1.44%~2.05%	2021.10~2038.06
Less: Current portion	(2,085,487)		
	$ 3,311,805		

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

The major content as follows:

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

2.Credit period

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

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

3.Collateral:

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

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

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

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

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

21. Provisions

Year Ended December 31, 2020	Warranty	Decommissioning liability	Total
Balance, Beginning of Year	$ 120,778	$ 20,804	$ 141,582
Recognized	260	556	816
Paid	(6,557)	—	(6,557)
Balance, End of Year	$ 114,481	$ 21,360	$ 135,841

Year Ended December 31, 2019	Warranty	Decommissioning liability	Total
Balance, Beginning of Year	$ 115,005	$ 17,254	$ 132,259
Recognized	12,626	3,550	16,176
Paid	(6,853)	—	(6,853)
Balance, End of Year	$ 120,778	$ 20,804	$ 141,582

	December 31, 2020	December 31, 2019
Current	$ 100,000	$ 102,281
Non-current	$ 35,841	$ 39,301

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 Group'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

TA YA Company and its subsidiaries in the R.O.C adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries are also required to contribute a specified percentage of payroll costs. Accordingly, the Group recognized expenses of NT$23,016 thousand and NT$21,651 thousand for the years ended December 31, 2020 and 2019, respectively.

b. Defined benefit plans

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

	December 31, 2020	December 31, 2019
Present value of funded defined benefit obligation	$ (553,054)	$ (539,133)
Fair value of plan assets	531,956	476,653
Net defined benefit liability	$ (21,098)	$ (62,480)
Net defined benefit liability	$ (27,325)	$ (66,743)
Net defined benefit asset	$ 6,227	$ 4,263

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

	Years Ended December 31	
	2020	2019
Balance, beginning of year	$ 539,133	$ 537,692
Current service cost	8,362	8,380
Interest cost	3,562	3,999
Remeasurement on the net defined benefit liability :		
Actuarial loss arising from experience adjustments	5,281	6,002
Actuarial gain from changes in demographic assumptions	1,766	(5)
Actuarial loss arising from changes in financial assumptions	12,675	4,060
Benefits paid	(17,725)	(20,995)
Balance, end of year	$ 553,054	$ 539,133

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

	Years Ended December 31	
	2020	2019
Balance, beginning of year	$ 476,653	$ 392,878
Interest income	3,244	3,000
Remeasurement :		
Return on plan assets (excluding amounts included in net interest expense)	13,725	13,226
Contributions from the employer	56,059	88,544
Benefits paid	(17,725)	(20,995)
Balance, end of year	$ 531,956	$ 476,653

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

	Years Ended December 31	
	2020	2019
Current service cost	$ 8,362	$ 8,380
Net interest cost	318	1,000
Recognized in profit or loss	8,680	9,380
Remeasurement :		
Return on plan assets (excluding amounts included in net interest expense)	(13,725)	(13,226)
Actuarial loss arising from experience adjustments	5,281	6,002
Actuarial gain from changes in demographic assumptions	1,766	(5)
Actuarial loss arising from changes in financial assumptions	12,675	4,060
Recognized in other comprehensive income	5,997	(3,169)
Total	$ 14,677	$ 6,211

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

	Years Ended December 31	
	2020	2019
Operating costs	$ 3,244	$ 4,842
Research and development expenses	1,498	388
General and administrative expenses	3,561	3,282
Selling and marketing expenses	377	868
Total	$ 8,680	$ 9,380

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

	December 31	
	2020	2019
Discount rate	0.25%~0.35%	0.65%~0.95%
Future salary increase rate	0.17%~1.50%	0.80%~1.25%

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

(g) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(h) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

Assuming a hypothetical decrease in interest rate at the end of the reporting period contributed to a decrease of 0.25% in the discount rate and all other assumptions were held constant, the present value of the defined benefit obligation would increase by NT$10,883 thousand and NT$11,580 thousand as of December 31, 2020 and 2019, respectively.

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

Assuming the expected salary rate increases by 0.25% at the end of the reporting period and all other assumptions were held constant, the present value of the defined benefit obligation would increase by NT$10,787 thousand and NT$11,521 thousand as of December 31, 2020 and 2019, respectively.

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

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

The Group expects to make contributions of NT$31,480 thousand to the defined benefit plans in the next year starting from December 31, 2020.

23. Equity

a. Capital stock

(1) As of December 31, 2020 and 2019, the Group's authorized capital was NT$7,000,000 thousand and the paid-in capital was NT$5,950,680 thousand, consisting of 595,068,022 shares of ordinary stock with a par value of NT$10 per share.

(2) The Company's shareholders resolved to distribute share dividends of $228,872 thousand in June 12, 2019, which were approved by the FSC. The subscription base date were August , 2020 as determined by the board of directors.

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 Group's operating results and is limited to a certain ratio of paid-in capital in excess of par value in relation to issued capital.

c. Retained earnings and dividend policy

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

(a) Payment of tax;

(b) Offset accumulated deficits, if any;

(c) Of the remaining balance, if any, 10% is to be set aside as legal reserve.

(d) 20% to 90% as appropriate dividends to stockholders; cash dividend should not lower than 10% of such dividends.

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

The appropriation for legal capital reserve shall be made until the reserve equals the Group'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 Group incurs no loss.

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

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

The appropriations of earnings for 2019 and 2018 had been approved in the stockholders' meetings on June 11, 2020 and June 12, 2019, respectively. The appropriations and dividends per share were as follows：

	Appropriation of Earnings		Dividends Per Share(NT$)	
	For Fiscal Year 2019	For Fiscal Year 2018	For Fiscal Year 2019	For Fiscal Year 2018
Legal capital reserve	$ 50,504	$ 40,499		
Cash dividends	178,521	171,654	0.30	0.30
Share dividends	—	228,872	—	0.40
	$ 229,025	$ 441,025		

Refer to Note 29 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

d. Others

1) Foreign currency translation reserve

	For the Year Ended December 31	
	2020	2019
Balance, beginning of year	$ (183,063)	$ (138,115)
Exchange differences arising on translation foreign operations	(39,771)	(26,561)
Share of other comprehensive income (loss) of associates	(901)	(26,553)
Income tax effect	9,711	8,166
Balance, end of year	$ (214,024)	$ (183,063)

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

	For the Year Ended December 31	
	2020	2019
Beginning balance	$ 36,775	$ 20,508
Unrealized loss on financial assets at fair through other comprehensive income	70,563	23,801
Disposal of investments in equity instruments at fair value through other comprehensive income	(19,545)	(8,462)
Share of other comprehensive income of accounted for using the equity method	(125)	771
Income tax effect	690	157
Balance, end of year	$ 88,358	$ 36,775

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

	For the Year Ended December 31	
	2020	2019
Beginning balance	$ 1,298,386	$ 1,303,901
Profit for the year	183,675	79,797
Exchange differences on translation of foreign financial statements	(34,646)	(10,869)
Unrealized losses on investments in equity instruments measured at fair value through other comprehensive income	14,734	2,149
Remeasurement of defined benefit plans	(3,024)	1,300
Treasury stock- sales of parent company stock held by subsidiaries	－	(12,237)
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	97,100	－
Changes in ownership interests in subsidiaries	(10,202)	7,786
Disposal of investments in equity instruments at fair value through other comprehensive income	3,773	－
Cash dividends issued by subsidiaries to non-controlling interests	(47,624)	(69,195)
Decrease in non-controlling interests	(147,770)	(4,246)
Others	9,731	－
Balance, end of year	$ 1,364,133	$ 1,298,386

24. Treasury Stock

Purpose of Treasury Shares	For the Year Ended December 31,2020			
	Beginning of year	Addition	Reduction	end of year
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	7,939,067	—	400,000	7,539,067
For transfer to employees	—	5,500,000	5,500,000	—
	7,939,067	5,500,000	5,900,000	7,539,067
	For the Year Ended December 31,2019			
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	5,633,667	2,305,400	—	7,939,067

a. Common Stock

(1) The Board of Directors, during its meeting on March 16, 2020, adopted a resolution to purchase 10,000 thousand common stock shares at a price between $5.68 and $15.55 per share, which will be transferred to employees. The estimated total number of shares purchased is capped at $1,010,283 thousand. As of December 31, 2020, the Company has purchased 5,500,000 shares, which accounts for 0.92% of the Company's total issued shares, with the average buyback price of $9.84 and the buyback cost of $54,141 thousand.

(2) In October and November 2020, the Company executed a compensation plan to offer 5,500,000 shares of treasury stock to qualified employees of the Company and Subsidiaries.

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

As of December 31, 2020 and 2019, treasury stock held by subsidiaries were 7,539,067 shares and 7,939,067 shares, the market values of the shares held by the subsidiaries were $20.10 and $11.40 per share, respectively.

25. Share-based payment

For the years ended December 31, 2020 and 2019, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousands)	Share price on grant date (in dollars)	Vesting conditions
Treasury shares reissued to employees	October 13, 2020	5,500	9.85	Immediately

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

26. Income Tax

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following：

	Years Ended December 31 2020	Years Ended December 31 2019
Current income tax expense (benefit)		
Current tax expense	$ 115,479	$ 86,372
Income tax on unappropriated earnings	14,015	424
Land value increment tax	547	1,030
Adjustments for prior years	(1,286)	(2,839)
	128,755	84,987
Deferred income tax expense (benefit)		
The origination and reversal of temporary differences	56,193	57,928
Income tax benefit recognized in profit or loss	$ 184,948	$ 142,915

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

	Years Ended December 31	
	2020	2019
Income tax expense at the statutory rate	$ 353,180	$ 257,778
Nondeductible (deductible) items in determining taxable income	(26,812)	46,760
Tax-exempt income	(214,441)	(214,452)
Income tax on unappropriated earnings	14,015	424
Separate taxation on repatriated offshore funds	4,462	—
Income tax expense of unappropriated earnings	2,447	(3,714)
Unrecognized loss carryforwards and deductible temporary differences	547	1,030
Land value increment tax	52,836	57,928
Adjustments for prior years	(1,286)	(2,839)
Income tax benefit recognized in profit or loss	$ 184,948	$ 142,915

b. Income tax expense recognized in other comprehensive income

	Years Ended December 31	
	2020	2019
Items that will never be reclassified to profit or loss:		
Related to remeasurement of defined benefit obligation	$ 7,813	$ 10,039
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(690)	(157)
	$ 7,123	$ 9,882
Items that are or may be reclassified subsequently to profit or loss:		
Related to unrealized gain/loss on translation of foreign operations	$ (9,711)	$ (8,166)

c. Deferred income tax balance

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

	December 31, 2020	December 31, 2019
Deferred income tax assets		
Unrealized loss on inventories	$ 3,913	$ 6,590
Accrued pension cost	(984)	7,444
Unrealized loss on translation of foreign operations	57,738	48,027
Remeasurement of defined benefit obligation	22,576	31,137
Loss carryforwards	52,892	52,051
Unrealized Warranty preparation	2,896	4,156
Others	10,689	54,131
	$ 149,720	$ 203,536

	December 31, 2020	December 31, 2019
Deferred income tax liabilities		
Land value incremental reserve	$ 264,486	$ 264,486
Others	4,179	1,414
	$ 268,665	$ 265,900

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

	December 31, 2020	December 31, 2019
Impairment loss	$ 13,111	$ 13,111

e. Information about unused loss carry-forward

Unused Amount	Expiry Year
$ 11,188	2021
1,309	2022
40,992	2023
9,368	2024
111,091	2025
29,452	2027
17,460	2028
37,505	2029
6,095	2030
$ 264,460	

f. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. However, the appeal against the approved results of has already been filed.

27. Earnings Per Share

Year ended December 31, 2020	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT$)
Basic EPS			
Net income available to common shareholders	$ 850,045	595,068	
Repurchased treasury stock		(2,786)	
Regard as treasury stock-common stock held by subsidiaries		(7,852)	
		584,430	$ 1.45

Year ended December 31, 2019	Amount (Numerator)	Number of Shares (Denominator) (in Thousands)	EPS(NT$)
Basic EPS			
Net income available to common shareholders	$ 505,047	572,180	
Regard as treasury stock-common stock held by subsidiaries		(6,725)	
Issuance of bonus shares		22,887	
		588,342	$ 0.86

28. Operating Revenues

	Years Ended December 31	
	2020	2019
Sales Revenue	$ 17,990,480	$ 17,850,983
Construction Revenue	33,571	67,650
Electricity Revenue	204,484	178,402
Processing Revenue	17,538	8,656
Engineering Revenue	8,883	19,566
Others	45,849	27,844
	$ 18,300,805	$ 18,153,101

29. Additional Information Of Expenses By Nature

	Years Ended December 31	
	2020	2019
Depreciation and amortization		
Depreciation of property, plant and equipment	$ 327,568	$ 346,020
Depreciation of Right-of-use assets	24,800	23,888
Depreciation of investment property	5,574	5,566
Amortization of intangible assets	408	449
	$ 358,350	$ 375,923
Employee benefits expenses		
Salaries and bonus	$ 1,108,511	$ 931,393
Labor and health insurance	66,576	65,405
Pension	31,696	31,031
Remuneration of directors	33,672	23,746
Others	63,755	83,617
	$ 1,304,210	$ 1,135,192

There were 1,750 and 1,759 employees in the Company 4 of the directors do not doubled as employee as of December 31, 2020 and 2019, respectively.

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

The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 were as follows:

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

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

The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 which have been approved by the Corporation's board of directors in March 2020 and 2019, respectively, were as follows:

	Years Ended December 31	
	2019	2018
Employees' compensation	$ 6,102	$ 5,626
Remuneration of directors	$ 18,307	$ 16,878

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, 2019 and 2018.

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

	Years Ended December 31	
	2020	2019
Bank deposits	$ 29,485	$ 43,143
Other interest income	2,068	1,237
	$ 31,553	$ 44,380

31. Other Income

	Years Ended December 31	
	2020	2019
Rental revenue	$ 17,738	$ 21,309
Dividend income	107,594	91,545
	$ 125,332	$ 112,854

32. Other Gains And Losses

	Years Ended December 31	
	2020	2019
Gain on disposal of property, plant and equipment	$ 3,352	$ 291
Gain on disposal of investment property	301	—
Gain on disposal of investments	204,485	5,803
Net foreign exchange losses	142,226	42,239
Net gain arising on financial assets/liabilities at FVTPL	301,873	436,833
Others	69,427	45,723
	$ 721,664	$ 530,889

33. Finance Costs

	Years Ended December 31	
	2020	2019
Interest expense		
Bank loans	$ 198,970	$ 252,416
Interest of lease liabilities	8,208	4,665
Decommissioning liabilities	448	436
Other Interest expense	8,677	21,761
	$ 216,303	$ 279,278

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 year ended December 31, 2020.

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：

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Assets						
Monetary items						
USD	$ 42,336	28.48	$ 1,205,729	$ 71,453	30.10	$ 2,150,735
HKD	1,232	3.67	4,521	915	3.86	3,532
CNY	2,628	4.37	11,484	2,368	4.32	10,230
JPY	322,103	0.28	90,189	253,717	0.28	71,041

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Liabilities						
Monetary items						
USD	$ 95,030	28.48	$ 2,706,454	$ 87,168	30.10	$ 2,623,757
CNY	1,422	4.37	6,214	1,513	4.32	6,536
JPY	131,889	0.28	36,929	126,610	0.28	35,451

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 years ended December 31, 2020 and 2019 would have increased (decrease) the net profit after tax by NT$14,377 thousand and NT$4,302 thousand , respectively.

(b) Interest rate risk

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

Interest rate sensitivity analysis

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

If the interest rate increases (decreases) by 0.1%,all other variable factors that remains constant, the Group's net profit after tax would have (decreased) increased by NT$10,324 thousand and NT$8,734 thousand for the years ended December 31, 2020 and 2019, respectively. This is mainly due to the Group's net assets in floating rates.

(c) Other price risk

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

Equity price sensitivity analysis

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

If equity prices had been 5% higher/lower, the Group's net profit after tax for the years ended December 31, 2020 and 2019 would have been higher/lower by NT$122,539 thousand and NT$95,702 thousand , respectively, as a result of the fair value changes of Financial assets at fair value through profit or loss.

If equity prices had been 5% higher/lower, the Company's other comprehensive income for the nine months ended September 30, 2020 and 2019 would have been higher/lower by NT$47,309 thousand and NT$42,146 thousand, respectively, as the result of the fair value changes of financial assets at fair value through other comprehensive income.

c. Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the 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.

Financial credit risk

Bank deposits, fixed income investment and other financial instruments are credit risk sources required by 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.

	December 31, 2020				
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
Short-term bank loans	$ 4,522,706	$ 4,522,706	$ 4,522,706	$ —	$ —
Commercial papers	454,930	454,930	454,930	—	—
Notes payable (including related parties)	85,919	85,919	85,919	—	—
Accounts payable (including related parties)	581,544	581,544	581,544	—	—
Other payables	725,608	725,608	725,608	—	—
Lease liabilities	262,098	486,849	23,785	68,405	394,659
Bonds payable	1,500,000	1,500,000	—	1,500,000	—
Long-term bank loans	7,049,642	7,049,642	1,157,986	5,712,000	179,656
	$ 15,182,447	$ 15,407,198	$ 7,552,478	$ 7,280,405	$ 574,315
Derivative financial liabilities					
Metals futures	$ 121,473	$ 1,593,532	$ 1,593,532	$ —	$ —
Foreign exchange forward contract	6,280	173,512	173,512	—	—
	$ 127,753	$ 1,767,044	$ 1,767,044	$ —	$ —

	December 31, 2019				
	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
Short-term bank loans	$ 3,550,418	$ 3,550,418	$ 3,550,418	$ —	$ —
Commercial papers	754,741	754,741	754,741	—	—
Notes payable (including related parties)	69,156	69,156	69,156	—	—
Accounts payable (including related parties)	536,250	536,250	536,250	—	—
Other payables	549,611	549,611	549,611	—	—
Lease liabilities	250,327	316,841	24,548	71,790	220,503
Bonds payable	500,000	500,000	—	500,000	—
Long-term bank loans	5,397,292	5,397,292	2,085,487	3,223,943	87,862
	$ 11,607,795	$ 11,674,309	$ 7,570,211	$ 3,795,733	$ 308,365
Derivative financial liabilities					
Metals futures	$ 31,343	$ 193,437	$ 193,437	$ —	$ —
Foreign exchange forward contract	4,037	336,279	336,279	—	—
	$ 35,380	$ 529,716	$ 529,716	$ —	$ —

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to3 based on the degree to which the fair value is observable：

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

i.Information of fair value hierarchy of financial instruments

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	$ 1,419,269	$ 212,259	$ －	$ 1,631,528
Unlisted stocks	－	253,519	565,739	819,258
Derivative not designated as a hedging instrument	－	372,226	－	372,226
	$ 1,419,269	$ 838,004	$ 565,739	$ 2,823,012
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	$ 255,968	$ －	$ －	$ 255,968
Unlisted stocks	－	30,066	660,137	690,203
	$ 255,968	$ 30,066	$ 660,137	$ 946,171
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	$ －	$ 127,753	$ －	$ 127,753

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL – current and noncurrent				
Domestic listed and emerging stocks	$ 762,880	$ —	$ —	$ 762,880
Unlisted stocks	—	629,882	521,283	1,151,165
Derivative not designated as a hedging instrument	—	5,268	—	5,268
	$ 762,880	$ 635,150	$ 521,283	$ 1,919,313
Financial assets at FVTOCI – current and noncurrent				
Domestic listed and emerging stocks	$ 122,352	$ —	$ —	$ 122,352
Unlisted stocks	—	—	720,574	720,574
	$ 122,352	$ —	$ 720,574	$ 842,926
Financial liabilities at FVTPL – current and noncurrent				
Derivative not designated as a hedging instrument	$ —	$ 35,380	$ —	$ 35,380

ii. There were no transfers between Level 1 and 2 for the years ended December 31, 2020 and 2019, respectively.

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

	2020		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	$ 720,574	$ 521,283	$ 1,241,857
Purchases	—	282,550	282,550
Capital reduction	(14,993)	—	(14,993)
Recognized in profit or loss	—	(44,041)	(44,041)
Recognized in other comprehensive income	(4,287)	—	(4,287)
Level 3 transfers out	(35,000)	(217,842)	(252,842)
Level 2 transfers in	—	34,979	34,979
Effect of exchange rate changes	(6,157)	(11,190)	(17,347)
Balance at December 31, 2020	$ 660,137	$ 565,739	$ 1,225,876

	2019		
	Financial assets at FVTOCI	Financial assets at FVTPL	Total
Balance, beginning of year	$ 713,062	$ 494,713	$ 1,207,775
Purchases	35,000	178,984	213,984
Disposals	－	(6,208)	(6,208)
Capital reduction	(22,402)	－	(22,402)
Recognized in profit or loss	－	(126,129)	(126,129)
Recognized in other comprehensive income	(3,174)	－	(3,174)
Level 3 transfers out	－	(15,435)	(15,435)
Effect of exchange rate changes	(1,912)	(4,642)	(6,554)
Balance at December 31, 2019	$ 720,574	$ 521,283	$ 1,241,857

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

December 31, 2020	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at FVTOCI－ current and noncurrent	$ 660,137	Net asset approach	N/A	N/A	N/A
Financial assets at FVTPL– current and noncurrent	$ 565,739	The latest issue final price and Issuance of common stock for cash	N/A	N/A	N/A
December 31, 2019					
Financial assets at FVTOCI– current and noncurrent	$ 720,574	Net asset approach	N/A	N/A	N/A
Financial assets at FVTPL– current and noncurrent	$ 521,283	The latest issue final price and Issuance of common stock for cash	N/A	N/A	N/A

(d)Categories of financial instruments

	Years Ended December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 2,906,624	$ 2,452,870
Notes receivable and trade receivables	3,605,419	3,041,110
Other receivables	51,430	84,285
Refundable deposits	101,659	117,611
Financial assets at amortized cost	333,031	252,933
Financial assets at FVTPL (current and non-current)	2,823,012	1,919,313
Financial assets at fair value through other comprehensive income (non-current)	946,171	842,926
Financial liabilities		
Financial liabilities at FVTPL (current and non-current)	127,753	35,380
Financial liabilities at amortized cost		
Short-term borrowings	4,522,706	3,550,418
Short-term notes and bills payable	454,930	754,741
Notes payable and trade payables	667,463	605,406
Other payables	725,608	549,611
Bonds payable (including current portion)	1,500,000	500,000
Long-term borrowings (including current portion)	7,049,642	5,397,291
Guarantee deposits	29,785	42,071

36. Related Party Transactions

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

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

(b) Significant related party transactions

Sales

Related Parties	2020	2019
Associates	$ 347,073	$ 259,401
Joint venture	126,326	24,381
Others	6,650	133
	$ 480,049	$ 283,915

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

Purchases

Related Parties	2020	2019
Associates	$ 467	$ 8,143
Joint venture	9,655	33,366
Others	3,434	3,044
	$ 13,556	$ 44,553

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

Others

	Related Parties	2020	2019
Manufacturing overhead	Other related parties	$ 3,280	$ 4,059
	Associates	307	—
		$ 3,587	$ 4,059
Operating expenses	Other related parties	$ 7,612	$ 5,970
	Associates	24	3,503
		$ 7,636	$ 9,473
Other income	Other related parties	$ 350	$ 340
	Associates	1,011	1,002
		$ 1,361	$ 1,342
Other gains and losses	Other related parties	$ 322	$ 355
	Associates	510	989
		$ 832	$ 1,344

Property exchange

Related Parties	Item	2020	2019
HENGS TECHNOLOGY CO., LTD.	Machinery and equipment	$ 2,303,669	$ 158,543

Related Parties	Item	2020	2019
HENGS TECHNOLOGY CO., LTD.	Development Services	$ 165,145	$ —

Related Parties	Item	2020	2019
Associates	Machinery and equipment	$ 12	$ —

Related Parties	Item	2020	2019
HENGS TECHNOLOGY CO., LTD.	TA YA GREEN ENERGY TECHNOLOGY CO., LTD. Shares	$ 200,224	$ —

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

Receivables

	Related Parties	December 31, 2020	December 31,2019
(1) Accounts receivable	Associates	$ 56,811	$ 16,355
	Joint venture	10,000	—
	Other related parties	2,067	60
		$ 68,878	$ 16,415

Payables

	Related Parties	December 31, 2020	December 31,2019
(1) Notes payable	Other related parties	$ —	$ 105
(2) Accounts payable	Joint venture	$ 2,665	$ —
	Other related parties	3,697	1,455
		$ 6,362	$ 1,455
(3) Other payables	HENGS TECHNOLOGY CO., LTD.	$ 57,159	$ 92,899
	Other related parties	3,266	2,120
		$ 60,425	$ 95,019

Other non-current assets

Related Parties	December 31, 2020	December 31, 2019
HENGS TECHNOLOGY CO., LTD.	$ —	$ 144,603

Contract liabilities

Related Parties	December 31, 2020	December 31, 2019
Joint venture	$ 1,870	$ —

Guarantee deposits

Related Parties	December 31, 2020	December 31, 2019
Associates	$ 254	$ 254
Other related parties	57	57
	$ 311	$ 311

(d) Key management personnel compensation disclosure

Item	2020	2019
Short-term employee benefits	$ 161,295	$ 111,752
Post-employment benefits	4,578	4,235
	$ 165,873	$ 115,987

The Group’s key management personnel includes directors, supervisors, president, general manager and financial director.

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

37. Mortgage Assets

As of December 31, 2020 and 2019, certain assets were pledged as collateral to secure debts and engineering performance bond. The net book value of such assets as of December 31, 2020 and 2019 were summarized as follows:

	December 31, 2020		December 31, 2019	
	Number of shares	Original cost	Number of shares	Original cost
Investments accounted for using equity method －				
Jung Shing Wire Co., Ltd	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

	December 31, 2020	December 31, 2019
Property, plant and equipment－		
Land (include revaluation increments)	$ 1,181,397	$ 1,181,397
Buildings, net	221,916	195,208
Machinery and equipment, net	1,383,702	1,426,953
	$ 2,787,015	$ 2,803,558
Right-of-use assets (Long-term prepayments for leases)	$ 13,524	$ 13,792
Investment property-land	$ 700,737	$ 691,923
Refundable deposits	$ 101,659	$ 117,907
Other current assets－		
Mortgage demand deposits	$ 10,588	$ 442,426
Other non-current assets－		
Mortgage demand deposits	$ 521,766	$ 104,426

38. 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 December 31, 2020, TA YA had outstanding usance letters of credit amounting to approximately $5,076 thousand (JPY$5,406 thousand and USD$125 thousand).

(b) TA YA pledged guarantee deposits amounting to $280,361 thousand due to the wire and cable installation project.

(c) The balance of deposit guarantee notes due to taking out bank loans, issuing letter of credit guarantee, endorsement guarantee, and commercial paper was $3,998,594 thousand.

(d) TA YA and CUPRIME MATERIAL entered into contracts of copper procurement with 35,300 ton.

(e) TA YA, CUPRIME MATERIAL, HENG YA ELECTRIC (DONGGUAN) and HENG YA ELECTRIC (KUNSHAN) entered into contracts of machinery, equipment and construction in progress procurement with the amount of $244,983 thousand. As of December 31, 2020, $59,091 thousand had not been paid.

(f) TA HO engaged into a contract of wire and cable installation project with the amount of $6,414 thousand. As of December 31, 2020, $6,283 thousand had not been paid.

(g) SIN JHONG, BOSI, BRAVO, TOUCH and TA YA GREEN signed a contract with HENGS TECHNOLOGY CO., LTD. for solar system development services and project construction. As of December 31, 2020, the portion of the contracts not yet recognized was $430,818 thousand.

(h) 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.

(i) An employee filed a lawsuit against the Company to request pension payment difference, the ultimate outcome of the lawsuit and the damages that the Company may incur cannot be reasonably estimated as the litigation is still in the second instance.

39. Significant Losses From Disasters：N/A

40. Significant Subsequent Events：N/A

41. Others：

The Group has considered the economic implication of COVID-19. It indicated that would not significantly impact on consolidated company as the end of financial report issued date and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic.

42. 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

	Years Ended December 31,2020		
	Electric wire & cable	Solar power plants	Total
Revenue from external customers	$ 18,096,321	$ 204,484	$ 18,300,805
Operating profit	335,154	93,118	428,272
Net non-operating income (expenses)			
Net interest income (expenses)			(184,750)
Dividend income			107,594
Share of profits of associates accounted for using the equity method			128,511
Gain on disposal of property, plant and equipment			3,352
Gain on disposal of investment property			301
Gain on disposal of investments			202,330
Gain on disposal of associates accounted for using the equity method			2,155
Net foreign exchange gain			142,226
Net gain of financial assets and liabilities at fair value through profit or loss			301,873
Other gains			86,804
Consolidated income before income tax			1,218,668

	Years Ended December 31,2019		
	Electric wire & cable	Solar power plants	Total
Revenue from external customers	$ 17,974,699	$ 178,402	$ 18,153,101
Operating profit	229,871	76,051	305,922
Net non-operating income (expenses)			
Net interest income (expenses)			(234,898)
Dividend income			91,545
Share of profits of associates accounted for using the equity method			39,810
Gain on disposal of property, plant and equipment			291
Gain on disposal of investments			4,187
Gain on disposal of associates accounted for using the equity method			1,616
Net foreign exchange gain			42,239
Net gain of financial assets and liabilities at fair value through profit or loss			436,833
Other gains			40,214
Consolidated income before income tax			727,759

2) Segment assets and liabilities

	Electric wire & cable	Solar power plants	Total
Segment assets			
December 31,2020	$ 20,241,847	$ 4,962,356	$ 25,204,203
December 31,2019	$ 18,521,498	$ 2,279,518	$ 20,801,016

	Electric wire & cable	Solar power plants	Total
Segment liabilities			
December 31,2020	$ 12,405,485	$ 3,668,674	$ 16,074,159
December 31,2019	$ 10,920,899	$ 1,485,935	$ 12,406,834

c. Geographical information

	Years Ended December 31,2020			
	Taiwan	Asia	Consolidated write-off	Total
Segment Revenue				
Revenue from External Customers	$ 14,171,360	$ 6,312,463	$ (2,183,018)	$ 18,300,805
Interest income	8,221	24,471	(1,139)	31,553
	$ 14,179,581	$ 6,336,934	$ (2,184,157)	$ 18,332,358
Segment Profit and Loss	$ 1,676,051	$ 97,705	$ (555,088)	$ 1,218,668
Non-current Assets	$ 8,824,573	$ 1,115,234	$ (56,687)	$ 9,883,120
Segment total assets	$ 26,488,079	$ 4,787,608	$ (6,071,484)	$ 25,204,203

	Years Ended December 31,2019			
	Taiwan	Asia	Consolidated write-off	Total
Segment Revenue				
Revenue from External Customers	$ 14,062,917	$ 6,422,878	$ (2,332,694)	$ 18,153,101
Interest income	20,481	25,706	(1,807)	44,380
	$ 14,083,398	$ 6,448,584	$ (2,334,501)	$ 18,197,481
Segment Profit and Loss	$ 1,127,636	$ 39,241	$ (439,118)	$ 727,759
Non-current Assets	$ 5,921,039	$ 843,732	$ (29,174)	$ 6,735,597
Segment total assets	$ 21,016,250	$ 4,812,904	$ (5,028,138)	$ 20,801,016

d. Major customer information

For the years ended December 31, 2020 and 2019, there was no other individual customer exceeded 10% of the Group's operating revenue.