

Hold-Key Electric Wire & Cable Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hold-Key Electric Wire & Cable Co., Ltd.

Opinion

We have audited the accompanying financial statements of Hold-Key Electric Wire & Cable Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

The Company's revenue, which comes from sales of wires and cables to domestic contractors for government projects, is recognized upon the customers' acceptance of the products based on the agreed upon conditions. Since the amount of such revenue is significant to the financial statements, we considered the occurrence of such revenue as a key audit matter for the year ended December 31, 2021.

To address this matter, we evaluated the Company's revenue recognition policy and the design and implementation of internal controls for such revenue and conducted the relevant internal control test and substantive test. We selected samples of such recorded sales revenue and verified them against the contract, customers' acceptance documents, sales orders, invoices, etc., and confirmed the occurrence of this type of revenue transactions.

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

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

In preparing the financial statements, management is responsible for assessing the 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Wen-Yuan Chuang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2022

Notice to Readers

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

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 167,669	4	\$ 677,966	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	157,113	3	167,508	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	93,689	2	126,724	3
Financial assets at amortized cost - current (Notes 4, 9 and 28)	9,408	-	14,000	-
Contract assets - current (Notes 4 and 21)	267,778	6	240,070	5
Notes receivable (Notes 4, 10 and 21)	35,795	1	26,483	-
Trade receivables (Notes 4, 10, 21 and 27)	303,073	7	290,463	6
Other receivables (Note 10)	10,937	-	2,936	-
Inventories (Notes 4, 5 and 12)	904,884	20	755,907	15
Other current assets (Note 17)	<u>10,169</u>	<u>-</u>	<u>38,417</u>	<u>1</u>
Total current assets	<u>1,960,515</u>	<u>43</u>	<u>2,340,474</u>	<u>46</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	905,744	20	990,554	20
Investments accounted for using the equity method (Notes 4 and 13)	54,683	1	55,500	1
Property, plant and equipment (Notes 4, 14 and 28)	1,320,472	29	1,389,644	28
Right-of-use assets (Notes 4 and 15)	8,686	-	4,928	-
Investment properties (Notes 4, 16 and 28)	289,931	6	192,936	4
Deferred tax assets (Notes 4, 5 and 23)	24,517	1	28,136	1
Other non-current assets (Note 17)	<u>11,755</u>	<u>-</u>	<u>27,043</u>	<u>-</u>
Total non-current assets	<u>2,615,788</u>	<u>57</u>	<u>2,688,741</u>	<u>54</u>
TOTAL	<u>\$ 4,576,303</u>	<u>100</u>	<u>\$ 5,029,215</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 429	-	\$ 290	-
Trade payables to unrelated parties	128,443	3	220,435	4
Trade payables to related parties (Note 27)	15,476	-	-	-
Amounts due to customers for construction contracts (Note 11)	7,005	-	2,066	-
Other payables (Note 18)	81,403	2	82,575	2
Current tax liabilities (Notes 4 and 23)	33,319	1	42,955	1
Lease liabilities - current (Notes 4 and 15)	4,062	-	2,809	-
Other current liabilities (Note 18)	<u>24,115</u>	<u>-</u>	<u>23,001</u>	<u>-</u>
Total current liabilities	<u>294,252</u>	<u>6</u>	<u>374,131</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	474	-	2,553	-
Lease liabilities - non-current (Notes 4 and 15)	4,676	-	2,261	-
Other non-current liabilities (Notes 18, 19 and 27)	<u>36,033</u>	<u>1</u>	<u>34,676</u>	<u>1</u>
Total non-current liabilities	<u>41,183</u>	<u>1</u>	<u>39,490</u>	<u>1</u>
Total liabilities	<u>335,435</u>	<u>7</u>	<u>413,621</u>	<u>8</u>
EQUITY (Notes 4, 8 and 20)				
Ordinary shares	<u>1,926,917</u>	<u>42</u>	<u>2,408,647</u>	<u>48</u>
Capital surplus	<u>283,083</u>	<u>6</u>	<u>359,377</u>	<u>7</u>
Retained earnings				
Legal reserve	332,672	7	307,990	6
Special reserve	-	-	11,237	-
Unappropriated earnings	<u>1,453,006</u>	<u>32</u>	<u>1,207,765</u>	<u>24</u>
Total retained earnings	<u>1,785,678</u>	<u>39</u>	<u>1,526,992</u>	<u>30</u>
Other equity	<u>245,190</u>	<u>6</u>	<u>320,578</u>	<u>7</u>
Total equity	<u>4,240,868</u>	<u>93</u>	<u>4,615,594</u>	<u>92</u>
TOTAL	<u>\$ 4,576,303</u>	<u>100</u>	<u>\$ 5,029,215</u>	<u>100</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 2,800,179	100	\$ 2,818,659	100
OPERATING COSTS (Notes 12, 19, 22 and 27)	<u>2,453,015</u>	<u>88</u>	<u>2,474,138</u>	<u>88</u>
GROSS PROFIT	<u>347,164</u>	<u>12</u>	<u>344,521</u>	<u>12</u>
OPERATING EXPENSES (Notes 19, 22 and 27)				
Selling and marketing expenses	47,817	2	56,281	2
General and administrative expenses	40,499	1	38,492	1
Research and development expenses	<u>4,889</u>	<u>-</u>	<u>4,460</u>	<u>-</u>
Total operating expenses	<u>93,205</u>	<u>3</u>	<u>99,233</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>253,959</u>	<u>9</u>	<u>245,288</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	1,366	-	2,551	-
Other income (Note 22)	41,023	1	37,064	1
Other gains and losses (Note 22)	(8,012)	-	12,488	1
Finance costs (Note 22)	(161)	-	(296)	-
Share of profit or loss of subsidiaries (Note 13)	<u>2,764</u>	<u>-</u>	<u>(2,932)</u>	<u>-</u>
Total non-operating income and expenses	<u>36,980</u>	<u>1</u>	<u>48,875</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	290,939	10	294,163	11
INCOME TAX EXPENSE (Notes 4, 5 and 23)	<u>58,023</u>	<u>2</u>	<u>52,183</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>232,916</u>	<u>8</u>	<u>241,980</u>	<u>9</u>

(Continued)

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (1,237)	-	\$ 323	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(48,835)	(2)	336,584	12
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>454</u>	<u>-</u>	<u>(257)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(49,618)</u>	<u>(2)</u>	<u>336,650</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 183,298</u>	<u>6</u>	<u>\$ 578,630</u>	<u>21</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.04</u>		<u>\$ 1.00</u>	
Diluted	<u>\$ 1.04</u>		<u>\$ 1.00</u>	

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

(Concluded)

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

	Retained Earnings						Exchange Differences on Translating Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total				
BALANCE AT JANUARY 1, 2020	\$ 2,408,647	\$ 431,635	\$ 301,196	\$ 221,330	\$ 757,651	\$ 1,280,177	\$ 6,062	\$ (17,299)	\$ (11,237)	\$ 4,109,222
Appropriation of the 2019 earnings										
Legal reserve	-	-	6,794	-	(6,794)	-	-	-	-	-
Special reserve	-	-	-	(210,093)	210,093	-	-	-	-	-
Issuance of cash dividends from capital surplus	-	(72,258)	-	-	-	-	-	-	-	(72,258)
Net profit for the year ended December 31, 2020	-	-	-	-	241,980	241,980	-	-	-	241,980
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	323	323	(257)	336,584	336,327	336,650
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	242,303	242,303	(257)	336,584	336,327	578,630
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	4,512	4,512	-	(4,512)	(4,512)	-
BALANCE AT DECEMBER 31, 2020	2,408,647	359,377	307,990	11,237	1,207,765	1,526,992	5,805	314,773	320,578	4,615,594
Appropriation of the 2020 earnings										
Legal reserve	-	-	24,682	-	(24,682)	-	-	-	-	-
Special reserve	-	-	-	(11,237)	11,237	-	-	-	-	-
Issuance of cash dividends from capital surplus	-	(72,259)	-	-	-	-	-	-	-	(72,259)
Capital reduction	(481,730)	-	-	-	-	-	-	-	-	(481,730)
Disposal of investments accounted for using the equity method	-	(4,035)	-	-	-	-	-	-	-	(4,035)
Net profit for the year ended December 31, 2021	-	-	-	-	232,916	232,916	-	-	-	232,916
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,237)	(1,237)	454	(48,835)	(48,381)	(49,618)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	231,679	231,679	454	(48,835)	(48,381)	183,298
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	27,007	27,007	-	(27,007)	(27,007)	-
BALANCE AT DECEMBER 31, 2021	\$ 1,926,917	\$ 283,083	\$ 332,672	\$ -	\$ 1,453,006	\$ 1,785,678	\$ 6,259	\$ 238,931	\$ 245,190	\$ 4,240,868

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 290,939	\$ 294,163
Adjustments for:		
Depreciation expense	61,387	74,364
Reversal of expected credit loss on trade receivables	(158)	(2,089)
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	10,395	(23,067)
Finance costs	161	296
Interest income	(1,366)	(2,551)
Dividend income	(32,901)	(28,766)
Share of (profit) loss of subsidiaries	(2,764)	2,932
Loss on disposal of property, plant and equipment	86	8,674
Write-downs of inventories	15,595	1,850
Reversal of write-downs of inventories	(20,113)	(9,500)
Net loss on foreign currency exchange	288	421
Other non-cash items	(12)	(8)
Changes in operating assets and liabilities		
Contract assets	(27,708)	(84,599)
Notes receivable	(9,023)	12,020
Trade receivables	(13,152)	213,189
Amounts due from customers for construction contracts	-	3,203
Other receivables	(2,615)	6,098
Inventories	(144,459)	69,223
Other current assets	28,248	9,838
Notes payable	139	119
Trade payables	(76,372)	(126,045)
Amounts due to customers for construction contracts	4,939	(8,736)
Other payables	(1,764)	2,198
Other current liabilities	1,114	7,347
Other non-current liabilities	(235)	(59)
Cash generated from operations	80,649	420,515
Interest paid	(161)	(296)
Income tax paid	(65,810)	(4,511)
Net cash generated from operating activities	<u>14,678</u>	<u>415,708</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(9,690)	(94,554)
Proceeds from sale of financial assets at fair value through other comprehensive income	73,196	4,694
Proceeds from capital reduction by return of shares - financial assets at FVTOCI	-	9,253
Purchase of financial assets at amortized cost	(23,408)	(28,000)
Proceeds from sale of financial assets at amortized cost	28,000	30,986

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HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

	2021	2020
Payments for property, plant and equipment	\$ (48,062)	\$ (258,078)
Increase in refundable deposits	(11,221)	(14,189)
Decrease in refundable deposits	11,708	12,557
Payments for investment properties	(21,609)	(529)
Increase in prepayments for equipment	(626)	(15,427)
Interest received	1,463	2,801
Other dividends received	<u>32,901</u>	<u>28,766</u>
Net cash generated from (used in) investing activities	<u>32,652</u>	<u>(321,720)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	3,496	45
Refunds of guarantee deposits received	(3,450)	(45)
Repayment of the principal portion of lease liabilities	(3,684)	(6,052)
Cash dividends from capital surplus	(72,259)	(72,258)
Payment for reduction of capital	<u>(481,730)</u>	<u>-</u>
Net cash used in financing activities	<u>(557,627)</u>	<u>(78,310)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(510,297)	15,678
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>677,966</u>	<u>662,288</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 167,669</u>	<u>\$ 677,966</u>

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

(Concluded)

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. GENERAL INFORMATION

Hold-Key Electric Wire & Cable Co., Ltd. (the “Company”) was established in Taipei, Taiwan in March 1989 and its factories are located in Taoyuan, Taiwan. The Company mainly manufactures and sells XLPE power cables, electric cables, aluminum cables, rubber cables, communication cables, fiber optic cables, LAN cables, cable accessories, etc. and is also engaged in the import and export of the aforementioned products and lease of properties.

The Company’s shares are listed and have been traded on the Taiwan Stock Exchange since September 2000.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors and authorized for issue on March 22, 2022.

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

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

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

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

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

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

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

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

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

The initial application of the aforementioned amendments did not have material impact on the Company’s assets, liabilities and equity as of January 1, 2022

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

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

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

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company'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 from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated using the exchange rate at the date of the transaction.

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

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

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

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

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

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

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

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

g. Property, plant and equipment

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

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

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

i. Impairment of property, plant and equipment, right-of-use asset, investment properties and assets related to contract costs

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

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

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

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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.

Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI 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 dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

b) Financial assets at amortized cost

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

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

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

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

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

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

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

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

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

3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Equity instruments

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

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

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

Financial liabilities

1) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

k. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electric wires and cables. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location and examined by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are subsequently reclassified to trade receivables when invoices are issued. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer or examined by the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from cable and wire installation services. Revenue from the installation of electric wires and cables and contract assets are recognized concurrently when the installation has been completed and examined by the customer. Contract assets are subsequently reclassified to trade receivables when invoices are issued.

1. Leases

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

1) The Company as lessor

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

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 the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

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

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

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. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

n. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, to the extent that it is probable that taxable profit 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, and interests in joint arrangements, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit 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 profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

Current and deferred taxes 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 taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience for the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Income taxes

As of December 31, 2021 and 2020, the carrying amount of deferred tax assets in relation to deductible temporary differences was \$24,517 thousand and \$28,136 thousand, respectively. As of December 31, 2021 and 2020, no deferred tax asset was recognized on tax losses of \$69,898 thousand and \$71,188 thousand, respectively, due to the unpredictability of future profit streams. A key source of estimation uncertainty is the determination of the realizability of the deferred tax asset mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 37	\$ 37
Checking accounts and demand deposits	151,832	226,729
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>15,800</u>	<u>451,200</u>
	<u>\$ 167,669</u>	<u>\$ 677,966</u>

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

	December 31	
	2021	2020
Bank balance	0%-0.41%	0%-0.41%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Gold investment account	<u>\$ 157,113</u>	<u>\$ 167,508</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Listed shares		
Ordinary shares - G-Shank Enterprise Co., Ltd.	\$ -	\$ 11,696
Ordinary shares - Nishoku Technology Inc.	-	17,876
Ordinary shares - Taiwan Cooperative Financial Holding Co., Ltd.	81,323	63,751
Ordinary shares - Global Mixed-Mode Technology Inc.	-	11,165
Ordinary shares - Sinher Technology Inc.	-	8,676
Ordinary shares - DrayTek Company	7,033	6,578
Ordinary shares - Taiwan Fu Hsing Industrial Co., Ltd.	-	2,512
Ordinary shares - Mega Financial Holding Company Ltd.	5,333	4,470
	<u>\$ 93,689</u>	<u>\$ 126,724</u>
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Young Fast Optoelectronics Co., Ltd.	\$ 587,947	\$ 698,187
Ordinary shares - Fuzetec Technology Co., Ltd.	87,410	51,532
Unlisted shares		
Ordinary shares - Sol Young Enterprises Co., Ltd.	130,086	135,622
Ordinary shares - Bond-Galv Industrial Co., Ltd.	50,782	64,199
Ordinary shares - Mosart Semiconductor Corp.	30,333	9,976
Ordinary shares - Luminous Optical Technology Co., Ltd.	12,549	21,563
Ordinary shares - Taiwan Submarine Cable Co., Ltd. (Note)	300	300
Preference shares - MagiCap Venture Capital Co., Ltd.	6,337	9,175
	<u>\$ 905,744</u>	<u>\$ 990,554</u>

Note: One-Seven Trading Co., Ltd. was renamed as Taiwan Submarine Cable Co., Ltd. on December 31, 2020.

These investments in equity instruments are held for medium to long-term strategic purposes, and the Company expects to profit from the shares through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2021 and 2020, the Company acquired investments in equity instruments for medium to long-term strategic purposes of \$9,690 thousand and \$94,554 thousand, respectively; the management designated these investments as at FVTOCI.

In 2021 and 2020, the Company sold its shares in order to manage credit concentration risk. The sold shares had a fair value of \$73,196 thousand and \$4,694 thousand, respectively, and the related unrealized valuation (loss) gain of \$27,007 thousand and \$4,512 thousand, respectively, was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ -	\$ 14,000
Restricted assets - demand deposit	<u>9,408</u>	<u>-</u>
	<u>\$ 9,408</u>	<u>\$ 14,000</u>

- a. As of December 31, 2020, the interest rates for time deposits with original maturity of more than 3 months were 0.55%, as at the end of the reporting period.
- b. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 36,234	\$ 27,211
Less: Allowance for impairment loss	<u>(439)</u>	<u>(728)</u>
	<u>\$ 35,795</u>	<u>\$ 26,483</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 306,138	\$ 293,397
Less: Allowance for impairment loss	<u>(3,065)</u>	<u>(2,934)</u>
	<u>\$ 303,073</u>	<u>\$ 290,463</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 1,001	\$ -
Earned revenue receivable and others	<u>9,936</u>	<u>2,936</u>
	<u>\$ 10,937</u>	<u>\$ 2,936</u>

Trade receivables at amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

Other than government agencies, the Company transacted with customers from diverse industries that are unrelated to each other; thus, no concentration of credit risk was observed.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

December 31, 2021

	Not Past Due
Expected credit loss rate	1%
Gross carrying amount	\$ 342,372
Loss allowance (Lifetime ECLs)	<u>(3,504)</u>
Amortized cost	<u>\$ 338,868</u>

December 31, 2020

	Not Past Due
Expected credit loss rate	1%
Gross carrying amount	\$ 320,608
Loss allowance (Lifetime ECLs)	<u>(3,662)</u>
Amortized cost	<u>\$ 316,946</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,662	\$ 5,751
Less: Amounts recovered	<u>(158)</u>	<u>(2,089)</u>
Balance at December 31	<u>\$ 3,504</u>	<u>\$ 3,662</u>

11. AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS

	December 31	
	2021	2020
<u>Amounts due to customers for construction contracts</u>		
Progress billings	\$ 9,616	\$ 4,426
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>(2,611)</u>	<u>(2,360)</u>
	<u>\$ 7,005</u>	<u>\$ 2,066</u>

12. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 251,598	\$ 271,368
Work in progress	333,913	279,152
Raw materials	<u>319,373</u>	<u>205,387</u>
	<u>\$ 904,884</u>	<u>\$ 755,907</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$2,383,120 thousand and \$2,386,983 thousand, respectively.

The cost of goods sold included reversal of write-downs of inventories of \$20,113 thousand and inventory write-downs of \$15,595 thousand for the year ended December 31, 2021. The cost of goods sold included reversal of write-downs of inventories of \$9,500 thousand and inventory write-downs of \$1,850 thousand for the year ended December 31, 2020. Previous write-downs were reversed as a result of increased selling price and the sale of obsolete and slow-moving inventories which were previously written down.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

Name of Subsidiaries	December 31	
	2021	2020
Holdkey (Belize) Investments Limited	\$ 5,641	\$ 4,967
Muchonfarm Inc. (Note)	<u>49,042</u>	<u>50,533</u>
	<u>\$ 54,683</u>	<u>\$ 55,500</u>
Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31	
	2021	2020
Holdkey (Belize) Investments Limited	100%	100%
Muchonfarm Inc. (Note)	100%	100%

Note: Muchorganic Incorporated Limited was renamed as Muchonfarm Inc. on May 8, 2020.

The share of profits and losses of subsidiaries accounted for using the equity method and other comprehensive income and losses for the years ended December 31, 2021 and 2020 were recognized based on the financial statements of subsidiaries that have been audited by accountants during the same periods.

14. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 499,204	\$ 1,376,724	\$ 236,144	\$ 79,435	\$ 2,191,507
Additions	-	43,553	879	4,222	48,654
Disposals	-	(24,322)	(40,060)	(8,895)	(73,277)
Transferred from prepaid equipment	-	11,377	-	-	11,377
Transferred from investment properties	20,230	-	-	-	20,230
Transferred to investment properties	-	(214,885)	-	-	(214,885)
Balance at December 31, 2021	<u>\$ 519,434</u>	<u>\$ 1,192,447</u>	<u>\$ 196,963</u>	<u>\$ 74,762</u>	<u>\$ 1,983,606</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ (589,159)	\$ (187,561)	\$ (25,143)	\$ (801,863)
Disposals	-	24,322	40,060	8,809	73,191
Depreciation expense	-	(34,919)	(7,723)	(9,182)	(51,824)
Transferred to investment properties	-	117,362	-	-	117,362
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (482,394)</u>	<u>\$ (155,224)</u>	<u>\$ (25,516)</u>	<u>\$ (663,134)</u>
Balance at December 31, 2021, net	<u>\$ 519,434</u>	<u>\$ 710,053</u>	<u>\$ 41,739</u>	<u>\$ 49,246</u>	<u>\$ 1,320,472</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 302,373	\$ 1,414,117	\$ 488,239	\$ 54,661	\$ 2,259,390
Additions	196,831	31,328	8,274	21,346	257,779
Disposals	-	(71,354)	(276,754)	(7,955)	(356,063)
Transferred from prepaid equipment	-	2,633	16,385	11,383	30,401
Balance at December 31, 2020	<u>\$ 499,204</u>	<u>\$ 1,376,724</u>	<u>\$ 236,144</u>	<u>\$ 79,435</u>	<u>\$ 2,191,507</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2020	\$ -	\$ (616,137)	\$ (444,269)	\$ (23,263)	\$ (1,083,669)
Disposals	-	65,278	276,608	5,503	347,389
Depreciation expense	-	(38,300)	(19,900)	(7,383)	(65,583)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ (589,159)</u>	<u>\$ (187,561)</u>	<u>\$ (25,143)</u>	<u>\$ (801,863)</u>
Balance at December 31, 2020, net	<u>\$ 499,204</u>	<u>\$ 787,565</u>	<u>\$ 48,583</u>	<u>\$ 54,292</u>	<u>\$ 1,389,644</u>

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

Buildings	6-55 years
Machinery and equipment	4-20 years
Other equipment	3-16 years

The major parts of the buildings held by the Company include plants and fire extinguishing equipment, which are depreciated over their estimated useful lives of 50 years and 10 years, respectively.

Refer to Note 28 for the carrying amount of property, plant and equipment pledged for general banking facilities granted to the Company.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Buildings	\$ 6,263	\$ 1,670
Transportation equipment	<u>2,423</u>	<u>3,258</u>
	<u>\$ 8,686</u>	<u>\$ 4,928</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 7,977</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 1,852	\$ 4,275
Transportation equipment	<u>1,754</u>	<u>1,757</u>
	<u>\$ 3,606</u>	<u>\$ 6,032</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 4,062</u>	<u>\$ 2,809</u>
Non-current	<u>\$ 4,676</u>	<u>\$ 2,261</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.195%-1.465%	1.195%-1.465%
Transportation equipment	1.165%-1.465%	1.465%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 3,627</u>	<u>\$ 2,973</u>
Expenses relating to low-value asset leases	<u>\$ 102</u>	<u>\$ 101</u>
Total cash outflow for leases	<u>\$ (3,770)</u>	<u>\$ (6,307)</u>

The Company's leases of certain buildings and transportation equipment qualify as short-term leases and leases of certain buildings and transportation equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

16. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 130,168	\$ 91,666	\$ 221,834
Additions	-	21,609	21,609
Disposals	-	(114)	(114)
Transferred from prepaid equipment	-	4,050	4,050
Transferred from property, plant and equipment	-	214,885	214,885
Transferred to property, plant and equipment	<u>(20,230)</u>	<u>-</u>	<u>(20,230)</u>
Balance at December 31, 2021	<u>\$ 109,938</u>	<u>\$ 332,096</u>	<u>\$ 442,034</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ (28,898)	\$ (28,898)
Disposals	-	114	114
Depreciation expense	-	(5,957)	(5,957)
Transferred from property, plant and equipment	<u>-</u>	<u>(117,362)</u>	<u>(117,362)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (152,103)</u>	<u>\$ (152,103)</u>
Balance at December 31, 2021, net	<u>\$ 109,938</u>	<u>\$ 179,993</u>	<u>\$ 289,931</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 130,168	\$ 91,730	\$ 221,898
Additions	-	529	529
Disposals	<u>-</u>	<u>(593)</u>	<u>(593)</u>
Balance at December 31, 2020	<u>\$ 130,168</u>	<u>\$ 91,666</u>	<u>\$ 221,834</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ -	\$ (26,742)	\$ (26,742)
Disposals	-	593	593
Depreciation expense	<u>-</u>	<u>(2,749)</u>	<u>(2,749)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ (28,898)</u>	<u>\$ (28,898)</u>
Balance at December 31, 2020, net	<u>\$ 130,168</u>	<u>\$ 62,768</u>	<u>\$ 192,936</u>

Investment properties are depreciated on a straight-line basis over their estimated useful lives of 6 to 50 years.

The fair value of investment properties was \$440,725 thousand and \$322,019 thousand as of December 31, 2021 and 2020, respectively. The fair value was not evaluated by an independent appraiser; the Company evaluated it with reference to the market evidence of similar real estate transaction prices.

The investment properties were leased out for 1 to 3 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2021 and 2020, guarantee deposits received by the Company for operating lease contracts were amounted to \$3,978 thousand and \$3,932 thousand, respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2021	2020
Year 1	\$ 13,522	\$ 15,318
Year 2	1,947	1,855
Year 3	<u>-</u>	<u>714</u>
	<u>\$ 15,469</u>	<u>\$ 17,887</u>

The Company has freehold interest in all of its investment property. Refer to Note 28 for the carrying amount of investment properties pledged to secure general banking facilities granted to the Company.

17. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Prepayments	\$ 5,591	\$ 31,200
Temporary payments and payments on behalf of others	960	969
Others	<u>3,618</u>	<u>6,248</u>
	<u>\$ 10,169</u>	<u>\$ 38,417</u>
<u>Non-current</u>		
Refundable deposits	\$ 11,129	\$ 11,616
Prepayments for equipment	<u>626</u>	<u>15,427</u>
	<u>\$ 11,755</u>	<u>\$ 27,043</u>

18. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payable for purchase of equipment	\$ 1,277	\$ 685
Salaries or bonuses	41,331	39,918
Payable for commissions	3,210	3,831
Payable for retirement and others	<u>35,585</u>	<u>38,141</u>
	<u>\$ 81,403</u>	<u>\$ 82,575</u>
Other liabilities		
Contract liabilities (Note)	\$ 21,706	\$ 17,507
Temporary receipts	1,665	4,770
Others	<u>744</u>	<u>724</u>
	<u>\$ 24,115</u>	<u>\$ 23,001</u>
<u>Non-current</u>		
Other liabilities		
Net defined benefit liabilities (Note 19)	\$ 32,055	\$ 30,744
Guarantee deposits received (Note 16)	<u>3,978</u>	<u>3,932</u>
	<u>\$ 36,033</u>	<u>\$ 34,676</u>

Note: Contract liabilities under other liabilities are collections in advance for the sale of goods.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of the defined benefit obligation	\$ 75,774	\$ 84,492
Fair value of the plan assets	<u>(43,719)</u>	<u>(53,748)</u>
Deficit	<u>32,055</u>	<u>30,744</u>
Net defined benefit liabilities	<u>\$ 32,055</u>	<u>\$ 30,744</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 88,411	\$ (57,204)	\$ 31,207
Service cost			
Current service cost	810	-	810
Net interest expense (income)	<u>663</u>	<u>(433)</u>	<u>230</u>
Recognized in profit or loss	<u>1,473</u>	<u>(433)</u>	<u>1,040</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,880)	(1,880)
Actuarial (gain) loss - changes in demographic assumptions	229	-	229
Actuarial (gain) loss - changes in financial assumptions	2,016	-	2,016
Actuarial (gain) loss - experience adjustments	<u>(769)</u>	<u>-</u>	<u>(769)</u>
Recognized in other comprehensive income	<u>1,476</u>	<u>(1,880)</u>	<u>(404)</u>
Contributions from the employer	-	(1,099)	(1,099)
Benefits paid	<u>(6,868)</u>	<u>6,868</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 84,492</u>	<u>\$ (53,748)</u>	<u>\$ 30,744</u>
Balance at January 1, 2021	\$ 84,492	\$ (53,748)	\$ 30,744
Service cost			
Current service cost	653	-	653
Net interest expense (income)	<u>422</u>	<u>(271)</u>	<u>151</u>
Recognized in profit or loss	<u>1,075</u>	<u>(271)</u>	<u>804</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(695)	(695)
Actuarial (gain) loss - changes in demographic assumptions	1,996	-	1,996
Actuarial (gain) loss - changes in financial assumptions	(883)	-	(883)
Actuarial (gain) loss - experience adjustments	<u>1,128</u>	<u>-</u>	<u>1,128</u>
Recognized in other comprehensive income	<u>2,241</u>	<u>(695)</u>	<u>1,546</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	\$ -	\$ (1,039)	\$ (1,039)
Benefits paid	<u>(12,034)</u>	<u>12,034</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 75,774</u>	<u>\$ (43,719)</u>	<u>\$ 32,055</u> (Concluded)

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

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 756	\$ 781
Selling and marketing expenses	134	167
General and administrative expenses	(116)	62
Research and development expenses	<u>30</u>	<u>30</u>
	<u>\$ 804</u>	<u>\$ 1,040</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

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

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

	December 31	
	2021	2020
Discount rate(s)	0.63%	0.50%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	\$ <u>(1,762)</u>	\$ <u>(2,017)</u>
0.25% decrease	\$ <u>1,823</u>	\$ <u>2,090</u>
Expected rate(s) of salary increase		
0.25% increase	\$ <u>1,767</u>	\$ <u>2,023</u>
0.25% decrease	\$ <u>(1,717)</u>	\$ <u>(1,963)</u>

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	\$ <u>1,038</u>	\$ <u>1,104</u>
The average duration of the defined benefit obligation	9.4 years	9.6 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of authorized shares (in thousands)	<u>320,000</u>	<u>320,000</u>
Amount of authorized shares	\$ <u>3,200,000</u>	\$ <u>3,200,000</u>
Number of issued and fully paid shares (in thousands)	<u>192,692</u>	<u>240,865</u>
Amount of issued and fully paid shares	\$ <u>1,926,917</u>	\$ <u>2,408,647</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to receive dividends.

The Company's shareholders in their meetings on July 20, 2021 resolved to reduce its capital of \$481,730 thousand, which eliminated 48,173 thousand ordinary shares, and the reduction rate is about 20%. The paid ordinary shares after reduction were 192,692 thousand shares. On August 24, 2021, the above transaction was approved by the FSC and the subscription base date was determined by the board of the directors to be August 26, 2021.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	\$ 282,924	\$ 355,183
<u>May be used to offset a deficit only</u>		
Arising from changes in percentage of ownership interest in subsidiaries (2)	159	159
Arising from share of changes in capital surplus of associates	-	4,035
	<u>\$ 283,083</u>	<u>\$ 359,377</u>

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

c. Retained earnings and dividends policy

The Company considers the needs of the environment and the characteristics of the industry and long-term financial planning, dividend policy, measure of investment funds, financial structure, and surplus situation before it decides on the amount and type of surplus distribution.

Under the dividends policy as set forth in the Articles, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years. The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profit, first set aside 10% of such profit as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition to the aforesaid legal reserve, the Company appropriates another sum as a special reserve. Finally, any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Distribution of cash dividends shall not be less than 10% of total dividends.

The Company's shareholders resolved the amendments to the Company's Articles of Incorporation on July 20, 2021. The amendment explicitly stipulates that the board of directors is authorized to adopt a special resolution to distribute dividends, bonuses, capital surplus or all or part of legal reserve in cash and a report of such distribution should be submitted in the shareholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22-h.

Legal reserve shall be appropriated until it has reached the Company's paid-in capital. This reserve may be used to offset a deficit. If the Company has no deficit, and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2020 and 2019 were approved in the shareholder's meetings on July 20, 2021 and June 29, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For Year 2020	For Year 2019
Legal reserve	<u>\$ 24,682</u>	<u>\$ 6,794</u>
Special reserve	<u>\$ (11,237)</u>	<u>\$(210,093)</u>

The Company's shareholders in their meetings on July 20, 2021 and June 29, 2020 also resolved to issue cash dividends from the capital surplus of \$72,259 thousand and \$72,258 thousand, respectively.

The appropriations of earnings for 2021 are proposed by the Company's board of directors and subject to the resolution of the shareholders' meeting to be held on June 27, 2022.

21. REVENUE

	For the Year Ended December 31	
	2021	2020
Wires and cables revenue	\$ 2,779,747	\$ 2,802,428
Rental revenue	<u>20,432</u>	<u>16,231</u>
	<u>\$ 2,800,179</u>	<u>\$ 2,818,659</u>

Contract Balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and trade receivables (Note 10)	<u>\$ 338,868</u>	<u>\$ 316,946</u>	<u>\$ 540,134</u>
Contract assets - current			
Sale of wires and cables	<u>\$ 267,778</u>	<u>\$ 240,070</u>	<u>\$ 155,721</u>

22. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	\$ 1,344	\$ 2,525
Interest on deposits	<u>22</u>	<u>26</u>
	<u>\$ 1,366</u>	<u>\$ 2,551</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividends	\$ 32,901	\$ 28,766
Others	<u>8,122</u>	<u>8,298</u>
	<u>\$ 41,023</u>	<u>\$ 37,064</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL	\$ (10,395)	\$ 23,067
Net foreign exchange gains	2,568	1,770
Loss on disposal of property, plant and equipment	(86)	(8,674)
Others	<u>(99)</u>	<u>(3,675)</u>
	<u>\$ (8,012)</u>	<u>\$ 12,488</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loan	\$ 44	\$ -
Interest on lease liabilities	86	255
Interest on deposits	<u>31</u>	<u>41</u>
	<u>\$ 161</u>	<u>\$ 296</u>

e. Depreciation

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 58,509	\$ 69,368
Operating expenses	<u>2,878</u>	<u>4,996</u>
	<u>\$ 61,387</u>	<u>\$ 74,364</u>

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses of investment properties generating rental income	<u>\$ 7,167</u>	<u>\$ 4,698</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 5,832	\$ 5,780
Defined benefit plans (Note 19)	<u>804</u>	<u>1,040</u>
	6,636	6,820
Other employee benefits	<u>185,064</u>	<u>188,513</u>
Total employee benefits expense	<u>\$ 191,700</u>	<u>\$ 195,333</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 141,897	\$ 141,357
Operating expenses	<u>49,803</u>	<u>53,976</u>
	<u>\$ 191,700</u>	<u>\$ 195,333</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, where the Company made a profit in a fiscal year, it distributes compensation of employees at the rate of no less than 1% and no higher than 5% and remuneration of directors at the rate of no higher than 2.5% of net profit before income tax. The compensation of employees is calculated based on the remaining balance of the current year's profit (i.e., profit before income tax prior to the distribution of compensation of employees and remuneration of directors) minus accumulated deficits.

The compensation of employees and remuneration of directors for the year ended December 31, 2021 are subject to the approval by the Company's board of directors. The compensation of employees and remuneration of directors for the year ended December 31, 2020 were approved by the Company's board of directors on May 11, 2021 as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	2.94%	2.93%
Remuneration of directors	1.96%	1.17%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 9,000	\$ 9,000
Remuneration of directors	6,000	3,600

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

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

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

i. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 5,031	\$ 6,807
Foreign exchange losses	<u>(2,463)</u>	<u>(5,037)</u>
	<u>\$ 2,568</u>	<u>\$ 1,770</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 48,480	\$ 45,496
Income tax on unappropriated earnings	7,623	-
Adjustments for prior year	71	-
Deferred tax		
In respect of the current year	<u>1,849</u>	<u>6,687</u>
Income tax expense recognized in profit or loss	<u>\$ 58,023</u>	<u>\$ 52,183</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	<u>\$ 290,939</u>	<u>\$ 294,163</u>
Income tax expense calculated at the statutory rate	\$ 58,188	\$ 58,833
Non-deductible expenses in determining taxable income	12	-
Tax-exempt income	(6,580)	(5,753)
Income tax on unappropriated earnings	7,623	-
Unrecognized deductible temporary differences	(1,291)	(897)
Adjustments for prior years' tax	<u>71</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 58,023</u>	<u>\$ 52,183</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement of defined benefit plans	\$ (309)	\$ 81
Total income tax (benefit) expense recognized in other comprehensive income	<u>\$ (309)</u>	<u>\$ 81</u>

c. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 33,319</u>	<u>\$ 42,955</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized investment losses	\$ 3,941	\$ 150	\$ -	\$ 4,091
Inventory write-downs	16,100	(4,023)	-	12,077
Defined benefit plans	7,680	(47)	309	7,942
Others	<u>415</u>	<u>(8)</u>	<u>-</u>	<u>407</u>
	<u>\$ 28,136</u>	<u>\$ (3,928)</u>	<u>\$ 309</u>	<u>\$ 24,517</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized valuation gains	<u>\$ 2,553</u>	<u>\$ (2,079)</u>	<u>\$ -</u>	<u>\$ 474</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized investment losses	\$ 3,630	\$ 311	\$ -	\$ 3,941
Inventory write-downs	18,000	(1,900)	-	16,100
Unrealized valuation losses	2,061	(2,061)	-	-
Defined benefit plans	7,773	(12)	(81)	7,680
Others	<u>887</u>	<u>(472)</u>	<u>-</u>	<u>415</u>
	<u>\$ 32,351</u>	<u>\$ (4,134)</u>	<u>\$ (81)</u>	<u>\$ 28,136</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized valuation gains	\$ -	\$ 2,553	\$ -	\$ 2,553

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

	December 31	
	2021	2020
Deductible temporary differences		
Unrealized investment losses	\$ 323,134	\$ 326,643
Impairment of assets	<u>26,357</u>	<u>29,299</u>
	<u>\$ 349,491</u>	<u>\$ 355,942</u>

- f. Income tax assessments

The income tax returns of the Company through 2019 have been assessed and cleared by the tax authorities.

24. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit for the year attributable to owners of the Company	<u>\$ 232,916</u>	<u>\$ 241,980</u>

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	223,971	240,865
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued	<u>789</u>	<u>849</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>224,760</u>	<u>241,714</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

In consideration of the industry dynamics, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital assets purchases, research and development activities, and dividend payments associated with its existing operations over the next 12 months.

26. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Gold investment account	\$ 157,113	\$ -	\$ -	\$ 157,113
Financial assets at FVTOCI				
Listed securities in the ROC				
Equity securities	769,046	-	-	769,046
Unlisted securities in the ROC				
Equity securities	-	-	224,050	224,050
Preference shares	<u>-</u>	<u>-</u>	<u>6,337</u>	<u>6,337</u>
	<u>\$ 926,159</u>	<u>\$ -</u>	<u>\$ 230,387</u>	<u>\$ 1,156,546</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Gold investment account	\$ 167,508	\$ -	\$ -	\$ 167,508
Financial assets at FVTOCI				
Listed securities in the ROC				
Equity securities	876,443	-	-	876,443
Unlisted securities in the ROC				
Equity securities	-	-	231,660	231,660
Preference shares	<u>-</u>	<u>-</u>	<u>9,175</u>	<u>9,175</u>
	<u>\$ 1,043,951</u>	<u>\$ -</u>	<u>\$ 240,835</u>	<u>\$ 1,284,786</u>

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

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

For the year ended December 31, 2021

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2021	\$ 240,835
Disposals/settlements	(1,627)
Return of shares after capital reduction	(5,504)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(3,317)</u>
Balance at December 31, 2021	<u>\$ 230,387</u>

For the year ended December 31, 2020

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2020	\$ 201,381
Disposals/settlements	(4,694)
Return of shares after capital reduction	(9,253)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>53,401</u>
Balance at December 31, 2020	<u>\$ 240,835</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic unlisted shares were valued using the market approach. The estimates and assumptions used by the Company under the market approach are consistent with those used by market participants in the pricing of financial instruments.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 157,113	\$ 167,508
Financial assets at amortized cost (Note 1)	538,011	1,023,464
Financial assets at FVTOCI	999,433	1,117,278
<u>Financial liabilities</u>		
Amortized cost (Note 2)	236,734	309,298

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise notes payable, trade payables, amounts due to customers for constructions contracts, other payables and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Company is mainly exposed to the USD and JPY.

The following table details the Company's sensitivity to a 2% increase in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 2% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period under the assumption of a 2% change in foreign currency rates. A positive number below indicates an increase/decrease in pre-tax profit/loss when New Taiwan dollars strengthened by 2% against the relevant currency. For a 2% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit/loss and the balances below would be negative.

	USD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or loss	\$ 348	\$ (457)	\$ 130	\$ 152

The amounts were mainly attributable to the outstanding receivables and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency risk in 2021 and 2020 has not changed significantly from the prior year.

b) Interest rate risk

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 15,800	\$ 465,200
Cash flow interest rate risk		
Financial assets	160,502	225,925

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A sensitivity rate of 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Company's pre-tax profit/loss for the years ended December 31, 2021 and 2020 would have increased/decreased by \$401 thousand and \$565 thousand, respectively, which was mainly a result of variable-rate bank deposits.

The Company's sensitivity to interest rate risk in 2021 and 2020 has not changed significantly from the prior year.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,571 thousand and \$1,675 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$7,690 thousand and \$8,764 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to investments in equity securities in 2021 has not changed significantly from the prior year.

2) Credit risk

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

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

The Company adopted a policy of only dealing with government agencies and creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above.

Refer to Note 10 for impairment assessment of individual customer receivables.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities of \$1,072,995 thousand and \$1,143,507 thousand, respectively.

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Muchonfarm Inc. (Muchonfarm)	Subsidiary
Young Fast Optoelectronics Co., Ltd. (Young Fast)	Other related party (the Company is the corporate director)
Taiwan SRU Corp. Ltd. (SRU)	Other related party (related party in substance)
Bond-Galv Industrial Co., Ltd. (Bond-Galv)	Other related party (corporate director of the Company)

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales	Other related parties	\$ 2,408	\$ 253
Rental revenue	Subsidiary	\$ 136	\$ 240
	Other related parties		
	Young Fast	13,467	10,081
	SRU	<u>2,603</u>	<u>1,719</u>
		<u>\$ 16,206</u>	<u>\$ 12,040</u>

Sales were made at discounted market price to reflect the quantity of goods sold and the relationships between the parties.

Terms of sales from related parties were similar to those from third parties.

The Company rented houses to related parties. The amount of rent was agreed by both parties.

Terms of rent collection from related parties were similar to those from third parties.

As of December 31, 2021 and 2020, guarantee deposits received from the renting of houses to related parties were as follows:

Line Item	Related Party Category/Name	December 31	
		2021	2020
Guarantee deposits received	Other related parties		
	Young Fast	\$ 3,000	\$ 3,000
	SRU	<u>450</u>	<u>450</u>
		<u>\$ 3,450</u>	<u>\$ 3,450</u>

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Other related parties	\$ 90,014	\$ 131,933

Purchases were made at discounted market prices to reflect the quantity of goods purchased and the relationships between the parties.

Terms of purchases from related parties were similar to those from third parties.

d. Receivable to related parties

Line Item	Related Party Category	December 31	
		2021	2020
Trade receivables	Other related parties	\$ 130	\$ -

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables to related parties	Other related parties Young Fast	\$ 15,476	\$ -

The outstanding payables to related parties were unsecured.

f. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 22,637	\$ 23,579

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Financial assets at amortized cost - current		
Restricted assets - demand deposit	\$ 9,408	\$ -
Property, plant and equipment		
Freehold land	190,967	170,737
Buildings, net	512,785	589,740
Investment properties		
Freehold land	31,462	51,692
Buildings, net	<u>153,066</u>	<u>33,157</u>
	<u>\$ 897,688</u>	<u>\$ 845,326</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2021 and 2020 were as follows:

a. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to the following:

	December 31	
	2021	2020
USD	\$ 3,486	\$ 3,423
JPY	<u>\$ 124,650</u>	<u>\$ 36,600</u>

- b. Unrecognized commitments for purchase of property, plant and equipment amounted to the following:

	December 31	
	2021	2020
NTD	<u>\$ 8,623</u>	<u>\$ 54,123</u>

- c. Unrecognized contractual commitments of contracts entered into between the Company and the subcontractors are as follows:

	December 31	
	2021	2020
NTD	<u>\$ 132,145</u>	<u>\$ 190,624</u>

- d. In accordance with the customs import tariff of the post-release duty payment for imported goods, the bank issued a letter of guarantee on behalf of the Company to the customs. The endorsement/guarantee amount was as follows:

	December 31	
	2021	2020
NTD	<u>\$ 8,000</u>	<u>\$ 5,000</u>

30. SIGNIFICANT LOSSES FROM DISASTERS: NONE

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,624	27.63	\$ 44,879
JPY	55,378	0.24	<u>13,208</u>
			<u>\$ 58,087</u>
<u>Financial liabilities</u>			
Monetary items			
USD	990	27.73	\$ 27,455
JPY	27,600	0.24	<u>6,693</u>
			<u>\$ 34,148</u>

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 792	28.43	\$ 22,521
JPY	64,846	0.27	<u>17,787</u>
			<u>\$ 40,308</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	174	28.48	<u>\$ 4,967</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,590	28.53	\$ 45,349
JPY	36,650	0.28	<u>10,200</u>
			<u>\$ 55,549</u>

The Company is mainly exposed to the USD and JPY. The following information was aggregated by the functional currencies of the Company, and the exchange rate between the respective functional currency and the presentation currency was disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
	2021		2020	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
Functional Currency				
NTD	1 (NTD:NTD)	<u>\$ 2,568</u>	1 (NTD:NTD)	<u>\$ 1,770</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 1)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Trading in derivative instruments: None.
- b. Information on investees. (Table 2)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 3)

TABLE 1**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars/Shares, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	% of Ownership	Fair Value	
Hold-Key Electric Wire & Cable Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,195	\$ 81,323	0.02	\$ 81,323	
	DrayTek Company	-	Financial assets at fair value through other comprehensive income - current	253	7,033	0.29	7,033	
	Mega Financial Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income - current	150	5,333	0.00	5,333	
	Young Fast Optoelectronics Co., Ltd.	The Company is the corporate director	Financial assets at fair value through other comprehensive income - non-current	20,415	587,947	13.49	587,947	
	MagiCap Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	63	6,337	1.78	6,337	
	Sol Young Enterprises Co., Ltd.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	3,652	130,086	5.60	130,086	
	Bond-Galv Industrial Co., Ltd.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	1,797	50,782	11.46	50,782	
	Fuzetec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	87,410	3.33	87,410	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through other comprehensive income - non-current	743	30,333	3.32	30,333	
	Luminous Optical Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	275	12,549	5.50	12,549	
	Taiwan Submarine Cable Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30	<u>300</u>	6.67	300	
					<u>\$ 999,433</u>			

TABLE 2

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Hong Kong Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	% of Ownership	Carrying Amount			
Hold-Key Electric Wire & Cable Co., Ltd.	Holdkey (Belize) Investments Limited	Belize City	Investment	\$ 346,448 (US\$ 10,237) (HK\$ 1,000)	\$ 346,448 (US\$ 10,237) (HK\$ 1,000)	9,971	100.00	\$ 5,641	\$ 4,255	\$ 4,255	Subsidiary
	Muchonfarm Inc.	3F., No. 36-10, Sec. 1, Fuxing S. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Agriculture	87,250	87,250	13,000	100.00	49,042	(1,491)	(1,491)	Subsidiary
Holdkey (Belize) Investments Limited	Midori Mark (H.K.) Limited	Unit 2911, Tower 2 Metroplaza, 223 Hing Fong Rd., Kwai Fong, N.T., Hong Kong	Trading of various panels	US\$ -	US\$ 539	-	-	-	-	-	

TABLE 3**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sol Young Enterprises Co., Ltd.	62,045,531	32.19

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

THE CONTENTS OF STATEMENTS FOR MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	2
Statement of investments in equity instruments at fair value through other comprehensive income - current	3
Statement of notes receivable	4
Statement of trade receivables	5
Statement of contract assets - current	Note 21
Statement of inventories	6
Statement of other current assets	Note 17
Statement of changes in financial assets at fair value through other comprehensive income - non-current	7
Statement of changes in investments accounted for using the equity method	8
Statement of changes in property, plant and equipment	Note 14
Statement of changes in accumulated depreciation of property, plant and equipment	Note 14
Statement of changes in accumulated impairment of property, plant and equipment	Note 14
Statement of changes in right-of-use assets	9
Statement of changes in accumulated depreciation of right-of-use assets	10
Statement of changes in investment properties	Note 16
Statement of changes in accumulated depreciation of investment properties	Note 16
Statement of changes in accumulated impairment of investment properties	Note 16
Statement of other non-current assets	Note 17
Statement of trade payables	11
Statement of other payables	Note 18
Statement of other current liabilities	Note 18
Statement of lease liabilities	12
Statement of other non-current liabilities	Note 18
Major Accounting Items in Profit or Loss	
Statement of operating revenue	13
Statement of operating costs	14
Statement of selling and marketing expenses	15
Statement of general and administrative expenses	16
Statement of research and development expenses	17
Statement of finance costs	Note 22
Statement of labor, depreciation, depreciation and amortization by function	18

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash on hand		\$ 37
Checking accounts		738
Demand deposits	Including foreign currency deposits of US\$1,207 thousand and JPY27,600 thousand @27.63 and \$0.24	151,094
Time deposits	Time deposits with original maturities of 3 months or less	<u>15,800</u>
		<u>\$ 167,669</u>

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars/Kg, Unless Specified Otherwise)

Name	Description	Kg	Carrying Amount	Amount	Rate	Cost	Accumulated Impairment	Fair Value		Note
								Unit Price	Total Amount	
Gold investment account		99	\$ -	\$ -		<u>\$ 154,745</u>	\$ -	1,587	<u>\$ 157,113</u>	None

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

STATEMENT OF INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars/Shares, Unless Specified Otherwise)

Name	Description	Shares	Carrying Amount	Amount	Rate	Cost	Accumulated Impairment	Fair Value		Note
								Unit Price	Total Amount	
Taiwan Cooperative Financial Holding Co., Ltd.		3,195	\$ -	\$ -		\$ 46,795	\$ -	25.45	\$ 81,323	None
DrayTek Corporation		253	-	-		7,886	-	27.80	7,033	"
Mega Financial Holding Company Ltd.		150	-	-		<u>3,572</u>	-	35.55	<u>5,333</u>	"
						<u>\$ 58,253</u>			<u>\$ 93,689</u>	

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Client A	Payments	\$ 14,493
Client B	"	2,461
Client C	"	2,435
Client D	"	2,231
Others (Note)	"	<u>14,614</u>
		36,234
Less: Allowance for impairment loss		<u>439</u>
		<u>\$ 35,795</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Client A	Payments	\$ 100,918
Client B	"	51,009
Client C	"	48,587
Client D	"	31,872
Others (Note)	"	<u>73,622</u>
		306,008
Related party		
Client E		<u>130</u>
		306,138
Less: Allowance for impairment loss		<u>3,065</u>
		<u>\$ 303,073</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 330,019	\$ 314,802
Materials	9,669	4,571
Work in progress	351,041	333,913
Finished goods	<u>274,542</u>	<u>251,598</u>
	965,271	<u>\$ 904,884</u>
Less: Allowance for write-downs of inventories	<u>60,387</u>	
	<u>\$ 904,884</u>	

Note: Inventories are evaluated at the lower of cost or net realizable value.

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

Name	Balance, January 1, 2021		Additions (Note 1)		Decrease (Note 2)		Balance, December 31, 2021			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	Collateral
Young Fast Optoelectronics Co., Ltd.	20,415	\$ 698,187	-	\$ -	-	\$ 110,240	20,415	13.49	\$ 587,947	None
MagiCap Venture Capital Co., Ltd.	73	9,175	-	-	10	2,838	63	1.78	6,337	"
Sol Young Enterprises Co., Ltd.	3,652	135,622	-	-	-	5,536	3,652	5.60	130,086	"
Bond-Galv Industrial Co., Ltd.	1,797	64,199	-	-	-	13,417	1,797	11.46	50,782	"
Fuzetec Technology Co., Ltd.	1,091	51,532	156	35,878	-	-	1,247	3.33	87,410	"
Mosart Semiconductor Corp.	743	9,976	-	20,357	-	-	743	3.32	30,333	"
Luminous Optical Technology Co., Ltd.	826	21,563	-	-	551	9,014	275	5.50	12,549	"
Taiwan Submarine Cable Co., Ltd. (Note 3)	30	<u>300</u>	-	<u>-</u>	-	<u>-</u>	30	6.67	<u>300</u>	"
		<u>\$ 990,554</u>		<u>\$ 56,235</u>		<u>\$ 141,045</u>			<u>\$ 905,744</u>	

Note 1: Increase in amount resulted from adjustment and purchase.

Note 2: Decrease in amount resulted from capital reduction by adjustments for change in value return of shares and sale.

Note 3: One-Seven Trading Co., Ltd. was renamed as Taiwan Submarine Cable Co., Ltd. on December 31, 2020.

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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

Investees	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Investment Gain or Loss	Balance, December 31, 2021			Market Value or Net Assets Value		Collateral
								Percentage of Ownership	Amount	Unit Price	Total Amount		
	Shares	Amount	Shares	Amount	Shares	(%)	Amount						
		Shares	Amount	Shares	Amount	Shares	Amount						
Holdkey (Belize) Investments Limited	9,971	\$ 4,967	-	\$ 454	-	\$ 4,035	\$ 4,255	9,971	100	\$ 5,641	0.57	\$ 5,641	None
Muchonfarm Inc.	13,000	<u>50,533</u>	-	<u>-</u>	-	<u>-</u>	<u>(1,491)</u>	13,000	100	<u>49,042</u>	3.77	<u>49,042</u>	//
		<u>\$ 55,500</u>		<u>\$ 454</u>		<u>\$ 4,035</u>	<u>\$ 2,764</u>			<u>\$ 54,683</u>		<u>\$ 54,683</u>	

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Balance, January 1, 2021	Additions	Decrease	Balance, December 31, 2021
Buildings	\$ 9,804	\$ 7,058	\$ (8,852)	\$ 8,010
Transportation equipment	<u>6,089</u>	<u>919</u>	<u>(757)</u>	<u>6,251</u>
	<u>\$ 15,893</u>	<u>\$ 7,977</u>	<u>\$ (9,609)</u>	<u>\$ 14,261</u>

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Balance, January 1, 2021	Additions	Decrease	Balance, December 31, 2021
Buildings	\$ 8,134	\$ 1,852	\$ (8,239)	\$ 1,747
Transportation equipment	<u>2,831</u>	<u>1,754</u>	<u>(757)</u>	<u>3,828</u>
	<u>\$ 10,965</u>	<u>\$ 3,606</u>	<u>\$ (8,996)</u>	<u>\$ 5,575</u>

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Non-related party		
Client A	Payments	\$ 27,455
Client B	"	21,821
Client C	"	9,999
Client D	"	8,444
Client E	"	8,342
Client F	"	7,377
Client G	"	6,693
Others (Note)		<u>38,312</u>
		128,443
Related party		
Young Fast Optoelectronics Co., Ltd.	"	<u>15,476</u>
		<u>\$ 143,919</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Contract Period	Discount Rates (%)	Amount
Buildings	Dormitory	2019.08.01-2024.08.31	1.195-1.465	\$ 6,281
Transportation equipment	Car	2019.02.01-2024.10.31	1.165-1.465	<u>2,457</u>
				8,738
Less: Portion due within one year				<u>4,062</u>
				<u>\$ 4,676</u>

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Quantities	Unit Price	Amount
Wires and cables	16,810 KM	23.67	\$ 397,927
Aluminum wire	677 MT	114.80	77,720
XLPE power cables	1,920 KM	712.48	1,367,964
Communication wires and cables	17,334 KM	13.72	237,753
Optical fiber cables	1,511 KM	63.89	96,544
Rental revenue			20,432
Service revenue			72,820
Others - ancillary equipment			<u>529,019</u>
			<u>\$ 2,800,179</u>

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Direct raw materials	
Add: Raw materials, beginning of year	\$ 225,159
Purchases in the period	1,564,072
Transferred from expenses and revenue	84
Less: Raw materials, end of year	(330,019)
Others	<u>(3,985)</u>
	<u>1,455,311</u>
Materials used	
Materials, beginning of year	10,728
Add: Purchases in the period	18,048
Less: Materials, end of year	(9,669)
Others	<u>(136)</u>
	<u>18,971</u>
Direct labor	77,686
Manufacturing expenses	<u>250,740</u>
Manufacturing costs	1,802,708
Add: Work in process, beginning of year	301,652
Purchases in the period	47
Others	2,872
Less: Work in process, end of year	(351,041)
Others	<u>(4,233)</u>
Cost of finished goods	<u>1,752,005</u>
Add: Finished goods, beginning of year	298,868
Finished goods purchased	619,883
Others	17
Less: Finished goods, end of year	(274,542)
Others	<u>(8,593)</u>
Cost of finished goods	2,387,638
Reversal of write-downs of inventories	(20,113)
Loss on inventory scrap	15,595
Rental cost	7,167
Add: Offsetting of construction in progress and advance construction receipts, beginning of year	2,360
Construction in progress in the period	251
Less: Offsetting of construction in progress and advance construction receipts, end of year	(2,611)
Services cost	<u>62,728</u>
	<u>\$ 2,453,015</u>

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Payroll expenses		\$ 13,939
Shipping expenses		11,344
Commission expenses		8,461
Export expenses		5,372
Other (Note)		<u>8,701</u>
		<u>\$ 47,817</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll expenses		\$ 29,343
Professional service fees		3,904
Others (Note)		<u>7,252</u>
		<u>\$ 40,499</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll expenses		\$ 2,366
Consumables expenses		501
Other (Note)		<u>2,022</u>
		<u>\$ 4,889</u>

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

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.
STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 117,806	\$ 34,476	\$ 152,282	\$ 117,710	\$ 40,722	\$ 158,432
Labor and health insurance	11,890	2,988	14,878	11,067	2,986	14,053
Post-employment benefits	5,400	1,236	6,636	5,245	1,575	6,820
Remuneration of directors	-	9,936	9,936	-	7,470	7,470
Others	<u>6,801</u>	<u>1,167</u>	<u>7,968</u>	<u>7,335</u>	<u>1,223</u>	<u>8,558</u>
	<u>\$ 141,897</u>	<u>\$ 49,803</u>	<u>\$ 191,700</u>	<u>\$ 141,357</u>	<u>\$ 53,976</u>	<u>\$ 195,333</u>
Depreciation	<u>\$ 58,509</u>	<u>\$ 2,878</u>	<u>\$ 61,387</u>	<u>\$ 69,368</u>	<u>\$ 4,996</u>	<u>\$ 74,364</u>

Note 1: As of December 31, 2021 and 2020, the Company had 225 and 235 employees, including 5 and 5 non-employee directors, respectively.

Note 2: The Company's shares have been listed on the stock exchange, and the following information has been disclosed:

- 1) Average labor costs for the years ended December 31, 2021 and 2020 were \$826 thousand and \$817 thousand, respectively.
- 2) Average salary and bonus for the years ended December 31, 2021 and 2020 were \$692 thousand and \$689 thousand, respectively.
- 3) The average salary and bonus decreased by 0.44% year over year.
- 4) The Company has no supervisor.
- 5) The Company's salary and remuneration policy, including directors, managers and employees, are as follows:
 - a) Salary is paid by remittance every month.
 - b) Depending on the operating conditions of the year, the year-end bonus will be paid before the Chinese New Year.
 - c) Depending on the operating conditions of the year, the performance bonus will be paid in the third quarter based on the employees' job title and annual performance appraisal results.
 - d) Depending on the operating conditions of the year, 1%-5% of the current year's profit shall be allocated as compensation of employees and no more than 2.5% of the current year's profit as remuneration of directors. Remuneration will be paid in the third quarter of the year.